

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

PJM Interconnection, L.L.C.

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Docket No. ER19-2722-000

**MOTION FOR LEAVE TO ANSWER AND ANSWER
OF THE PJM POWER PROVIDERS GROUP
AND THE ELECTRIC POWER SUPPLY ASSOCIATION
IN RESPONSE TO PJM INTERCONNECTION L.L.C.’s
COMPLIANCE FILING**

Pursuant to Rules 212 and 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”),¹ the PJM Power Providers Group (“P3”)² and the Electric Power Supply Association (“EPSA”),³ respectfully submit this motion for leave to answer and answer to the Answer of the PJM Interconnection, L.L.C. (“PJM”), filed on October 9, 2019 (“PJM Answer”), in response to certain of the protests to and comments on PJM’s August 30, 2019 compliance filing

¹ 18 C.F.R. §§ 385.212 and 385.213 (2018).

² P3 is a non-profit organization that supports the development of properly designed and well-functioning markets in the PJM region. Combined, P3 members own approximately 65,000 megawatts of generation assets, produce enough power to supply over 50 million homes in the PJM region covering 13 states and the District of Columbia. For more information on P3, visit www.p3powergroup.com. 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.

³ Launched over 20 years ago, EPSA is the national trade association representing leading independent power producers and marketers. EPSA members provide reliable and competitively priced electricity from environmentally responsible facilities using a diverse mix of fuels and technologies. Power supplied on a competitive basis collectively accounts for 40 percent of the U.S. installed generating capacity. EPSA seeks to bring the benefits of competition to all power customers. This pleading represents the position of EPSA as an organization, but not necessarily the views of any particular member with respect to any issue.

(“PJM Compliance Filing”).⁴ In part, PJM’s Answer responded to comments or protests filed by the Independent Market Monitor for PJM (“IMM”),⁵ the Joint Consumer Advocates,⁶ and the Indicated State Commissions,⁷ as well as the out-of-time comments filed by the Organization of PJM States, Inc. (“OPSI”).⁸

PJM filed its August 30, 2019 Compliance Filing that encompassed modifications to the PJM Open Access Transmission Tariff (“Tariff”) and The Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”) in response to the Commission’s April 18, 2019 Order on Paper Hearing concerning the pricing of fast-start resources in PJM’s energy Market (“April 18 Order”).⁹ This answer addresses the procedural issues raised by PJM’s Answer, including certain recommendations to the Commission as it considers the acceptance of PJM’s Compliance Filing, as well as a clarification for the record in response to statements made in the IMM Comments.

As more specifically described herein, P3/EPSCA urge the Commission to act swiftly to accept PJM’s suggested fast-start rule changes in its Tariff and Operating Agreement, as more fully described in its Compliance Filing, and require PJM to

⁴ Compliance Filing Concerning the Pricing of Fast-Start Resources of PJM Interconnection, L.L.C., Docket No. ER19-2722-000 (August 30, 2019) (“PJM Compliance Filing”).

⁵ Comments of the Independent Market Monitor for PJM, Docket No. ER19-2722-000 (Sept. 17, 2019) (“IMM Comments”).

⁶ Protest of the Joint Customer Advocates, Docket No. ER19-2722-000 (Sept. 20, 2019 (“JCA Protest”).

⁷ Comments of the Indicated State Commissions, Docket No. ER19-2722-000 (Sept. 20, 2019) (“Indicated State Commissions Comments”).

⁸ Motion for Leave to File Comments Out of Time and Comments of the Organization of PJM States, Inc., Docket No. ER19-2722-000, at 3 (Oct. 2, 2019) (“OPSI Comments”).

