



MC Legal Report
Summary of Significant Filings
and
Federal Energy Regulatory Commission (“Commission”) Orders
(February 13, 2017 – March 12, 2017)

COMMISSION ORDERS

On February 28, 2017, in Docket No. ER17-903-000, the Commission issued an Order accepting PJM Interconnection, LLC’s (PJM) filing of amendments to PJM Operating Agreement, Schedule 12, and RAA, Schedule 17, to update those lists to include new members, delete withdrawing members, reflect updates to the list of signatories to the RAA, and reflect corporate name changes. The effective date for these changes is December 31, 2016, as requested.

COMMISSION FILINGS

On February 13, 2017, in Docket No. ER17-950-000, PJM submitted an errata to correct PJM Tariff, Schedule 12-Appendix to include additional revisions to include Schedule 12-Appendix 6 for Old Dominion Electric Cooperative, which was inadvertently omitted from the tariff sheets filed on February 8, 2017, (February 8 Filing) to revise PJM Schedule 12 – Appendix and Appendix A due to the termination of the long-term firm point-to-point transmission service agreements between PJM and Consolidated Edison Company of New York, Inc. PJM requested the revisions be effective as of May 1, 2017, as requested in the February 8 Filing.

On February 13, 2017, in Docket Nos. AD16-20-000 and RM16-23-000, the ISO-RTO Council (IRC) submitted comments in response to the Commission's Notice of Proposed Rulemaking (NOPR). The IRC generally supports the NOPR as it will remove barriers and better accommodate electric storage resources and distributed energy resource aggregations in the wholesale electricity markets. As the IRC is made up of RTOs and ISOs that will be required to implement the many provisions of the NOPR, the IRC proposes certain key modifications and revisions to be included in the Final Rule.

On February 14, 2017, in Docket No. ER17-753-001, PJM submitted an errata to correct proposed revisions to the PJM Tariff, Schedule 12 – Appendix A filed on January 6, 2017, to properly assign the cost responsibility allocation for project b2751 to the ComEd Zone instead of RMU (a/k/a City of Rochelle). PJM requested the revisions be effective April 6, 2017.

On February 22, 2017, in Docket No. ER17-725-000, PJM submitted a Motion for Leave to Answer and Answer to protests filed by the New York Power Authority and Linden VFT, LLC in response to PJM's amendments to the PJM Tariff, Schedules 12-Appendix and 12-Appendix A to update annual cost allocations for Regional Facilities and Necessary Lower Voltage Facilities and Lower Voltage Facilities (in Schedule 12-Appendix A only) included in the RTEP.

On February 23, 2017, in Docket No. ER17-1016-000, PJM submitted revisions to the PJM Tariff, Schedule 12 – Appendix to incorporate two baseline upgrades associated with the baseline multi-transmission owner Mid-Atlantic Power Pathway Project that was approved by the PJM Board and subsequently cancelled under the RTEP to allow Baltimore Gas and Electric Company to recover abandoned plant costs. PJM requested the revisions be effective May 1, 2017.

On February 28, 2017, in Docket No. ER17-1057-000, PJM submitted proposed revisions to PJM Tariff, Attachment K-Appendix and the parallel provisions in PJM Operating Agreement, Schedule 1 to modify the Residual Auction Revenue Rights (ARRs) process. Specifically, PJM proposes to cease awarding negatively valued Residual ARRs which reduces risk and overall costs to ARR holders and thus load. PJM requested an effective date of May 1, 2017.

On February 28, 2017, in Docket No. ER17-934-001, PJM submitted an errata to its February 3, 2017, joint filing with MISO to correct the MISO-PJM JOA tariff records

submitted in that filing to incorporate previously accepted revisions to tariff records, which would otherwise not be reflected in the MISO-PJM JOA as of October 3, 2017, due to the overlapping timing of certain PJM filings. PJM restated its request to change the effective date for these revisions to the MISO-PJM JOA, for the implementation of Coordinated Transaction Scheduling, from March 1, 2017, to October 3, 2017, in order to accommodate the timing of other PJM market system enhancements and training. PJM requested an effective date of April 4, 2017.

