SUPPORTING COMMENTS OF CALPINE, EXELON, AND PSEG REGARDING PJM’S CAPACITY PERFORMANCE PROPOSAL

The Calpine, Exelon, and PSEG member companies appreciate the opportunity to submit comments regarding PJM’s October 7, 2014 Capacity Performance (“CP”) Proposal. These comments reflect the viewpoint of three companies that together represent approximately 38 GW of installed capacity in the PJM region, equal to more than 20 percent of the region’s installed capacity. Together, the three companies have invested in a diverse array of generation technologies and represent a diverse array of interests – generation, power marketers, transmission companies, and distribution companies.

Calpine is one of the nation’s largest independent power producers, with approximately 5 GW of installed capacity in PJM and another 1 GW in development, consisting mainly of state-of-the-art, highly efficient natural gas-fired facilities. Calpine is one of the nation’s largest consumers of natural gas. Exelon is the nation’s largest owner of nuclear facilities – of which approximately 17 GW are located in the PJM region – and also owns about 6 GW of fossil fuel facilities and hydro plants within PJM. Exelon also owns three electric distribution companies, which together deliver electricity to approximately 6.6 million customers in PJM. Through another subsidiary, it is also one of the nation’s leading marketers of electricity and natural gas. PSEG owns a diverse array of generation units, including almost 9.9 GW of nuclear, coal-fired, and gas-fired generation in PJM. PSEG also owns New Jersey’s largest electric distribution company, and is a leading marketer of electricity and natural gas in the Northeast and Mid-Atlantic. The Board should give appropriate weight to comments submitted by a coalition of companies that represent such a large share of PJM generation, a broad diversity of technology types, and demand-side entities as well as suppliers.¹

I. Calpine, Exelon, and PSEG Support PJM’s Efforts to Make Its Electric Supply More Reliable and Support the Concept of a CP Product Subject to Stringent Penalties for Non-Performance.

A. There Is an Urgent Need for PJM’s Proposal.

Calpine, Exelon, and PSEG fully support and endorse PJM’s efforts to increase electric supply reliability and prevent loss of load events, particularly during times of extreme cold or heat. To date, RPM has worked as designed, successfully attracting sufficient resources to meet summer peak load. However, the events of January 2014 provided an invaluable warning that PJM’s capacity market design is not adequately incentivizing appropriate actions to maintain winter preparedness. During the hours of peak stress on the PJM system on January 7, 2014, 40,000 MW of generation was offline for various reasons: approximately 25% of the outages were due to interruptions in gas supply at gas generation facilities, with the remaining 75% of

¹ Calpine, Exelon, and PSEG each supports the points made in these comments as a member of this coalition, but each reserves its rights to advance additional or different points and perspectives in any individual comments filed with FERC.
outages attributed to operational or fuel problems at coal, gas, oil, wind, and nuclear plants. In addition to these operational and fuel issues, PJM’s accommodation of summer-only demand response (“DR”) contributed to the resource adequacy challenges by limiting the total supply obliged to offer for dispatch during periods of peak winter stress.

To avoid involuntary load reductions, PJM had to rely on emergency energy imports, voluntary emergency DR, fortuitous overproduction by intermittent resources, and the depletion of primary operating reserves. Reliance on uncommitted resources and depletion of operating reserves to meet peak demand is not a good reliability planning practice. Indeed, for consumers, the consequences of loss of load during the middle of the winter are unacceptable. As PJM recently recognized in its Capacity Performance Initiative Cost-Benefit Analysis, “the overarching purpose of capacity performance – keeping electricity reliable – cannot be considered optional. The Polar Vortex taught us that generators of all types can be vulnerable to arctic temperatures.” As PJM continued, “the cost of power interruptions … can reach tens of billions of dollars and – especially during weather extremes – endanger human life.”

The need for PJM’s proposal is urgent for numerous reasons. First, PJM is in the midst of a significant transition away from older, less efficient coal resources towards new, highly efficient natural gas-fired resources. Coal plants on the verge of retirement are likely to incur increasingly higher forced outage rates as their owners reduce or eliminate the capital allocations needed to keep the plants in good working order, unless the market provides appropriate economic incentives. Second, the entry of new or repowered gas-fired plants will place added strain on the existing gas transmission system and increase the risk of gas interruption. Although the PJM region benefits from proximity to the Marcellus Shale gas supply, significant additional pipeline infrastructure still will need to be built on both the transmission and distribution level to ensure full deliverability of gas throughout the region. Third, some existing nuclear plants are experiencing significant economic pressure and are increasingly at risk of shutting down. Yet, during the Polar Vortex, nuclear units had the lowest forced outage rate of any generation type. Finally, if DR is to continue to be a significant part of PJM’s resource mix, changes are needed to ensure that it is available year-round and that it is exposed to the same incentives and penalties as generation.