⁹ *PJM Interconnection, L.L.C.*, 167 FERC ¶ 61,058 (2019) (“April 18 Order”).

implement these needed market reforms no later than January 2020. However, P3/EPSA support PJM's position that should the Commission find any of the proposed revisions included in its August 30 Compliance Filing to be beyond the scope of this proceeding, the Commission should not reject the filing as a whole, as the IMM, Joint Consumer Advocates, and OPSI request. Rather, the Commission should reject only those provisions deemed to be outside the scope of the proceeding and allow the other fast-start pricing provisions to become effective.¹⁰

I. MOTION FOR LEAVE TO ANSWER

Pursuant to Rule 212 of the Commission's Rules of Practice and Procedure, P3/EPSA move for leave to answer PJM's Answer, as well as the comments and protests filed by the IMM, Joint Consumers Advocates, and OPSI. The Commission permits answers that clarify the record, contribute to an understanding of the issues, or assist with the decision-making process.¹¹

As described herein, P3/EPSA respectfully request that the Commission reject the recommendations from the IMM, Joint Consumers Advocates and OPSI to reject PJM's August 30 Compliance Filing in its entirety, and seek to correct the record as to inaccurate, misleading and unfounded assertions made by the IMM in regard to P3/EPSA's position in this proceeding.

¹⁰ PJM Answer at p. 5.

¹¹ See, e.g., *PJM Interconnection, L.L.C.*, 140 FERC ¶ 61,197 at P 23 (2012) (answer to protest accepted because it provided information that assisted the Commission in its decision-making process); *Nw. Corp.*, 127 FERC ¶ 61,266 at P 15 (2009) (answers to protest accepted because they assisted the Commission in its decision-making process); *Mountain States Transmission Intertie, LLC*, 127 FERC ¶ 61,270 at P 55 (2009) (answers to protest accepted because they assisted the Commission in its decision-making process); *Pepco Holdings, Inc.*, 125 FERC ¶ 61,130 at P 24 (2008) (accepted answer because it provided information to assist in the decision-making process).

Because the instant answer will clarify the record surrounding the subject of PJM's August 30 Compliance Filing and the relief requested, contribute to an understanding of the issues surrounding the Compliance Filing, and aid the Commission in its decision-making process regarding these issues, good cause exists to grant P3/EPSA's motion for leave to answer.

II. ANSWER

A. If The Commission Does Not Accept PJM's Entire August 30 Compliance Filing, It Should Implement The Necessary Provisions To Ensure That Fast-Start Pricing Is Effectively Implemented To Address The Current Unjust And Unreasonable Prices In PJM's Energy Market.

The IMM, Joint Consumer Advocates, and OPSI contend that a few of the energy market revisions included in PJM's August 30 Compliance Filing are neither required by the Commission's April 18 Order on fast-start pricing, nor are necessitated by PJM's proposed change in market design to accommodate correct pricing for these resources. Therefore, they request that the Commission reject PJM's Compliance Filing in its entirety.¹²

PJM has responded by asserting that these claims are without merit, and has given a fuller explanation of how each of the respective proposed market rule changes fulfill the Commission's April 18 Order's broad directives to properly implement fast-start pricing.¹³ However, PJM stated that "should the Commission find any of the revisions included in the August 30 Filing to be beyond the scope of this proceeding, the

¹² IMM Comments at 1-2; Joint Consumer Advocates Protest at pp 1-2; OPSI Comments at p. 3.

¹³ PJM Answer, p.3.

Commission should not reject the filing as a whole, as the IMM, Joint Consumers Advocates, and OPSI request. Rather, the Commission should reject only the suspect revision and allow the other fast-start pricing provisions to become effective. Rejection of the entire filing would only serve to delay implementation of fast-start pricing, and allow energy market rules the Commission found unjust and unreasonable to remain in place with no corresponding benefit.”¹⁴ P3/EPISA fully agree with PJM’s recommendation and respectfully request that the Commission not reject the entirety of PJM’s Compliance Filing if it finds that an issue needs more comment and consideration in this proceeding.

Specifically, P3/EPISA note that in other proceedings, the Commission has accepted significant portions of a compliance filing, placing those provisions into effect, while rejecting others, subjecting those issues to a further compliance filing.¹⁵ Such a partial acceptance of these important fast-start practices for PJM should be considered by the Commission in lieu of a total rejection of the Compliance Filing.

