

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**PJM INTERCONNECTION, L.L.C**

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**Docket No. ER19-1012-000**

**COMMENTS  
OF THE PJM POWER PROVIDERS GROUP**

On February 7, 2019, PJM Interconnection, L.L.C. (“PJM”), pursuant to section 205 of the Federal Power Act (“FPA”), 16 U.S.C. § 824d, submitted revisions to the Reliability Assurance Agreement among Load Serving Entities in the PJM Region (“RAA”) and the PJM Open Access Transmission Tariff (“Tariff”) to propose changes to the Price Responsive Demand (“PRD”) rules within the Capacity Performance construct (“PJM Filing”).<sup>1</sup>

On February 7, 2019, the Federal Energy Regulatory Commission (the “Commission” or “FERC”) issued a Combined Notice of Filings #1 setting February 28, 2019, as the deadline to intervene or protest the filing. On February 19, 2019, pursuant to Rule 214 of the Rules of Practice and Procedure of the Commission, 18 C.F.R. § 385.214 (2018), the PJM Power

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<sup>1</sup> *PJM Interconnection, L.L.C.*, Docket No. ER19-1012-000, February 7, 2019 (“PJM Filing”).

Providers Group (“P3”)<sup>2</sup> submitted a doc-less motion to intervene. P3 respectfully submits these comments<sup>3</sup> in support of the PJM Filing.

## **I. COMMENTS**

P3 is supportive of PJM’s filing as it aligns the existing PRD rules with the Capacity Performance construct. As PJM noted, the existing PRD rules have remained largely unchanged since PRD was first implemented in 2012.<sup>4</sup>

P3 supports the PRD revisions as it is appropriate to amend the PRD rules as the rule for other capacity resources have also been revised. As PJM states, “[w]hile other PJM rules, including those for Demand Resources, have been amended to align with the Capacity Performance construct, PRD rules have not yet been updated.”<sup>5</sup>

Specifically, PJM proposes to “(1) require PRD to reduce load on an annual basis – comparable to all other Capacity Performance resources, (2) amend the trigger for when Non-Performance Charges would be assessed, (3) update the PRD Non-Performance Charge rates and methodology and make PRD eligible to receive bonus performance payments, and (4) apply the existing Capacity Performance credit rate to PRD.”<sup>6</sup> P3 supports these changes. As PJM notes the existing PRD rules do not conform to the Capacity Performance requirements despite PRD

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<sup>2</sup> P3 is a non-profit organization dedicated to advancing federal, state and regional policies that promote properly designed and well-functioning electricity markets in the PJM Interconnection, L.L.C. (“PJM”) region. Combined, P3 members own over 84,000 MWs of generation assets, produce enough power to supply over 20 million homes and employ over 40,000 people in the PJM region covering 13 states and the District of Columbia. For more information on P3, visit [www.p3powergroup.com](http://www.p3powergroup.com).

<sup>3</sup> The comments contained in this filing represent the position of P3 as an organization, but not necessarily the views of any particular member with respect to any issue.

<sup>4</sup> PJM Filing at p. 3.

<sup>5</sup> PJM Filing at p. 4.

<sup>6</sup> PJM Filing at p. 1.

participating in PJM's Reliability Pricing Model ("RPM"), whereas other capacity resources must meet Capacity Performance requirements.<sup>7</sup>

P3 agrees with the performance and non-compliance revisions noted in items 1 through 3 above. PJM explains regarding the performance provisions, that the existing PRD rules, do not adequately ensure that PRD is available on an annual basis since the Maximum Emergency Service Level could be set at a level that the PRD would never need to curtail in the non-peak demand season.<sup>8</sup> PJM notes that therefore, the current PRD rules provide a "loophole for certain seasonal demand response resources to participate in RPM and displace other Capacity Performance Resources that meet the annual availability requirement."<sup>9</sup> P3 supports PJM addressing this problem by proposing to amend the rules so that PRD is available to reduce load throughout the year, and utilizing a methodology that PJM describes is consistent with how the annual nominated value for Demand Resources are determined and avoids any arbitrage opportunities when the same customers reduce load either from the supply or demand side.<sup>10</sup>

P3 also supports the non-compliance charge provisions proposed by PJM. As PJM states, in order to align PRD's non-compliance charge with the Capacity Performance Non-Performance Charge structure that is applicable to all other capacity resources, PJM proposes to amend the trigger for Non-Performance Charges from when PJM declares a Maximum Generation Emergency to when an Emergency Action is declared.<sup>11</sup> With the proposed revisions PRD will therefore be aligned with other Capacity Performance resources that are already

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<sup>7</sup> PJM Filing at pp. 1-2.

<sup>8</sup> PJM Filing at p. 5.

<sup>9</sup> *Id.*

<sup>10</sup> PJM Filing at pp. 5-6.