In sum, unless the market is redesigned to value high-availability capacity, customers will suffer the reliability consequences of a generation stack filled with low-availability resources, and critical high-availability capacity will be lost. The inadequacy of the current construct is aptly demonstrated by the fact that in January 2014, PJM’s system was on the verge of failure; yet four months later, approximately 11 GW of unforced capacity did not clear the BRA, including over 4 GW of highly reliable nuclear capacity. The capacity market signal that these units are not needed for reliability is clearly wrong and further demonstrates a need for changes to PJM’s market design.

---

2 PJM Interconnection, Response to Committee Questions of U.S. House of Representatives Committee on Energy and Commerce, April 18, 2014, at Figure 5.
B. Calpine, Exelon, and PSEG Broadly Support PJM’s CP Proposal.

Calpine, Exelon, and PSEG strongly support PJM’s proposal to incentivize generators to make the investments needed to ensure reliability through stringent penalties for non-performance, coupled with a safe harbor offer cap that permits generators to reflect appropriate costs and risk premiums in their offers. Such investments should result in greater availability, flexibility, and fuel security for all committed CP resources, including single-fuel gas units that are expected to respond by installing dual-fuel capability or procuring firm gas transport rights. These measures will provide significant reliability benefits to consumers.

Calpine, Exelon, and PSEG strongly support PJM’s proposed hourly Non-Performance Penalty Calculation, especially its derivation from the Delivery Year Net Cost of New Entry (“CONE”), as well as the proposed stop-loss and annual penalty cap. We agree that the proposed penalty structures provide market participants a transparent and predictable basis to assess market risk and to deter non-performance. Calpine, Exelon, and PSEG oppose calls to index the proposed penalty structure to prevailing clearing prices. Such a structure would make it difficult for market participants to gauge market risk prior to making offers. It would also result in very low penalties in years that the market clears relatively low, and therefore will not adequately deter non-performance. Calpine, Exelon, and PSEG also strongly support PJM’s proposal to make all capacity resources annual products and to eliminate the 2½ percent holdback. This package of incentives, coupled with significantly enhanced penalties, will provide a market design better suited to assure highly reliable resource adequacy.

While Calpine, Exelon, and PSEG support PJM’s overall concept and objectives, certain aspects of the CP program as currently proposed must be revised in order for PJM to achieve its objectives. Below, we note our concern with particular aspects of PJM’s proposal.

II. PJM Should Adopt a Three-Day, Sixteen-Hour-Per-Day Eligibility Requirement for CP Resources Until It Can Be Sure That It Has Adopted Sufficiently Stringent Penalties to Incentivize CP Resources to Make Necessary Investments.

Calpine, Exelon, and PSEG strongly support the stringent non-performance penalties proposed by PJM. Further, the companies would support and expect PJM to re-evaluate over time the sufficiency of the penalties to determine whether they need to be revised to incentivize the desired market behavior.

At this point, however, PJM cannot know whether the current penalties alone will be adequate to incentivize resources to make the investments needed to ensure winter reliability. Accordingly, PJM should require – as it initially proposed in its August 20, 2014 paper – that a CP resource must be able to operate sixteen hours a day for three consecutive days under extreme weather conditions at an output at least equal to the resource’s committed UCAP. Moreover, the tariff should make clear that the eligibility requirement is a physical obligation that requires generators to have physical infrastructure or physical contracts in place to meet their obligation. If a generator does not perform because it failed to make the necessary physical arrangements, it should be referred to FERC enforcement for violating PJM’s tariff.
PJM should further make clear in its tariff that relying on an interruptible fuel supply (including service behind an LDC, subject to curtailment for home heating needs) would not satisfy this standard. In order to achieve the system-wide reliability that PJM has identified as the goal of the CP program, eligibility criteria should be fashioned to make single-fuel gas plants as reliable as they would be if they had fuel on-site.4

Of course, simply meeting the three-day/sixteen-hour eligibility requirement described above would not exempt a unit from performance penalties if it actually failed to perform when called upon. The purpose of the eligibility requirement is to reduce the likelihood of non-performance by allowing only reliable generators to offer a CP product in the first place.

