

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

**PJM Interconnection, L.L.C.**

**Docket No. ER21-2043-000**

**COMMENTS OF  
THE PJM POWER PROVIDERS GROUP**

Pursuant to Rule 212 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (the “Commission”), 18 C.F.R. §385.212 (2020), the PJM Power Providers Group (“P3”)<sup>1</sup> respectfully submits these comments in support of PJM Interconnection, L.L.C.’s (“PJM”) June 1, 2021, filing that proposes revisions to PJM’s Reliability Assurance Agreement Among Load-Serving Entities in the PJM Region (“RAA”) and PJM’s Open Access Transmission Tariff (“Tariff”) to create and implement an updated Effective Load Carrying Capability (“ELCC”) construct for determining the relative amount of capacity that variable, limited duration, and combination resources may offer in PJM’s capacity market (known as the “Reliability Pricing Model” or “RPM”) or provide in a Fixed Resource Requirement (“FRR”) capacity plan (“June 1 Filing” or “updated ELCC proposal”).<sup>2</sup> PJM requests that the Commission

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<sup>1</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 approximately 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). 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. P3 filed a doc-less motion to intervene in this proceeding on June 2, 2021.

<sup>2</sup> *PJM Interconnection, L.L.C., Updated Effective Load Carrying Capability Construct, Effective August 1, 2022*, Docket No. ER21-2043-000, dated June 1, 2021 (“June 1 Filing” or “updated ELCC proposal”).

accept the June 1 Filing, containing its updated ELCC proposal, including the commensurate RAA and Tariff revisions, to be effective as of August 1, 2021.

P3 respectfully submits these comments in support of PJM’s June 1 Filing, as more fully explained herein.

## I. COMMENTS

PJM’s updated ELCC proposal is in response to the Commission’s April 18, 2021, Order in Docket No. ER21-278-001<sup>3</sup> (“April 2021 Order”) that rejected PJM’s May 1, 2021, ELCC proposal in Docket No. ER21-278-001.<sup>4</sup> In part, PJM states that the updated ELCC construct proposed in this filing is nearly identical to the ELCC proposal PJM put before the Commission in Docket No. ER21-278,<sup>5</sup> with two notable differences: (1) PJM is not including the “transition mechanism” that the Commission rejected in its April 2021 Order;<sup>6</sup> and (2) PJM is specifying in the RAA defined ELCC Classes, as suggested by the Commission.<sup>7</sup>

As PJM details more extensively in its June 1 Filing, its updated ELCC proposal is the culmination of several proceedings following the Commission’s Order No. 841<sup>8</sup> in 2018 aimed to either further refine or completely replace PJM’s current 10-hour rule for storage resources.<sup>9</sup> PJM’s May 1, 2021 ELCC proposal, and its recent June 1 Filing, accomplish the latter, “replacing the current 10-hour rule for storage resources as well as the daily summer-average approach for

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<sup>3</sup> *PJM Interconnection, L.L.C.*, 175 FERC ¶ 61,084 (2021) (“April 2021 Order”).

<sup>4</sup> *PJM Interconnection, L.L.C., Response to Commission Deficiency Letter*, Docket No. ER21-278-001, dated May 1, 2021 (“PJM Deficiency Letter Response”).

<sup>5</sup> *PJM Interconnection, L.L.C., Effective Load Carrying Capability Construct*, Docket No. ER21-278-000 (Oct. 30, 2021).

<sup>6</sup> June 1 Filing, p. 2, citing April 2021 Order, P 17.

<sup>7</sup> *Id.*, citing April 2021 Order, P 66.

<sup>8</sup> *See Electric Storage Participation in Markets Operated by Regional Transmission Organizations and Independent System Operators*, Order No. 841, 162 FERC ¶ 61,127 (2018), order on reh’g, Order No. 841-A, 167 FERC ¶ 61,154 (2019), aff’d sub nom. Nat’l Ass’n of Regul. Util. Comm’rs v. FERC, 964 F.3d 1177 (D.C. Cir. 2020).

