

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

PJM Interconnection, L.L.C.

)

Docket No. ER17-1138-000

**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 March 9, 2017 filing by PJM Interconnection, L.L.C. (“PJM”), pursuant to Section 205 of the Federal Power Act (“FPA”),² in the above-captioned docket. PJM proposes to revise the PJM Open Access Transmission Tariff (“Tariff”) and the Reliability Assurance Agreement among Load Serving Entities in the PJM Region (“RAA”) to implement enhancements to the rules governing generation resources physically located outside the PJM region that serve as capacity for loads in the PJM region (“PJM Filing”).³

The Commission issued a Combined Notice of Filings #1 on March 10, 2017, setting March 30, 2017, as the deadline to file comments, interventions and protests. On March 24,

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 16 U.S.C. §824d.

³ *PJM Interconnection, L.L.C.*, Docket No. ER17-1138-000, March 9, 2017 (“PJM Filing”).

2017, pursuant to Rule 214 of the Rules of Practice and Procedure of the Commission, 18 C.F.R. § 385.214 (2017), P3 submitted a doc-less motion to intervene. P3 respectfully submits comments in general support of the methodology proposed by PJM.⁴

I. COMMENTS

P3 supports PJM's efforts to establish rules applicable to external Generation Capacity Resources that will help to address the modeling, congestion management, planning, and operational challenges that have resulted from an influx of pseudo-tied resources as identified by PJM.⁵ P3 has consistently maintained that capacity should be able to move freely across RTO borders provided that the capacity is deliverable to load and on terms comparable to internal capacity resources.⁶ P3 believes that PJM's external capacity rules should align with the obligations of Capacity Performance resources, which requires that they be unit-specific, not require tagging, and to be dispatchable by PJM. P3 has noted its concerns with market rules that treat external resources differently than internal ones and asked the Commissions to address such discrepancies.⁷ Different rules for external and internal capacity resources impact the prices offered into the market, and result in unjust, unreasonable and unduly discriminatory rates.⁸ P3 supports the March 9, 2017 PJM Filing that proposes to add more stringent requirements for Pseudo-Tie arrangements and transmission service, which will increase the comparability of the

⁴ 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.

⁵ PJM Filing at pp 6-11.

⁶ See *PJM Interconnection, L.L.C.*, Comments of the PJM Power Providers Group, Docket No. ER14-503-000, December 20, 2013, pp 2-3.

⁷ *Id.*

⁸ *Id.*

rules applicable to external and internal resources and put these resource sellers on “comparable footing”⁹. P3 supports PJM’s filing because it requires external resources to be subject to the same deliverability studies that PJM uses for internal resources and to have undergone the studies prior to participating in RPM. PJM’s proposal is an improvement over the existing rule, which requires only that the external Generation Capacity Resources obtain long-term firm transmission service that is studied in accordance with the native Balancing Authority’s standards. PJM proposes that all external Generation Capacity Resources offering into an RPM auction be subject to the same must offer requirements as internal Generation Capacity Resources.

As part of the approval of these tariff provisions, the Commission should provide two important clarifications. While P3 appreciates the equity of PJM allowing for a transition period for existing external resource commitments, the transition period should be as short as possible. Because Capacity Import Limit (“CIL”) Exception External Resources will continue to clear and affect RPM clearing prices, but may be excused from their capacity obligation without penalty at a later date, the Commission should direct PJM to limit the transition period applicable to CIL Exception External Resources to a period that is equal in duration to existing long-term firm transmission service agreements held for these resources (without considering any roll-over of existing service that has not been exercised), but no longer than five years (subject to the exception for self-supply/long-term agreements entered into prior to June 1, 2016). Without this clarification, the CIL Exception External Resource would be granted a free option for five years, regardless of whether it has existing commitments to the PJM market, to receive capacity

⁹ PJM Filing at p 12.

revenues while market prices are suppressed by resources that ultimately are not “Operationally Deliverable.”

In addition, the Commission also should require PJM to clarify that, to the extent a CIL Exception External Resource is subsequently found not to be Operationally Deliverable, and exercises the option to be excused from its commitment without penalty, PJM will seek to procure capacity in the Third Incremental Auction to replace the excused resource. The PJM filing does not address this scenario and the Commission should provide this clarification.

III. CONCLUSION

P3 respectfully requests that the Commission consider these comments and approve the PJM March 9, 2017 Filing with the suggested modifications described herein.

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 thirtieth day of March 2017.

On behalf of the PJM Power Providers Group

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