

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

PJM Interconnection, L.L.C.

)

Docket No. ER17-1567-000

**COMMENTS
OF THE PJM POWER PROVIDERS GROUP**

Pursuant to Rule 212 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or the “Commission”), 18 C.F.R. §385.212 (2017), the PJM Power Providers Group (“P3”)¹ respectfully submits these comments regarding the May 30, 2017 Limited Protest of Advanced Energy Management Alliance (“AEMA Limited Protest”)² in response to the May 8, 2017 filing by PJM Interconnection, L.L.C. (“PJM”), pursuant to Section 205 of the Federal Power Act (“FPA”),³ in the above-captioned docket (“PJM Filing”).⁴ AEMA’s Limited Protest objects to PJM’s proposed application of offer verification procedures to strike prices for demand response resources participating in PJM’s Reliability Pricing Model (“RPM”) as Pre-Emergency Load Response Resources and Emergency Load Response

¹ P3 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.

² *PJM Interconnection, L.L.C.*, Limited Protest of Advanced Energy Management Alliance, Docket No. ER17-1567-000, May 30, 2017 (“AEMA Limited Protest”).

³ 16 U.S.C. §824d.

⁴ *PJM Interconnection, L.L.C.*, Docket No. ER17-1567-000, May 8, 2017 (“PJM Filing”).

Resources. AEMA states that, consistent with Order No. 831,⁵ these resources are “capacity-only demand response resources” and are not incremental energy market offers that are subject to Order No. 831.⁶ Additionally, AEMA objects to PJM’s proposal to replace existing caps on capacity-only demand response resource strike prices with the same caps PJM proposes to apply to incremental energy offers.⁷

P3 respectfully submits comments in general support of the PJM Filing and also in support of AEMA’s narrowly tailored Limited Protest.⁸

I. COMMENTS

P3 urges the Commission to accept the PJM filing conditioned upon a PJM compliance filing reflecting the relief sought by AEMA. PJM’s compliance filing is largely compatible with Order No. 831, however, AEMA’s Limited Protest raises an issue that should be addressed before the compliance filing is accepted. In Order No. 831, the Commission stated that “...reforms adopted in this Final Rule, which provide that resources are eligible to submit cost-based incremental energy offers in excess of \$1,000/MWh and require that those offers be verified, do not apply to capacity-only demand response resources that do not submit incremental energy offers in energy markets.”⁹ Thus, the Commission intended for “capacity only” demand response resources to be treated differently than those demand response resources that participate

⁵ *Offer Caps in Markets Operated by Regional Transmission Organizations and Independent System Operators*, Order No. 831, 157 FERC ¶ 61,115 (2016) (“Order 831”).

⁶ AEMA Limited Protest at p. 2.

⁷ *Id.*

⁸ 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. On June 23, 2017, P3 filed an out-of-time doc-less Motion to Intervene.

⁹ FERC Order 831 at P 159.

in both the energy and capacity market and intended that the offer verification rules that apply to all other forms of capacity should not apply to “capacity only” demand response resources.

PJM’s final tariff rules should reflect the Commission’s direction.

While P3 believes that PJM should be required to submit a compliance filing addressing the concerns raised in AEMA’s Limited Protest, P3 still believes that if demand response is to participate in the wholesale market, it should participate on terms that are comparable to generation capacity resources. As evidenced by the discussion in this compliance filing, the vast majority of demand response in PJM participates in the market as “capacity only” resources. While all physical generation capacity resources have an obligation to make daily energy offers and comply with fuel procurement policies, capacity-only demand response resources have the luxury of collecting capacity dollars with very dissimilar obligations. The competitive playing field has become distorted by these preferential accommodations for resources that are fundamentally not supply-side resources.

However, in the short term, if capacity-only demand response resources are to remain in the wholesale market, then these resources should set LMP just like generation resources. Indeed, if a generation capacity resource is marginal, then LMP should be set at that resource’s price. P3 appreciates the Commission’s recognition of that fact in Order No. 831.

III. CONCLUSION

P3 respectfully requests that the Commission consider these comments.

Respectfully submitted,

On behalf of the PJM Power Providers Group

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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 23rd day of June 2017.

On behalf of the PJM Power Providers Group

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June 23, 2017