

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

))
PJM Interconnection, L.L.C.) Docket No. ER19-511-000
))

MOTION FOR LEAVE TO ANSWER AND ANSWER
OF THE PJM POWER PROVIDERS GROUP

Pursuant to Rules 212 and 213 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) Rules of Practice and Procedure,¹ the PJM Power Providers Group (“P3”)² respectfully submits this Motion for Leave to Answer and Answer (“Answer”) in response to the Limited Protest filed on December 28, 2018, by Advanced Energy Management Alliance (“AEMA”),³ and the January 3, 2019 Motion to Accept Late-Filed Comments and Comments of

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

²P3 is a non-profit organization dedicated to advancing federal, state and regional policies that promote properly signed 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. 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 *PJM Interconnection, L.L.C.*, Limited Protest of Advanced Energy Management Alliance, Docket No ER19-511-000 (“AEMA Limited Protest”), dated December 28, 2018.

the Pennsylvania Public Utility Commission (“PAPUC”).⁴ AEMA filed a Limited Protest and the PAPUC filed Comments to the PJM Interconnection, L.L.C. (“PJM”) Peak Shaving Adjustment proposal filed on December 7, 2018.⁵

I. MOTION FOR LEAVE TO ANSWER

Pursuant to 18 C.F.R. § 385.212 and 18 C.F.R. § 385.213, P3 respectfully submits this Motion for Leave to Answer and Answer to the Limited Protest of Advanced Energy Management Alliance (“AEMA Limited Protest”) and the Motion to Accept Late-Filed Comments and Comments of the PAPUC (“PA PUC Comments”).⁶ On December 17, 2018, P3 filed a doc-less Motion to Intervene in the above captioned proceeding. P3 respectfully submits this Answer to explain that AEMA and the PAPUC have not shown that PJM’s filing is not just and reasonable. Double counting of certain resources’ demand reductions for purposes of reliability is inappropriate and should be rejected by the Commission. P3 respectfully requests that the Commission accept this Motion for Leave to Answer and Answer in order to help contribute to a fuller record and assist the Commission in its decision-making process.

⁴ *PJM Interconnection, L.L.C.*, Motion to Accept Late-Filed Comments and Comments of the Pennsylvania Public Utility Commission, Docket No ER19-511-000 (“PAPUC Comments”), dated January 3, 2019.

⁵ *PJM Interconnection, L.L.C.*, Docket No ER19-511-000, December 7, 2018 (“PJM Filing”).

⁶ Although the Commission’s procedural rules do not provide for answers to comments as a matter of right, the Commission has allowed answers where, as here, the answer provides further explanation or otherwise helps ensure a full and complete record. See, e.g., *Empire Pipeline, Inc.*, 164 FERC ¶ 61,076 P 9 (2018), *PJM Interconnection, L.L.C.*, 104 FERC ¶ 61,154, at P 14 (2003), on reh’g, 109 FERC ¶ 61,236 (2004); *Williams Energy Mktg. & Trading Co. v. Southern Co. Servs., Inc.*, 104 FERC ¶61,141, at P 10 (2003); *Ameren Servs. Co.*, 100 FERC ¶ 61,135, at P 15 (2002), on reh’g, 103 FERC ¶ 61,178 (2003).

II. PJM’s Peak Shaving Adjustment is Just and Reasonable and Comments Offered by AEMA and the PAPUC would lead to an Inequitable Treatment of Peak Shaving Resources

As PJM noted in its filing, after nearly a year of stakeholder discussions, PJM and its members agreed to revise PJM’s load forecasting methodology for certain summer-only demand response programs in order to “better recognize those resources on the demand side . . . rather than as supply side resources,” and that the goal of the proposal is to more accurately capture the peak shaving actions of these resources in the load forecast.⁷ PJM stated that peak shaving programs that are eligible to participate in the proposed program are limited to those that are governed by a tariff or order adopted by the Relevant Electric Retail Regulatory Authority (“RERRA”) noting that this is “reasonable because load curtailment that occurs on the demand side is appropriately governed by a RERRA.”⁸ PJM correctly observes that this rule ensures that the inclusion of peak shaving programs in PJM’s load forecast does not “unintentionally usurp state authority or impede states from taking any actions within their authority,” which P3 also agrees with.⁹ PJM reviewed in its filing the important effects on the VRR curve and the load forecasts and therefore the reasoning why only peak shaving programs that are governed by a RERRA tariff or order may be eligible to elect to participate in the modified load forecast plan.¹⁰ Additionally, PJM states that to “avoid potential double counting, participants in a peak shaving program will be prohibited from participation as PRD or Demand Response (emergency or economic).”¹¹ As PJM goes on to correctly explain this is “necessary because Demand

⁷ PJM Filing at p 3.