III. Additional Penalties for Misrepresentation.

Calpine, Exelon, and PSEG support PJM’s proposed institution of an overall annual penalty cap of 1.5 times the Net CONE for the CONE region in which the facility is located. They also support the escalating stop-loss provision that limits the penalty that can apply to a single outage event.5 We propose, however, that in cases where non-performance resulted from a unit owner failing to invest in firm-fuel supply or knowingly failing to make reasonable capital improvements to ensure peak-period reliability, then the full annual 1.5 times Net CONE penalty should be imposed, rather than the otherwise applicable performance penalty. The purpose of the eligibility requirements is to ensure that participants in the CP auction can realistically provide energy at the time customers need it most. Imposing a substantial penalty on facilities that misrepresent their qualifications is crucial to discourage operators from gambling on their performance during times of peak system stress at the expense of customers.

IV. CP Will Not Succeed Unless Provisions Are Included to Allow RPM Offers That Will Sustain Necessary Investments and That Fully Reflect the Costs and Risks of Providing CP Service.

A. The CP “Safe Harbor” Offer Level of Net CONE Is Necessary for the CP Initiative to Achieve Its Intended Goals.

PJM has proposed an offer cap value for the CP product “equal to the Net CONE established for the CONE Area in which a given resource resides. Under this approach, any

4 Additional clarification is needed, in particular, concerning permissible gas supply arrangements for single fuel units. PJM should provide guidance regarding the level and kind of assurances in gas supply arrangements that are needed to meet CP’s goals. We believe that any arrangement ultimately deemed acceptable should support gas pipeline infrastructure development in the PJM region or provide incentives to add dual fuel capability to gas fired units if that is the most cost-effective option. Otherwise, PJM’s goal of improving the physical capabilities of the CP units will not be achieved.

5 See CP Proposal at 28-29.
Capacity Performance offers up to the Net CONE value will not be subject to mitigation based on the individual resource’s Avoidable Cost Rate.”

Calpine, Exelon, and PSEG in general support the establishment of this CP “safe harbor” offer level. The basic principle behind the design of RPM is that the capacity clearing price should over time equal Net CONE. Thus, Net CONE should be deemed a competitive offer for the CP product. PJM’s proposed tariff provisions should specifically state that generators making CP offers up to Net CONE are considered to be offering lawfully and thus should be immune from any allegations of economic withholding or any other type of market manipulation.

Without such assurance, the CP mechanism is unlikely to sustain adequate capital investment. Many generators will need to make capital upgrades to qualify as CP products, and these investments are unlikely to be recovered in a single year. However, once these investments become “sunk” costs, many unit operators may be unwilling to include yet-to-be-recovered capital costs in their future RPM offers out of concern that, if the unit does not clear or if the clearing price is perceived to be “too high,” they may be subject to claims of economic withholding. Similarly, unit owners may be reluctant to make offers that fully reflect the risk premium associated with the CP performance obligations—which may vary depending on the unit and the owner’s risk tolerance—if they are concerned about claims of market manipulation. If price formation in RPM at or near Net CONE thus fails to occur on a regular basis, future investments to support reliability may be delayed or not occur at all.

In order to provide the assurances to market participants necessary for RPM to operate as designed, the PJM Tariff needs to be amended to expressly recognize that bids up to Net CONE will not be subject to challenge. We understand that PJM intends to provide generators with that kind of “safe harbor.” Calpine, Exelon, and PSEG suggest the following tariff language:

Resources making Capacity Performance offers up to Net CONE shall be considered to be bidding lawfully and fully consistent with the design of RPM; the submission of Capacity Performance offers up to Net CONE shall be an absolute defense against any allegations of economic withholding or any other type of market manipulation.

The protection provided through this provision, or a similarly clear “safe harbor” standard, would provide generators a high degree of confidence that they will not be subject to claims of improper conduct when making offers consistent with their costs and perceived risks.