On February 28, 2017, in Docket No. RM17-3-000, PJM submitted comments to the NOPR pertaining to the Commission's proposal to revise its regulations to require that each RTO/ISO incorporate market rules that meet certain requirements when pricing fast-start resources. PJM generally supported the Commission's proposed rules for fast-start resources, however, PJM suggested several modifications to the NOPR to reflect reasonable regional variation and PJM's specific circumstances. PJM also requests certain clarifications, and submits comments and suggestions on the Commission's proposed compliance and implementation timelines.

On February 28, 2017, in Docket No. EL17-36-000, PJM submitted and answer in response to the pleading of the Advanced Energy Management Alliance (AEMA) submitted on February 9, 2017. PJM responds to statements by the AEMA regarding PJM's treatment of Demand Resources and the add-back process.

On March 2, 2017, in Docket No. EL16-6-004, PJM submitted a compliance filing pursuant to the Commission's January 31, 2017 Order. In its compliance filing, PJM submitted modifications to the PJM Operating Agreement and the PJM Tariff to provide details concerning the Qualified Replacement Resource Process and to remove language that would have allocated surplus congestion revenue to ARR holders instead of to Financial Transmission Rights Holders. The changes will be effective on February 1, 2017, and June 1, 2017, as provided for in the January 31 Order.

On March 2, 2017, in Docket No. ER17-775-000, PJM submitted a letter advising the Commission and notifying interested parties of its plans concerning implementation of Order No. 825's shortage pricing reforms.

On March 6, 2017 in Docket No. ER17-367-000, PJM Interconnection, L.L.C. electronically submitted to FERC answers to certain of the protests to and comments on PJM's January 23, 2017 response to FERC's December 23, 2016 request for additional information. PJM also responded to certain of the protests and comments on PJM's initial filing in this proceeding, to the extent those pleadings raise issues that PJM has not already addressed in its January 23 Response, or in PJM's answer to the subsequent complaints that echoed those protests. Consistent with FERC's eService requirement, an electronic copy of today's filing in this docket is attached.

On March 6, 2017, in Docket No. ER16-372-004, PJM filed a Request for Clarification seeking to confirm that the Commission's comments in paragraph 86 of its February 3, 2017, Order in the docket were not intended to change substantive aspects of Order No. 719, as carried forward in provisions of PJM Tariff, Attachment M, concerning the processes available to PJM's Independent Market Monitor to bring matters to the Commission's attention.

On March 6, 2017, in Docket No. ER16-372-003, pursuant to the Commission's February 3, 2017, Order, PJM submitted revisions to the PJM Tariff and the PJM Operating Agreement related to implementation of hourly offers in PJM's energy and ancillary services markets and to Fuel Cost Policies and penalty structure. PJM requested an effective date of May 15, 2017, for the Fuel Cost Policy and penalty structure revisions. PJM is targeting November 1, 2017, as an effective date for hourly offers and will submit a filing at least 30 days in advance of that date to update the Commission on the status of implementing new market rules.

On March 8, 2017, in Docket No. NJ17-10-000, PJM filed a Motion to Intervene and Comments in response to the City of Dover, Delaware's filing of a revised rate schedule setting forth the cost-based revenue requirements for generation resources that provide reactive supply and voltage control from generation sources service in the PJM region, which are compensated pursuant to Schedule 2 of the PJM Tariff.

On March 9, 2017, in Docket No. ER17-1138-000, PJM submitted revisions to the PJM Tariff and RAA to implement enhancements to the rules governing generation resources physically located outside the PJM Region that participate in PJM's Reliability Pricing Model market to serve as capacity for loads in the PJM Region. PJM requested an effective date of May 9, 2017.