<sup>11</sup> PJM Filing at p. 7.

subject to Non-Performance Charges for any MW shortfall when PJM declares an Emergency Action.<sup>12</sup> PJM also proposes to specify in the Tariff that there is no performance shortfall when the PRD Curve associated with a registration has a price point above the highest Real-time LMP recorded during a Performance Assessment Interval.<sup>13</sup> PJM notes that this rule ensures that PRD Providers are not subject to a Non-Performance Charge during a Performance Assessment Interval when LMPs are less than the pricing points specified in the relevant PRD Curve.<sup>14</sup> PJM also proposes to amend the PRD non-compliance charge to equal the Non-Performance Charge applicable to all Capacity Performance resources as another means of aligning PRD with Capacity Performance rules.<sup>15</sup> In order to do this, PJM is proposing to specify that the existing calculation for the PRD non-compliance charge only applies prior to the 2022/2023 Delivery Year,<sup>16</sup> and also that beginning with the 2022/2023 Delivery Year, PRD Providers that commit PRD for the relevant Delivery Year will be assessed a Non-Performance Charge if the expected performance falls short during a Performance Assessment Interval.<sup>17</sup> Further, PJM proposes to enable PRD Providers to be eligible for Performance Payments when actual load reductions are greater than the committed MW value when PRD is obligated to reduce load, consistent with the Capacity Performance incentive.<sup>18</sup> P3 supports these proposed changes.

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<sup>12</sup> *Id.*

<sup>13</sup> PJM Filing at p. 8.

<sup>14</sup> *Id.*

<sup>15</sup> PJM Filing at p. 10.

<sup>16</sup> *Id.*

<sup>17</sup> PJM Filing at p. 11.

<sup>18</sup> *Id.*

P3 also supports PJM revising the credit requirements for PRD to align the credit rates with all Capacity Performance resources.<sup>19</sup> PJM notes that because PRD performance and penalty rules are being changed to align with those for Capacity Performance resources, the credit requirements for PRD resources should be similarly aligned.<sup>20</sup> P3 also supports the transition mechanism that PJM proposes. PJM states that because the filing is being made after January 15, 2019, certain PRD Providers may have already submitted PRD Plans for the 2022/2023 Delivery Year under the current rules.<sup>21</sup> Therefore, in order to allow PRD Providers to modify or withdraw any previously submitted PRD Plans for the 2022/2023 Delivery Year, PJM proposes to allow PRD Providers to do so two weeks prior to the posting of the final planning parameters.<sup>22</sup>

Lastly, P3 members participated in the almost two-year stakeholder process regarding these PRD revisions. At the December 7, 2017, Markets and Reliability Committee Meeting, members deferred a planned vote on the PRD reforms until after the Summer Only Demand Response Task Force concluded its work effort to investigate potential opportunities to value summer-only demand response resources through the load-forecasting process or other mechanisms that would serve as an alternative to supply-side participation in the capacity market. The Peak Shaving proposal that came out of the Summer Only Demand Response Senior Task Force is currently pending in front of the Commission in ER19-511. PJM Members wanted to ensure that existing summer only load reduction programs would have an established mechanism for participation given the upcoming changes to align the PRD product with capacity

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<sup>19</sup> PJM Filing at p. 12.

<sup>20</sup> *Id.*

<sup>21</sup> PJM Filing at p. 14.

<sup>22</sup> PJM Filing at p. 14-15.

performance. As a result, the Commission should view both ER19-511 and this filing as complementary and act on both filings prior to the posting of the BRA parameters.

Like the peaking shaving proposal (ER19-511), the PJM PRD proposal is a product of a stakeholder compromise. P3 members differ on positions of the specific aspects of the PJM proposal. However, P3 is supportive of the PJM Filing as a package of reforms aimed at updating the PRD rules and aligning them with the Capacity Performance construct.<sup>23</sup>

## II. CONCLUSION

For the foregoing reasons, P3 agrees with PJM that PRD rules should be revised to be aligned with the Capacity Performance construct. The proposal put forth by PJM, following a lengthy almost two-year stakeholder process, should be approved. P3 respectfully requests that the Commission accept PJM's Filing no later than April 8, 2019.

Respectfully submitted,

On behalf of the PJM Power Providers Group

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Dated: February 28, 2019

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<sup>23</sup>The PRD revisions were endorsed by a super-majority of PJM stakeholders on December 6, 2018 at the Members Reliability Committee by a sector-weighted vote of 3.72 out of 5. Also, at the Members Committee, held on December 6, 2018, the proposal was endorsed by acclamation with 15 objections and one abstention. PJM Filing at p. 17.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the Official Service List compiled by the Secretary in this proceeding.

Dated at Washington, D.C., this 28th day of February, 2019.

On behalf of the PJM Power Providers Group

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