

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

**PJM Interconnection L.L.C.            )**

**Docket No. ER23-1067-000**

**COMMENTS OF THE PJM POWER PROVIDERS GROUP**

Pursuant to Rule 212<sup>1</sup> of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) Rules of Practice and Procedure, the PJM Power Providers Group (“P3”)<sup>2 3</sup> respectfully submits these comments in response to PJM Interconnection, L.L.C.’s (“PJM”) filing submitted to the Commission on February 8, 2023, pursuant to Section 205 of the Federal Power Act (“FPA”),<sup>4</sup> regarding proposed revisions to the PJM Open Access Transmission Tariff (“Tariff”) and the Reliability Assurance Agreement Among Load-Serving Entities in the PJM Region (“RAA”) in order to establish new rules for the application of Capacity Interconnection Rights (“CIRs”) to Generation Capacity Resources, within the context of PJM’s Effective Load Carrying Capability (“ELCC”) construct. On February 8, 2023, the Commission issued a Combined Notice of Filing #1, setting March 1, 2023, at 5 p.m. Eastern time as the date and time for motions to intervene or protests.

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<sup>1</sup> 18 C.F.R. §385.212 (2022).

<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 83,000 MWs of generation assets and produce enough power to supply over 63 million homes in the PJM region covering 13 states and the District of Columbia. The comments contained herein represent the position of P3 as an organization, but not necessarily the views of any particular member with respect to any issue. For more information on P3, visit [www.p3powergroup.com](http://www.p3powergroup.com)

<sup>3</sup> P3 timely submitted a document-less Motion to Intervene on February 16, 2023.

<sup>4</sup> 16 U.S.C. § 824d.

As discussed herein, P3 supports PJM’s Filing as just and reasonable revisions to the Tariff and RAA. PJM and its stakeholders have spent considerable time and effort on these proposed amendments, as evidenced by the exceptionally broad support they have received at both the stakeholder level and PJM Board. P3 also supports PJM’s request that the Commission accept the requested Tariff and RAA revisions with an effective date beginning on April 19, 2023.

## **I. COMMENTS**

PJM’s filing represents a long overdue, yet appropriate, response to a long-standing process of allowing certain resources to receive capacity rewards over their transmission rights. This filing comes a year after P3 expressed concerns about the issues raised in the filing to the PJM Board on February 1, 2022.<sup>5</sup> At that time, P3 was concerned that PJM “over-accredited certain intermittent resources hundreds of megawatts of capacity that do not meet PJM’s capacity resource requirements because these resources are not deliverable at peak times.”<sup>6</sup> P3 asked that PJM address the issue prior to the BRA for the 23/24 delivery year (which ended up being delayed until June of 2022). These concerns would be rectified if the reforms in PJM’s Filing are approved.

As PJM explains in fuller detail in its filing, PJM and its stakeholders have been working through various issues relating to the permissible amount of CIRs that planned ELCC Resources should be able to request, and the broader relationship between CIRs and PJM’s unforced capacity (“UCAP”) accreditation process, which is used to establish the Reliability Pricing Mechanism (“RPM”) demand curve, since early 2021. This work continued following the Commission adoption of PJM’s requested Tariff revisions for its ELCC construct in July of 2021.<sup>7</sup>

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<sup>5</sup> See, Glen Thomas/PJM Power Providers Group, Letter to PJM Board of Managers, Regarding Capacity Resource Accreditation, dated February 1, 2022: <https://www.pjm.com/-/media/about-pjm/who-we-are/public-disclosures/20220201-p3-letter-regarding-capacity-resource-accreditation.ashx>

<sup>6</sup> *Id.*, p.1.

<sup>7</sup> PJM Interconnection, L.L.C., 176 FERC ¶ 61,056 (2021).