Therefore, P3/EPISA submit that due to the unique nature of the fast-start rule changes required for PJM, the broad discretion that the Commission gave PJM in implementing these necessary Tariff changes, and the sheer amount of time that has elapsed since the Commission has determined that PJM’s fast-start practices are not “just and reasonable,” the Commission should not reject PJM’s Compliance Filing in its entirety should it find that an additional issue needs more time and consideration from stakeholders.

¹⁴ PJM Answer, p. 5.

¹⁵ *Midcontinent Independent System Operator, Inc. et al.*, 167 FERC ¶ 61,128 (2019).

B. The IMM Inaccurately And Inappropriately Describes P3/EP SA’s Position With Respect To PJM’s Compliance Filing.

In its September 20 Comments,¹⁶ P3/EP SA generally supported PJM’s August 30 Compliance Filing, and disagreed procedurally and substantively with the IMM’s Comments,¹⁷ including the IMM’s recommendation that the Commission reject PJM’s entire Compliance Filing.¹⁸ In response to P3/EP SA’s Comments, the IMM stated, in part, that P3/EP SA are acting in “haste to increase PJM energy prices.”¹⁹ P3/EP SA seek to clarify the record with respect to this false and unwarranted attribution of P3/EP SA’s position in this case.

P3/EP SA’s extensive participation in this Commission’s proceedings regarding the proper formation of PJM’s energy markets with respect to fast-start pricing has been well-documented in its many filings over the past several years. As the IMM has noted, “[R]evisions to PJM’s proposed fast start pricing implementation are needed to check market power, deter manipulation, and avoid excessive uplift.”²⁰ However, the Commission also found that properly-constructed fast-start practices will “more accurately reflect the marginal cost of serving load in periods when dispatching a fast-start resource is the next action taken to meet load; provide price signals that better

¹⁶ Comments of the PJM Power Providers Group and the Electric Power Supply Association in Response to PJM Interconnection L.L.C.’s Compliance Filing, Docket No. ER19-2722-000, filed September 20, 2019 (“P3/EP SA Comments”).

¹⁷ Comments of the Independent Market Monitor for PJM, Docket No. ER19-2722-000, filed September 17, 2019 (“IMM Comments”).

¹⁸ *Id.*, p. 2.

¹⁹ *Id.*, p. 2.

²⁰ IMM Answer, p. 1.

inform investment decisions; and provide more accurate and transparent price signals that better reflect the cost of serving load, minimize production costs, and reduce uplift.”²¹

As active participants in PJM’s energy markets, P3/EP SA’s members are concerned not only with those few fast-start items that the IMM noted in its answer, but also with the full spectrum of market impacts that affect both the customers and suppliers in PJM’s energy market if proper pricing of fast-start pricing does not occur. At no time has P3/EP SA sought in “haste” to “increase PJM energy prices.” Rather, P3/EP SA have remained fully engaged in the Commission’s fast-start proceedings in PJM in an effort to ensure that PJM’s implementation of new fast-start rules and practices are just and reasonable for all participants in PJM’s markets.

The Commission’s determination that PJM’s fast-start pricing practices were “unjust and unreasonable” due to the fact that they “do not allow prices to reflect the marginal cost of serving load”²² was made nearly two years ago. Attributing P3/EP SA’s motives in supporting PJM’s efforts to ensure just and reasonable fast-start pricing practices two years after this Commission found them to be unjust and unreasonable as just a means of simply acting in “haste to increase PJM energy prices” is an inaccurate and unwarranted characterization of P3/EP SA’s position in this proceeding.

²¹ *PJM Interconnection, L.L.C.*, 161 FERC ¶ 61,295 (2017) (“December 2017 Order”).

²² December 2017 Order, P 30.

III. CONCLUSION

Wherefore, P3 and EPSA respectfully request that the Commission accept this answer. P3 and EPSA also respectfully request that the Commission act in an expeditious manner and approve PJM's Compliance Filing, if not in its entirety, at least as to those provisions that would allow PJM to implement the fast-start pricing reforms no later than January 2020.

Respectfully submitted,

On behalf of the PJM Power Providers Group and
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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 17th day of October, 2019.

On behalf of the PJM Power Providers Group and
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