

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

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| PJM Interconnection, L.L.C. |) | Docket No. ER18-262-000 |
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**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 “Commission”),¹ the PJM Power Providers Group (“P3”),² respectfully files these comments in response to the November 7, 2017, filing of the PJM Interconnection L.L.C. (“PJM”) submitting revisions to the PJM Open Access Transmission Tariff (“Tariff”), Attachment DD, section 6.4(a) (“PJM Filing”). The proposed revisions will allow PJM to use in its calculation of the default Market Seller Offer Cap for the upcoming Base Residual Auction (“BRA”), the same Balancing Ratio value that PJM used for the most recent BRA.³

On November 8, 2017, FERC issued a Combined Notice of Filing #1 setting the intervention and comment date for November 28, 2017. On November 20, 2017, P3 filed a doc-less Motion to Intervene.

¹ 18 C.F.R. § 385.212 (2017).

² 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. 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.*, Docket No. ER18-262-000, November 7, 2017 (“PJM Filing”).

I. COMMENTS

PJM's proposal is a discrete and temporary solution to a gap in the current Tariff. If unaddressed prior to the BRA, PJM and Capacity Sellers would be faced with a Market Seller Offer Cap that would simply not work. In that light PJM's proposal is a reasonable interim solution that the Commission should approve, while PJM and its stakeholders work to develop a permanent solution.

As PJM states, for the first three years of Capacity Performance, the historic period used to calculate the Balancing Ratio value included years when Capacity Performance was not in effect. For these three years, PJM explains, it calculated the average Balancing Ratio value based on hours that would have been Performance Assessment Hours if Capacity Performance had been in effect during the prior three calendar years.⁴ As PJM notes, the upcoming BRA is the first auction for which there were no Performance Assessment Hours or emergency events to use as a proxy for the three most recent calendar years - 2015, 2016, and 2017. Therefore, the current Tariff-specified data is not available to calculate the Balancing Ratio value for the upcoming auction and there is no language in the Tariff that provides a procedure for this circumstance.⁵

In the Filing, PJM proposes to use the Balancing Ratio value from the May 2017 BRA, the auction for the 2020/2021 Delivery Year, again in the May 2018 BRA. PJM

⁴ PJM Filing, p. 2.

⁵ PJM Filing, p. 3.

also proposes to conduct a stakeholder process on an appropriate method to calculate the Balancing Ratios for subsequent BRAs.⁶

On October 26, 2017, PJM stakeholders endorsed the proposed Tariff revision by acclamation through a vote of the Markets and Reliability Committee, with no objections and ten abstentions. Also on October 26, 2017, the PJM Members Committee approved the proposed Tariff revision, with no objections or abstentions.⁷

P3 supports PJM's solution for the upcoming May 2018 BRA for the 2021/2022 Delivery Year, as a "discrete, one-year solution."⁸ P3 further supports PJM initiating a stakeholder process to address the calculation of the Balancing Ratios for subsequent capacity auctions.⁹ While some stakeholders and some P3 members have argued for changes in the calculation of the Balancing Ratio, the Commission should not pursue those changes in this proceeding. Rather, the Commission should approve the PJM filing so that a functional Market Seller Offer Cap is in place for the 2018 BRA and allow PJM and its stakeholders to more thoroughly analyze whether additional changes to the Balancing Ratio calculation are appropriate in advance of the 2019 BRA.

⁶ PJM Filing, p. 3.

⁷ PJM Filing, p. 5.

⁸ PJM Filing, p. 4.

⁹ PJM Filing, p. 3.

II. CONCLUSION

P3 respectfully requests that the Commission consider these comments and issue an order accepting PJM's Filing and making the proposed revisions effective January 8, 2018.

Respectfully submitted,

On behalf of the PJM Power Providers Group

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November 28, 2017

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 28th day of November 2017.

On behalf of the PJM Power Providers Group

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