<sup>9</sup> *See, in part, PJM Interconnection, L.L.C.*, ¶ 61,049 (2019) (“October 2019 Order”); *PJM Interconnection, L.L.C., Compliance Filing Regarding Minimum Run Duration Requirements*, Docket No. ER20-584-000 (Dec. 12, 2019) (“December 2019 Compliance Filing”).

wind and solar, and provide a means for evaluating hybrid resources (e.g., a resource composed of a solar component and a battery storage component.”<sup>10</sup>

P3 expressed specific concerns with PJM’s prior May 1 ELCC proposal, primarily with the now rejected transition mechanism, as well as the timing of the proposal and various aspects of the methodology of the proposed ELCC construct. However, P3 has consistently supported the ELCC construct over PJM’s current 10-hour rule.<sup>11</sup> Similarly, the Commission’s April 2021 Order found that “PJM’s ELCC methodology appears to be a just and reasonable approach to determining the capacity value of Variable Resources, Limited Duration Resources, and Combination Resources and an improvement over PJM’s current approach.”<sup>12</sup>

P3, however, continues to stress that PJM’s ELCC construct is yet untested. While it is important to get the ELCC construct in place, the details surrounding its methodology, assumptions, inputs and procedures must be properly designed and constructed and accurately calculated. In this regard, P3 was one of several parties that recommended that the Commission require PJM to provide a compliance filing within one year of the ELCC’s implementation in order to more fully assess the sufficiency of the ELCC construct and design and potentially enhance it, where optimal.<sup>13</sup>

PJM states that for its updated ELCC proposal, it intends to provide a periodic review process of the ELCC methodology, assumptions, inputs and administrative proceedings through

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<sup>10</sup> June 1 Filing, p. 2.

<sup>11</sup> *Comments of the PJM Power Providers Group*, Docket No. ER21-278-001, dated March 22, 2021 (“P3 March ELCC Comments”); *Comments of the PJM Power Providers Group*, Docket No. ER21-278-000; EL19-100-000 (consolidated), dated November 20, 2020 (“P3 November 2020 ELCC Comments”).

<sup>12</sup> April 2021 Order at P 51.

<sup>13</sup> P3 March ELCC Comments, pp. 11-12.

an annual stakeholder cycle and post an annual report on the ELCC construct.<sup>14</sup> Additionally, PJM details an additional internal review process, beginning in the summer of 2022, the posting of an annual ELCC report, as well as a commitment to post a model and sufficient data by which parties may replicate PJM’s results with reasonable accuracy.<sup>15</sup>

P3 appreciates the updated internal review process, new reporting commitment and increased efforts at transparency for posting and further discussion on the ELCC methodology and data. In this regard, Commissioner Mark Christie referenced the importance of “post hoc” reporting requirements for the ELCC construct by stating that:

. . . With that in mind, I believe that PJM’s current ELCC proposal, while an improvement over the *status quo*, can and will be improved. I hope that parties will use the opportunities provided by today’s order to offer additional comment on how the ELCC construct can be made more accurate, including particularly addressing any necessary *post hoc* reporting requirements that detail actual performance versus the *ex ante* ELCC values, how such data can and will be used to adjust values, and the functioning of performance penalties to ensure consumers are not forced to pay for capacity that turned out to be over-valued by the ELCC formula in actual performance.<sup>16</sup>

P3 believes that many of its concerns with the proposed ELCC data, assumptions and methodology can be addressed, if not rectified, by PJM’s proposed commitment to a strong methodology review with appropriate reporting requirements and stakeholder involvement to improve upon the untested the proposed ELCC construct. In particular, P3 expects that PJM’s agreement to continue to work on the stated broad areas of “data, assumptions and methodologies” would include continued dialogue and efforts toward resolving several remaining issues in contention, including those surrounding transmission constraint modeling consistent with the BRA

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<sup>14</sup> June 1 Filing, pp. 59-60; proposed RAA, Schedule 9.1, section J.

<sup>15</sup> *Id.*, pp. 60-61.

<sup>16</sup> Concurring Statement of Commissioner Christie, April 2021 Order, P. 4 (emphasis added; citations omitted).

procurement of capacity, necessary revisions to capacity interconnection rights (“CIRs”), which PJM has already commenced work on, and consideration of using a different ELCC methodology, such as Commissioner Christie’s “hope [that] the parties continue to address the distinctions between a marginal versus average ELCC value.”<sup>17</sup>

For all of these reasons, P3 respectfully requests that the Commission accept PJM’s updated ELCC proposal, including PJM’s commitment to an annual ELCC methodology review and reports and stakeholder involvement to make the ELCC construct more accurate, as further described in its June 1, Filing.

## **II. CONCLUSION**

For the foregoing reasons, P3 respectfully requests that the Commission consider the comments herein and accept PJM’s updated ELCC proposal contained in its June 1 Filing.

Respectfully submitted,

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June 22, 2021

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<sup>17</sup> *Id.*, P 4, footnote 5.

**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 22nd day of June, 2021.

On behalf of the PJM Power Providers Group

By: /s/ *Laura Chappelle*

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