⁸ PJM Filing at p 6.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

Resources are expected to reduce load when dispatched, since the load forecast and reliability requirement anticipates such customers will consume their normal load. However, if demand response customers participate in peak shaving, *the load forecast would be reduced so that there is no longer the expectation of such customers consuming normal load* when the relevant trigger is met. As a result, demand response customers cannot participate as peak shaving and also be available to reduce load as PRD or Demand Resources since their capabilities *will already be accounted for* through a lower load forecast, which assumes such demand response customers will reduce load without being dispatched. *Absent this prohibition, load curtailment customers could receive the benefit of both a reduced load forecast as well as supply-side payments for the same MWs.*¹²

As PJM accurately observes and explains, the prohibition is appropriate and necessary against “dual participation”¹³ - as AEMA and the PAPUC advocates. Importantly, PJM states the purpose of the proposal is to value summer-only demand response resources that are otherwise unable to participate as an annual resource in PJM’s market. “Peak shaving programs that can participate as Demand Resources or PRD *are already valued and have no need to also participate* in the Peak Shaving Adjustment program.”¹⁴ Similarly, summer-focused peak shaving programs continue to have the opportunity to participate as capacity resources provided they can be married with other resources in order to meeting the requirements of PJM’s Capacity Performance rules. Until such time as sub-annual demand resource can be aggregated into annual

¹² PJM Filing at p. 7 (emphasis added).

¹³ AEMA Limited Protest at p. 1.

¹⁴ PJM Filing at p 7 (emphasis added).

demand resources, PJM's proposal is a just and reasonable expansion of the opportunities summer peaking resources have to appropriately participate in the market.

P3 disagrees with the views advanced by AEMA and the PAPUC that resources in the peak shaving program should also be allowed to participate in other PJM Demand Response programs. PJM's proposal complements the efforts of states' to reduce demand during peak periods and does not "negate attempts by states to integrate their state energy policies," as AEMA claims.¹⁵ Further, to the extent that AEMA is asking the Commission to allow the same load reductions to participate in multiple PJM programs is, as explained above, misplaced and dangerous. Simply stated, end use customers in the PJM Peak Shaving program should not be allowed to also participate in PRD or Demand Resource programs as their resources are already being compensated as peak shaving resources.¹⁶ PJM's proposed prohibition is necessary to avoid the double counting of the demand reduction capabilities of a given resource as both a peak shaving and demand response resource. The consequences of making the wrong decision on this important issue would jeopardize reliability and provide skewed economic signals to load reduction resources.

Moreover, the examples offered by AEMA and the PAPUC gloss over a serious measurement and verification concern regarding resources participating in both state-sponsored peak-shaving programs and PJM-sponsored demand response program. Namely, it is difficult if not impossible to divide any load reductions among the different programs – particularly when

¹⁵ AEMA Limited Protest at pp 1-2.

¹⁶ While AEMA expresses concern about the double counting of capacity resources, their proposed solution, elimination of the prohibition on dual participation, opens the door to the very double counting AEMA bemoans and suggestions offered by AEMA to address the double counting issue are appropriately evaluated in the PJM stakeholder process - - not a protest before FERC. If FERC desires to explore these alternatives, it should refer the matter back to the PJM stakeholder process.

either capacity or peak shaving commitments are not met. AEMA offers that “double counting is an issue that can be managed,” however, such management tools are not contained in the PJM filing and were not developed in the almost year-long stakeholder process. This critically important measurement and verification protocol would need to be fully developed before any consideration of the removal of the prohibition on dual participation.

The PJM proposal is a result of an almost year-long stakeholder process. The problem statement and issue charge were first reviewed a year ago on December 13, 2017, at the PJM Summer-only Demand Response Senior Task Force in which revisions were made. On October 25, 2018 the PJM members endorsed the proposal with a sector-weighted vote of 3.48 out of 5 at the Markets and Reliability Committee and then on the same day approved with a 3.69 out of 5 sector-weighted vote at the Members Committee.¹⁷ PJM’s Filing is a culmination of a year long stakeholder process, and AEMA and the PAPUC’s request for double counting should be rejected.

¹⁷ PJM Filing at p. 10-11.

IV. Conclusion

For the foregoing reasons, P3 respectfully requests that the Commission consider this Motion for Leave to Answer and Answer, and accept PJM's Peak Shaving proposal.

Respectfully submitted,

On behalf of the PJM Power Providers Group

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January 11, 2019

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 11th day of January, 2019.

Respectfully submitted,

On behalf of the PJM Power Providers Group

By: _____ Glen Thomas _____

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