B. **Net CONE Must Be Modified to Include the Risk Premium Incurred by a Proxy Unit.**

PJM’s calculation of Net CONE must be modified to reflect the risk that the proxy unit would incur non-performance penalties. While the proxy unit for the 2018/19 auction onward

---

6 CP Proposal at 30-31.
7 See, e.g., Comments of Monitoring Analytics on CP Proposal at 8; PJM Transmittal Letter, VRR Curve Triennial Review, FERC Docket No. ER14-2940, at 10 & n.38 (Sept. 25, 2014).
will be a new-build CT with dual-fuel capability, even reliable generators with firm fuel will incur performance penalty cost and risk and this should be reflected in the cost of new entry, just like any other cost or revenue. The risk of penalties and force majeure events would obviously be considered by developers when deciding whether to enter the market, and unless Net CONE accounts for such risk, it will not accurately reflect the true cost of new entry. Calpine, Exelon, and PSEG suggest that performance penalty cost/risk could be reflected as an explicit component of the Net CONE calculation.

C. **CP Offers Must Be Permitted to Exceed Net CONE When Justified on a Cost-Basis.**

Finally, in light of the fact that the primary goal of the CP program is to increase consumers’ supply of reliable energy during times of peak system stress, the permissible offer level should include expenditures to upgrade or weather-harden equipment. For some generators, the cost of needed investments will result in avoided costs in excess of Net CONE. Such generators should have the ability to include those costs in their Offer Cap even if that results in an offer in excess of Net CONE. This largely can be accommodated for capital projects through the allowance in ACR for the “Avoidable Project Investment Recovery Rate” (“APIR”). However, PJM should amend its Tariff to allow inclusion of costs to improve unit flexibility. In addition, the method for calculating ACRs should be revised to account for forward-looking labor costs and maintenance costs that may be incurred in providing a CP product. Finally, generators offering a CP product must also take on a risk premium associated with a CP resource’s performance obligations, which should be accounted for in a final, cost-based offer cap.

V. **The Offer Cap for Base Capacity Resources Must Account for the Opportunity Cost Incurred by Those Resources as a Result of Their Must-Offer Requirement.**

Under PJM’s proposal, owners of uncommitted generation resources will be able to offset performance penalties incurred by committed CP resources by producing energy during periods when performance penalties are in effect. Furthermore, such resources may enter into bilateral contracts to supply these offsetting services to third parties. We support these provisions, as they will allow generators to meet reliability needs in a cost effective manner, to the ultimate benefit of customers.

However, instead of limiting the offsets to generators in the same LDA, we propose that the offsets be available for units located in the same zone or zones for which the reliability event leading to performance penalties is called. This will incentivize units to operate that can help address the reliability needs identified by PJM. But such offsetting should be allowed only for an uncommitted resource that produces energy in the same hour in which the CP resource under-performs. This will ensure that performance deficiencies are only cured by energy production from uncommitted resources that take place at the same location and time as the need.

---

This offset option represents a potentially valuable incremental revenue opportunity for uncommitted generators. In theory, these revenues could be as much as Net CONE to the extent that the resource is available and offsetting opportunities exist in every hour in which performance penalties are in effect. Under real-world operational and contracting conditions, the expected revenues are likely less. This revenue opportunity for non-cleared units represents an opportunity cost that should be considered when setting the Market Seller Offer Caps to supply both CP and Base Capacity for units with a must-offer obligation tied to both or either product type. The proposed Net CONE offer cap is sufficient to address this opportunity cost for CP. For Base Capacity, however, PJM proposes to leave the Market Seller Offer Cap unchanged at the Avoidable Cost Rate, which is insufficient given that providing Base Capacity nullifies the ability of a resource to stay outside RPM and provide performance penalty offsetting services. Units with a Base Capacity must-offer obligation will thus be forced to offer below their cost of supplying the product when opportunity cost is considered. Further, there will be no administrative savings related to the CP safe harbor because most units will still need to develop and negotiate ACRs for the Base Capacity auction.

In order to recognize this opportunity cost and reduce the administrative burden, we propose that the Market Seller Offer Cap for Base Capacity Resources be raised to the higher of 0.5 times Net CONE or the resources’ ACR (including APIR). We believe that 0.5 times Net CONE is a reasonable estimate for the opportunity cost of staying outside RPM and supplying performance penalty offset services, given the uncertainties and real-world frictions inherent in capturing these revenues. While units could still file and negotiate ACRs above this level, this approach will reduce administrative costs because many units will choose to accept the Market Seller Offer caps linked to Net CONE.

