

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

PJM Interconnection, L.L.C.

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Docket No. ER18-2012-000

REQUEST OF PJM INTERCONNECTION, L.L.C. FOR LIMITED WAIVER

PJM Interconnection, L.L.C. (“PJM”), pursuant to section 205 of the Federal Power Act (“FPA”)¹ and Rule 207(a)(5) of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) Rules of Practice and Procedure,² seeks a one-time waiver of certain deadlines in PJM’s Open Access Transmission Tariff (“Tariff”), Attachment DD, section 5.10. More particularly, PJM requests that (1) PJM Members be permitted to vote on proposed modifications to the Variable Resource Requirement Curve (“VRR”),³ Cost of New Entry values (“CONE”), and Net Energy and Ancillary Services Revenue (“E&AS”) Offset values on or before September 27, 2018, rather than the Tariff imposed deadline of August 31, 2018, and (2) PJM be allowed to file such modifications on or before October 12, 2018, rather than the Tariff imposed deadline of October 1, 2018.

As further explained below, a limited waiver is appropriate in this case because this request (1) is made in good faith; (2) is limited in scope; (3) addresses a concrete problem; and (4) will not have undesirable consequences.

¹ 16 U.S.C. § 824d

² 18 C.F.R. § 385.207(a)(5) (2017).

³ Capitalized terms not defined herein shall have the meaning as contained in the Tariff, the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C., (“Operating Agreement”) or the Reliability Assurance Agreement Among Load Serving Entities in the PJM Region (“RAA”).

I. WAIVER REQUEST IS MERITED AND SHOULD BE GRANTED.

A. *The August 31 and October 1 Filing Deadlines Cannot be Met Given the Timelines and Members Committee and Board Meeting Dates.*

The Tariff requires PJM to conduct a review of the shape of the VRR Curve, the calculation of CONE, and the methodology for determining the Net E&AS Offset every four years beginning in 2018 (“Quadrennial Review”).⁴ If modifications are deemed appropriate by PJM Staff, new VRR, CONE, and E&AS Offset values are required to be proposed by May 15.⁵ Thereafter, PJM Members have until August 31, 2018 to review and recommend modifications.⁶ Finally, the Tariff requires the PJM Board of Managers (“Board”) to consider and approve such changes and that PJM file such modifications with the Commission by October 1, 2018.⁷

Consistent with the Tariff requirements, on May 1, 2018, PJM staff provided PJM Members with its preliminary recommendations as part of the Quadrennial Review. Since then, PJM and its stakeholders have been actively engaged in discussions to vet proposed modifications and the Markets and Reliability Committee is on track to vote on the modifications by August 31, 2018.⁸ However, no Members Committee meeting is scheduled in the month of August. Given that Members Committee generally does not vote on matters prior to a vote by the Markets and Reliability Committee, it would be procedurally inconsistent to hold a Members Committee vote at its July meeting. Further, a vote at the July 26, 2018 Members Committee

⁴ See Tariff, Attachment DD, section 5.10(a)(iii); Tariff, Attachment DD, section 5.10(a)(vi)(C); Tariff, Attachment DD, section 5.10(a)(vi)(D).

⁵ See Tariff, Attachment DD, section 5.10(a)(iii)(A); Tariff, Attachment DD, section 5.10(a)(vi)(C)(1); Tariff, Attachment DD, section 5.10(a)(vi)(D)(1).

⁶ See Tariff, Attachment DD, section 5.10(a)(iii)(D); Tariff, Attachment DD, section 5.10(a)(vi)(C)(4); Tariff, Attachment DD, section 5.10(a)(vi)(D)(3).

⁷ See Tariff, Attachment DD, section 5.10(a)(iii)(C); Tariff, Attachment DD, section 5.10(a)(vi)(C)(3); Tariff, Attachment DD, section 5.10(a)(vi)(D)(4).

⁸ PJM anticipates a vote on any proposed modifications at the Markets and Reliability Committee meeting scheduled on August 23, 2018.

meeting would not provide PJM Members with sufficient time to fully vet the complex record associated with the VRR, CONE, and E&AS Offset values.

In addition, while there is a Board meeting on July 31-August 1, 2018, PJM Members will not have had the opportunity to complete their review and provide recommendations to the Board by that time. The next possible date for the PJM Board to consider and approve the contemplated modifications would be at the following Board meeting on October 2-3, 2018. To permit the orderly review of the Quadrennial Review by PJM Members and the Board, as contemplated by the Tariff, PJM seeks a waiver of the requirement for PJM Members to vote by August 31, 2018 and PJM to file by October 1, 2018. Instead, PJM seeks a waiver to be able to obtain a vote by the PJM Members on proposed modifications by September 27, 2018 and file such proposed modifications by no later than October 12, 2018.

B. *PJM's Request for Waiver is Timely and Made in Good Faith*

This waiver request is being filed well in advance of the August 31 and October 1, 2018 deadlines in order to provide the Commission and all interested parties with ample notice of PJM's waiver request. Further, as explained above, this request is made in good faith because it would be logistically challenging, if not impossible, for the PJM Members to thoroughly vet the contemplated modifications by the July 26, 2018 Members Committee meeting and provide a recommendation to the Board by the July 31-August 1, 2018 meeting. The current stakeholder work plan on the Quadrennial Review, which began on April 25, 2018,⁹ includes a total of twelve meetings that allow time for education; review of recommendations from Brattle, PJM and the Independent Market Monitor; development of stakeholder options; and the opportunity to obtain stakeholder feedback. In addition to these tasks, the schedule provides time for reviewing

⁹ This initial April 25, 2018 meeting reviewed recommendations from PJM's consultant, Brattle Group. PJM subsequently posted its own recommendations on May 1, 2018, and stakeholders began discussions at the May 2, 2018 Market Implementation Committee meeting.

and voting of the final package(s) at the Market Implementation Committee, Markets and Reliability Committee, and Members Committee. While the Markets and Reliability Committee is on track to vote and provide a recommendation of any modifications at the August 23, 2018 meeting, the next Members Committee meeting after such time is not scheduled until September 27, 2018.