In part, PJM has been working on these proposed reforms to proactively prepare for a rapidly evolving resource mix, the variable output capability of new resource types, and PJM's recent adoption of its ELCC analysis. To continue to ensure that only deliverable capacity is submitted into RPM Auctions by ELCC Resources, PJM and its stakeholders have sought to establish the appropriate application of CIRs to all Generation Capacity Resources, especially to ELCC resources.

PJM's Filing consists of two components that were part of a broader CIRs for ELCC Resources reform package, entitled, "Package I," (1) reforms regarding the CIRs in the ELCC Methodology and Accredited UCAP Calculations and (2) a Transition Mechanism. P3 agrees with PJM that the reforms contained in both of these components are just and reasonable and merit Commission approval.

**A. PJM's Proposed Reforms Related to CIRs in the ELCC Methodology and Accredited UCAP Calculations are Just and Reasonable.**

P3 agrees with PJM's justification for the proposed amendments to the CIRs in the ELCC Methodology and Accredited UCAP Calculations. With an ever-evolving generation mix, and new and novel stresses placed on the transmission grid, it is more important than ever to ensure that only deliverable capacity (MW) is submitted into PJM's RPM Auctions by Generation Capacity Resources. As PJM notes, PJM's rules require that *all* capacity offers submitted into RPM Auctions be backed by CIRs. Moreover, Generation Capacity Resources (including ELCC Resources) are not permitted to submit offers into the RPM Auctions that exceed the resource's assigned CIRs. Yet due to the fact that PJM's currently-effective ELCC construct only considers the "actual" historical output of certain Variable Resources, there may be occasions where the MW quantities are higher than the given resource's assigned CIRs, which jeopardizes reliability and forces consumers to pay for capacity that does not have value.

PJM seeks to remedy this problem, in part, by strengthening the link between an ELCC Resource's CIRs and the upstream Accredited UCAP process performed by PJM staff, in two distinct ways: (i) capping of output in the ELCC model; and (ii) accounting for historical curtailments in the ELCC model.<sup>8</sup> PJM's Filing explains both of these reforms in greater detail, including the amendatory language for both the applicable Tariff as well as RAA provisions.<sup>9</sup> P3 agrees that as a whole, these proposed revisions more appropriately meet RAA, Schedule 9.1's overall requirement to ensure that PJM "accurately determin[e] the capacity value of resources amidst the evolving resource mix." Therefore, these reforms are clearly just and reasonable under FPA 205.

**B. PJM's Transition Mechanism for the CIRs for ELCC Resources is Just and Reasonable.**

PJM explains that concerns were raised regarding the immediate impact of more closely aligning PJM's upstream Accredited UCAP process with ELCC Resource CIRs on those resources that are currently in service or have already submitted New Service Requests. Because requests for additional CIRs will take time, PJM Members approved a "transition mechanism" that will allow any Interconnection Customer with an active New Service Request that has been submitted into the New Services Queue prior to March 3, 2023, to increase the CIRs of a resource and be eligible to be studied annually through a "transitional system capability" study conducted by PJM staff.<sup>10</sup> PJM's Filing describes this process in fuller detail, along with proposed amendatory Tariff language for Part VII, Subpart J, section 339.<sup>11</sup> P3 agrees with PJM that among other things, the

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<sup>8</sup> *Id.*, pp. 9-12.

<sup>9</sup> PJM details four amendments to RAA, Schedule 9.1, which contains PJM's rules for the ELCC construct, including Schedule 9.1(F); 9.1(H); 9.1(I); and modification to the definition of "Effective Nameplate Capacity." PJM Filing, pp. 13-17.

<sup>10</sup> PJM Filing, p. 18.

<sup>11</sup> *Id.*, p.18-25.

proposed Transition Mechanism is just and reasonable due to the fact that it will mitigate the immediate impact of the broader reforms in question and thus, strike an appropriate balance of interests during the phase-in of the new Tariff and RAA reforms for CIRs for ELCC Resources.