VI. PJM Should Allow Under-Performance to Be Cured by Over-Performing Resources in the Zone or Zones in Which the Reliability Event Is Called.

Calpine, Exelon, and PSEG believe that PJM’s penalty offset proposal should be extended to allow plant operators experiencing under-performance to offset that under-performance with cleared CP or Base Resources that over-performed relative to their Capacity Supply Obligation during that same hour in the zone or zones in which the reliability event was called. Such resources could include those located at the same facility as the under-performing resource; other resources within a generator’s portfolio, provided they are also in the zone or

---

9 Under-performance is defined as the hourly megawatts against which performance penalties are assessed, as specified in PJM’s CP Proposal. Over-performance is defined as hourly energy output in excess of the generator’s Capacity Supply Obligation (typically the generator’s UCAP). Generation in excess of the generator’s scheduled amount but below the generator’s Capacity Supply Obligation does not count as over-performance.

10 Numerous generators throughout the PJM region have multiple units at the same plant that are offered into the RPM auction separately. For example, Calpine’s Bethlehem Energy Center, a 1,100 MW Combined Cycle is offered in as 8 different units. While these units can be operated individually, the entire plant’s operations are optimized as a whole. Thus, if the plant needs to be partially de-rated for some reason, Calpine determines the most efficient way to reduce output, or instead whether other units at the plant could replace the output from an affected unit. PJM
zones in which the reliability event was called; or resources available through bilateral contracting, subject to the same geographic restriction.

To the extent that the market under-performs as a whole – that is, under-performing resources are not able to fully offset their under-performance by contracting with resources that over-performed during the same hour – the penalties associated with that net underperformance should be credited to load.

VII. Calpine, Exelon, and PSEG Support PJM’s Proposal To Eventually Transition to 100% CP Products, But PJM Should Modify Procurement During The Intervening Years.

The updated proposal envisions, in the short-term, two capacity products: the CP product and a Base Capacity product. However, “PJM believes the market should ultimately transition to being 100 percent Capacity Performance product.” As laid out in PJM’s proposal, this transition will be gradual, with the 2018/2019 auctions containing 20 percent Base Capacity products and 80 percent CP products.

Calpine, Exelon, and PSEG recognize PJM’s desire to move to a single CP product through a gradual transition. In addition, Calpine, Exelon, and PSEG strongly support the CP transition auctions prior to 2018/19, as PJM’s reliability needs are urgent. There are a range of near-term reliability enhancements that existing generators can make:

- Enhanced winterization of existing coal, oil and dual-fuel units.
- Full procurement and testing of oil supplies by oil and dual-fuel units prior to the winter.
- Procurement of firm gas delivery service by existing gas units (or procurement of liquid natural gas with backhaul to PJM).
- Improved winter operating practices by all units (e.g., keeping peaking units fully staffed, ensuring coal piles do not freeze, increased general maintenance spending).

For the two transitional auctions (2016/17 and 2017/18) proposed by PJM, Calpine, Exelon, and PSEG support the procurement of up to 80% of the reliability target as CP. However, we propose a price cap of 0.7 times net CONE in 2016/17 and 0.8 times Net CONE in 2017/18. Penalties would similarly be phased in at a rate of 70% of the full-strength penalties for 2016/17 and 80% of the full-strength penalties in 2017/18. This transition arrangement strikes the appropriate balance between moderating capacity price increases, thereby protecting customers from sudden significant price increases, while at the same time creating opportunities should provide incentives for operators to make the most efficient operational choices within the same facility.

11 CP Proposal at 7.
for all units in PJM, including those in regions that already cleared near or above 0.5 or 0.6 times Net CONE, to participate as CP resources during the transition years.

Under PJM’s updated proposal, PJM’s primary means of addressing the projected reliability issues that will occur in 2015/2016 is through the procurement of up to 10 GW of additional Base Capacity resources. This approach will not yield the same reliability benefits as the two transitional auctions. If PJM nevertheless decides to pursue this approach rather than a transitional auction in 2015/16, this “incremental auction” will be unlike any previously held, and as such should be treated differently. Normally, incremental auctions are held when PJM’s load forecast changes, or when there is a change in resource availability (e.g., for a transmission line delay). In this case, PJM will be holding an incremental auction because it does not believe the capacity it procured in the 15/16 BRA provides sufficient reliability. In other words, more capacity should have been procured through the 2015/16 BRA. All suppliers who cleared the 2015/16 BRA should have the option of receiving the price paid in such an incremental auction, as they are providing the same reliability services. To do otherwise would be discriminatory.