As explained, it would be premature for the Members Committee and the Board to consider the modifications at the July 26, 2018 and July 31-August 1, 2018 meetings, respectively, because the Members Committee would not have yet received a recommendation from the Markets and Reliability Committee and the Board would not have received a recommendation from the PJM Members by those dates. Consequently, PJM will not reasonably be able to meet the August 31 and October 1 deadlines set forth in the Tariff and the only viable alternative is to allow the Members Committee and Board to consider and adopt the contemplated modifications at the September 27 and October 2-3, 2018 meetings, respectively. Should the Commission grant this waiver, PJM expects to file any proposed modifications with the Commission shortly after the October Board meeting, but no later than October 12, 2018.

C. PJM's Request for Waiver is Limited in Scope.

PJM is seeking a modest twenty-seven day extension of the PJM Member vote and eleven day extension to file any Board-recommended changes arising out of the Quadrennial Review. Specifically, instead of a vote by the PJM Members prior to August 31, 2018, PJM seeks an extension of this deadline until September 27, 2018. In addition, rather than filing such modifications by October 1, 2018, PJM proposes to file the modifications on or before October 12, 2018. These limited extensions are reasonable in order to allow time for the PJM Members and Board to adequately review any modifications to the VRR, CONE, and E&AS

Offset values. The few additional days beyond the Board meeting will allow PJM to include additional modifications recommended by the Board, if any, in the filing package.

D. *PJM's Request for Waiver Addresses a Concrete Problem*

As explained above, this waiver is necessary because the September 27, 2018 Members Committee and October 2-3, 2018 Board meetings are the only reasonable options for the PJM Members and Board to consider and adopt any modifications as part of the Quadrennial Review. No Members Committee is scheduled in August so no vote could be taken until the September 27, 2018 meeting. Further, since the Board meeting is scheduled for immediately after the Tariff imposed filing October 1, 2018 deadline, PJM seeks a waiver to allow for the filing the modifications after the October 2-3, 2018 Board meeting.

E. *PJM's Request for Waiver Will Not Have Undesirable Effects*

Allowing for a modest extension of the deadlines for PJM Members to vote and for PJM to file proposed modifications as part of the Quadrennial Review will not adversely impact any individual PJM Member or capacity market operations. Specifically, PJM is not required to post, for purposes of the Unit-Specific Exemption, the expected preliminary minimum offer price, which relies on the Cost of New Entry value, until mid-December.¹⁰ In addition, PJM posts default Market Seller Offer Cap values, which also include Cost of New Entry, at least one hundred twenty days prior to the commencement of the offer period for the relevant BRA in order to provide Market Sellers with sufficient time to submit data and documentation in the event they wish to offer above the default Market Seller Offer Cap.¹¹

¹⁰ See Tariff, Attachment DD, section 5.14(h)(5)(i) (requiring PJM to post such information no later than one hundred fifty days prior to the commencement of the offer period for the relevant BRA Auction).

¹¹ See Tariff, Attachment DD, section 6.4(b) (requiring Capacity Market Sellers to provide data and documentation in support of Sell Offer above the Offer Cap no later than hundred twenty days prior to the commencement of the offer period for the relevant BRA Auction).

Assuming the Commission acts on the proposed modifications within sixty days of filing (i.e., December 11, 2018), PJM will be able to timely include any modified Cost of New Entry values for both the minimum offer price and Market Seller Offer Cap value without altering PJM's existing posting schedule. Therefore, the additional time sought in this waiver will not create any issues associated with pre-auction posting requirements and not impose any harm to PJM Members.

II. ADDITIONAL INFORMATION

PJM requests that all correspondence and communications with respect to this filing be sent to, and the Secretary include on the official service list, the following:

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PJM has served a copy of this filing on all PJM members and on all state utility regulatory commissions in the PJM Region by posting this filing electronically. In accordance with the Commission's regulations,¹² PJM will post a copy of this filing to the FERC filings section of its internet site, located at the following link: <http://www.pjm.com/documents/ferc-manuals/ferc-filings.aspx>, with a specific link to the newly-filed document, and will send an e-mail on the same date as this filing to all PJM members and all state utility regulatory commissions in the PJM Region¹³ alerting them that this filing has been made by PJM and is

¹² See 18 C.F.R. §§ 35.2(e), 385.2010(f)(3).

¹³ PJM already maintains, updates, and regularly uses e-mail lists for all PJM members and affected state commissions.

available by following such link. PJM also serves the parties listed on the Commission's official service list for this docket. If the document is not immediately available by using the referenced link, the document will be available through the referenced link within 24 hours of the filing. Also, a copy of this filing will be available on FERC's eLibrary website located at the following link: <http://www.ferc.gov/docs-filing/elibrary.asp>, in accordance with the Commission's regulations and Order No. 714.

III. CONCLUSION

For the reasons stated above, the requested waiver satisfies the Commission's waiver standards and is just and reasonable. PJM requests that the Commission grant the requested Quadrennial Review Tariff waiver to extend the PJM Member vote and filing deadline to September 27, 2018 and October 12, 2018, respectively. Given the impending August 31 deadline, PJM respectfully requests that the Commission issue an order on or before August 15, 2018.

Respectfully submitted,



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July 12, 2018