

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

PJM INTERCONNECTION, L.L.C.) Docket No. ER16-76-000

MOTION FOR LEAVE TO ANSWER AND
LIMITED ANSWER OF THE PJM POWER PROVIDERS GROUP¹

Pursuant to Rules 212 and 213 of the Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) Rules of Practice and Procedure, 18 C.F.R. §§385.212 and 385.213 (2015), the PJM Power Providers Group (“P3”) hereby submits this Motion for Leave to Answer and Answer in the above-captioned proceeding.² P3 is filing this Answer in response to protests and comments filed by Intervenors in the above-referenced Docket in response to the October 15, 2015, filing by PJM Interconnection, L.L.C. (“PJM”). In that filing, PJM requests revisions to Attachment K-Appendix of the PJM Open Access Transmission Tariff (“Tariff”), and the identical provisions of Schedule 1 of the Amended and Restated Operating Agreement of PJM

¹ 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 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. 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. For more information on P3, visit www.p3powergroup.com

² Although the Commission’s procedural rules do not provide for answers to comments as a matter of right, the Commission regularly allows answers where, as here, the answer provides further explanation or otherwise helps ensure a full and complete record. See, e.g., 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).

Interconnection L.L.C. (“Operating Agreement”), to modify various offer cap and price formation provisions in advance of the 2015-2016 winter, until such time that the Commission provides more permanent guidance or issues a formal rule regarding offer price caps.³

I. Motion to Leave and Answer

On October 23, 2015, P3 filed a doc-less Motion to Intervene in the above-captioned proceeding and on November 4, 2015, P3 filed timely comments to PJM’s proposal. P3 seeks to respond to the suggestions of several parties that the PJM proposal, which was supported by a broad cross section of stakeholders, should be rejected, modified or clarified. P3’s Answer is narrowly tailored and will ensure that the Commission has a full and complete record of these important matters that directly affect PJM’s proposed revisions to its Tariff and Operating Agreement.

II. Answer

Several parties urge the Commission to either reject, modify or clarify certain portions of the PJM filing. While P3 would embrace a similar opportunity to alter certain portions of the PJM filing to reflect P3’s view of an appropriate energy market offer cap, P3 instead encourages the Commission to approve the PJM filing as is. With the winter quickly approaching, the Commission, consumers and suppliers all need certainty regarding the energy market offer cap. Despite its shortcomings, the PJM filing provides an adequate structure for the upcoming winter. P3 supports not allowing the perfect to be the enemy of the inferior and temporary. The Commission should do the same.

³ See, e.g., Settlement Intervals and Shortage Pricing in Markets Operated by Regional Transmission Organizations and Independent System Operators, Notice of Proposed Rulemaking, Docket No. RM15-24-000 (September 17, 2015) (“NOPR”).

In its initial comments, P3 encouraged the Commission to approve the PJM proposal with the understanding that there are flaws inherent in the PJM filing that prevent it from being sound market policy over the long term. The PJM proposal is inconsistent with Commission precedent, as well as PJM's own recently-articulated views of proper energy market price formation. Most P3 members supported the PJM proposal recognizing that it was the result of a stakeholder compromise that was forged with the explicit understanding from all sides that the proposal would only be a short-term energy market offer cap structure. P3 members do not now look, as other commenters do, to undo a well-supported and well-vetted stakeholder compromise just to get what they wanted through a different means but gave up in the negotiated compromise. To do so, at its core is an affront to the compromises reached in the stakeholder process and the section 205 process.

The Commission should respect the process that lead to the filing while recognizing the broader need for a multi-RTO solution. Indeed, P3 shares some of the concerns that are raised by Potomac Economics, LTD and the New York Transmission Owners regarding the inefficiencies that can be created by different energy market offer caps in neighboring regions. However, P3 strongly disagrees with Potomac Economics and the New York Transmission Owners that the Commission should reject the PJM proposal and leave in place an unjust and unreasonable energy market offer cap for the winter of 2016. The events of the previous two winters should not simply be labelled as "extremely rare" and ignored. Instead, the Commission should address the short term challenge of this winter while focusing on an enduring solution for all markets.

Concerns raised by the IMM, the PJM ICC and the Load Group can all be dismissed as issues that can be addressed after this winter and with the benefit of guidance from the

Commission in its ongoing price formation proceeding. As mentioned above, P3 and certainly other parties have similar lists of issues that they have put aside in the name of compromise and the pendency of the winter. Moreover, the concerns raised by these protesters do not render the PJM proposal unjust and unreasonable which is the ultimate question for the Commission.

Looking beyond this winter, P3 again respectfully suggests that the Commission has before it an enormous body of evidence that leads to the conclusion that a single, multi-RTO policy on energy market offer caps is in the best long term interests of our country's competitive wholesale power markets. Approving the PJM proposal does not alter the need to address this policy gap; however, it does address the need to have mechanisms in place in the event the PJM region faces a third year of challenging weather. While being mindful of the long term, the Commission must address the short term. The PJM proposal, as submitted, is the most effective means to accomplish that mission.

III. Conclusion

WHEREFORE, for the foregoing reasons, P3 respectfully requests that the Commission (1) grant P3's motion for leave to answer; and (2) consider this answer in formulating its Order on the PJM October 23, 2015 Filing.

Respectfully submitted,

On behalf of the PJM Power Providers Group

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Dated: November 16, 2015

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 16th day of November, 2015.

On behalf of the PJM Power Providers Group

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