Alternatively, PJM must at minimum take precautions to prevent this 10 GW of additional base capacity from adversely impacting the energy market. While running the 10 GW auction on an incremental basis would minimize potential capacity price increases to the benefit of consumers, many, if not all, of the 2015/16 incrementally procured resources would otherwise retire as a result of environmental regulations. These retirements have been expected for years and have played a significant role in investment decisions made by many participants in PJM’s market. It would be unfair for PJM to allow those resources not only to receive discriminatory capacity payments but also to depress the energy market. For this reason, resources that are procured through the 15/16 incremental auction should only be operated when needed by PJM for reliability, and when they do run, they should set the energy market clearing price at the cap. At the bare minimum, those energy market restrictions must apply to resources needing environmental extensions. But for the incremental auction, these resources would not even be in the market.

VIII. PJM Should Not Pursue Price Certainty By Obscuring the Price Signals Sent by the Market.

In response to the longstanding concerns expressed by certain stakeholders that the current one year, three-year-forward structure of the RPM does not provide sufficient price certainty to support new investment, the updated proposal suggests that “a limit could be placed on the percentage price change year-over-year between RPM auctions.”

Calpine, Exelon, and PSEG strongly oppose the introduction of any such price control (whether a collar, floor, or cap), which would obscure the price signals on which generators rely to make investment and retirement decisions. While PJM has suggested a one-way protection against downward price movement, PJM’s proposal is flawed regardless of whether price controls prevent downward or upward price movement. If the true market price is below that allowed by the price control, then consumers will be forced to pay excessive rates to generators –

\[12\] CP Proposal at 14.
rates higher than needed to ensure resource adequacy – and generators that should retire will be
discouraged from doing so. That would not be just or reasonable. Conversely, if the true market
price exceeds that allowed by the price collar, generators will be undercompensated for
providing capacity. Such under-compensation encourages early retirement and discourages new
investment. These risks are especially acute for small LDAs, which tend to have more volatile
pricing due to their smaller supply stack. Accordingly, PJM should allow the market to work as
designed, and should not implement controls that obscure the market’s price signals.

The existing demand curve for the RPM is intended, in part, to mitigate capacity price
volatility. The cap on RPM clearing prices at 1.5 times Net CONE, and the downward-sloping
demand curve both serve to reduce volatility to both the upside and downside.\textsuperscript{13} Volatility
reduction has been an explicit consideration used in calibrating the demand curve since the
inception of the RTO, and was considered particularly extensively in the recent Capacity Market
Triennial Review culminating in PJM’s proposed demand curve for the 2018/19 RPM auction.
Adding an additional “bolted-on” volatility-reduction measure to this carefully-calibrated
structure is not necessary or appropriate. To the extent that PJM or stakeholders desire to further
reduce the volatility of RPM prices from year-to-year, the appropriate approach is to work within
the existing process for updating and calibrating the demand curve.

IX. Demand Response Resources Could Play a Valuable Role in the CP Program, But
Stringent Eligibility Criteria, including Qualification, Measurement, and
Verification Should Be Implemented to Ensure Consumers Receive Meaningful
Reliability at an Appropriate Cost.

The updated proposals continue to recognize a role for DR in helping to ensure reliability
during times of peak system stress. In order to qualify as a CP product, the updated proposal
requires that “any such DR must be capable of providing load reduction over all Capacity
Performance compliance hours of operation during any day.”\textsuperscript{14}

Calpine, Exelon, and PSEG support DR resources playing a role in the CP program. However, in structuring the CP program, it is vital that the stringent eligibility requirements,
measurement, and verification protocols that have been built into the Base Capacity product also
apply when DR offers for the CP product. We support DR participation on equal terms to
generation, subject to necessary reliability constraints. In particular, DR should provide the same
products and be subject to the same penalties. As with generators who do not perform, if a DR
Resource withholds its curtailment during a Hot or Cold Weather Alert or during a Max Gen
Alert or Event, the resource provider should be referred to FERC enforcement for violating
PJM’s tariff.

\textsuperscript{13} \textit{See} Initial Order on Reliability Pricing Model, 115 FERC ¶ 61,079, at ¶ 104 (2006).
\textsuperscript{14} CP Proposal at 16.