**C. The Commission Should Ensure That All Accreditation Issues Related To PJM’s New ELCC Construct – Past and Present – Are Rectified Moving Forward.**

While P3 fully supports the targeted changes to PJM’s Tariff and RAA for CIRs for ELCC Resources contained in PJM’s Filing, P3 respectfully requests that the Commission take this opportunity to ensure that all issues, past and present, that have been raised regarding the proper accreditation of Accredited Unforced Capacity (“AUCAP”) offered for sale in PJM’s RPM capacity auctions by Intermittent/Variable Resources are rectified.<sup>12</sup> As the Independent Market Monitor (“IMM”) for PJM has stated, “[T]he Market Monitor agrees that PJM has permitted offers from capacity resources that were, in part, incorrectly defined as capacity, with the result that the total capacity offered from these resources in PJM capacity auctions were overstated and the clearing pricing suppressed. The Market Monitor agrees that such offers should not have been permitted. The Market Monitor agrees that such offers should not be permitted in any auction for the 2025/2026 Delivery Year, and that the BRA for the 2025/2026 Delivery Year should not be conducted until this issue has been resolved. The Base Residual Auction for the 2025/2026 Delivery Year, currently scheduled for June 14, 2023, is the first auction for the 2025/2026 Delivery Year.”<sup>13</sup>

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<sup>12</sup> Dr. Roy J. Shanker, Ph.D. v. PJM Interconnection, L.L.C., Docket No. EL23-13-000, dated November 30, 2022 (“Shanker Complaint”) alleging, in part, that PJM’s improper accreditation of the AUCAP offered in PJM’s RPM capacity auctions by intermittent resources explicitly violates the terms of RAA Schedule 9.1 and 10 of the RAA, as well as Section 2.1a of all applicable PJM Interconnection Service Agreements (“ISAs”).

<sup>13</sup> Comments of the Independent Market Monitor for PJM, Docket No. EL23-13, dated January 13, 2023, pp. 1-2.

PJM alleges that the concerns raised in the Shaker Complaint are moot, now that it has filed its proposed ELCC reforms in this docket.<sup>14</sup> Notably, Dr. Shanker disagrees.<sup>15</sup> Given that PJM is requesting that the reforms submitted in this proceeding go into effect for the Base Residual Auction to be conducted in June 2023, for the 2025/2026 Delivery Year, P3 respectfully requests that the Commission ensure that the matters brought up in the Shaker Complaint, as discussed by the IMM, are appropriately resolved moving forward.

## **II. CONCLUSION**

The PJM Filing for reforms related to CIRs for ELCC Resources is an appropriate response to a long-standing problem. The two components at issue in PJM’s Filing resulted from extensive stakeholder meetings in PJM’s Planning Committee (a total of 25), over a two-year period. The full “Package I” CIRs/ELCC proposal was subsequently approved on January 25, 2023, by PJM’s Markets and Reliability Committee (“MRC”), with more than 90% support, and on January 25, 2023, by PJM’s Members Committee (“MC”), with approximately 89% support. The PJM Board authorized the amendments to the RAA on January 26, 2023.

Wherefore, P3 supports PJM’s Filing, requests that the Commission find that its proposed amendments to the Tariff and RAA are just and reasonable and grant its requested implementation date of April 10, 2023. P3 also respectfully requests that the Commission address the issues raised in the Shanker Complaint in order to ensure that all issues relating to accreditation of resources operating in PJM’s Auctions meet all applicable Tariff, RAA and ISA requirements.

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<sup>14</sup> PJM Interconnection, L.L.C., Motion for Leave to Answer and Answer, Docket No. EL23-13-000, dated February 17, 2023.

<sup>15</sup> Motion for Leave to Answer and Answers of Roy J. Shanker, Ph.D., Docket No. EL23-13, dated February 21, 2023, pp. 3-6.

Respectfully submitted,

On behalf of The PJM Power Providers Group

*Glen Thomas*

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Dated: March 1, 2023

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document on each person designated on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding.

Dated at Washington, D.C., this 1<sup>st</sup> day of March, 2023.

*Laura Chappelle*  
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