



MC Legal Report
Summary of Significant Filings
and
Federal Energy Regulatory Commission (“Commission”) Orders
(April 17, 2017 – June 11, 2017)

COMMISSION ORDERS

On April 21, 2017, in Docket No. ER17-1032-000, the Commission issued an Order accepting the revisions to the PJM Tariff, Schedule 12 - Appendix A (PSEG) to ensure that as of May 25, 2015, all baseline upgrades solely addressing Form 715 local planning criteria are allocated 100 percent to the zone of the transmission owner who filed Form 715 local planning criteria.

On April 25, 2017, in Docket Nos. ER17-950-000 and -001, the Commission issued an Order accepting and suspending, subject to refund and further Commission order, revisions to PJM Tariff, Schedule 12-Appendix A to revise cost responsibility assignments for Regional Facilities, Necessary Lower Voltage Facilities, and Lower Voltage Facilities included in the PJM RTEP due to termination of long-term firm point-to-point transmission service agreements entered into between PJM and Consolidated Edison Company of New York, Inc. The revisions are to become effective as of May 1, 2017.

On May 26, 2017, in Docket No. ER17-1306-000, the Commission issued an Order accepting, and suspending for a nominal period, PJM's proposed revisions to the PJM-MISO JOA to: (1) include flows resulting from bi-directional External Asynchronous Resources (EAR) in Market Flow calculations under the baseline Congestion Management Process; (2) specify additional information-sharing obligations between PJM and MISO; and (3) align day-ahead energy market coordination and auction revenue right and financial transmission right coordination with market-to-market (M2M) settlement practices. These revisions will align the treatment of export EARs with the treatment of import EARs in Market Flows, will add an additional notification requirement when either MISO or PJM permanently adds or removes a point of interconnection, will clarify the process for the settlement of interregional transactions via proxy buses, and will increase alignment between forward market congestion management planning and real-time M2M settlement practices. The effective date for these revisions is June 1, 2017, as requested.

On June 1, 2017, in Docket No. ER17-1236-000, the Commission issued an Order accepting and suspending for a nominal period the amendments to the PJM Tariff, Schedule 12-Appendix A, subject to a refund and further Commission order, incorporating cost responsibility assignments for the baseline upgrades included in the recent update to the Regional Transmission Expansion Plan approved by the PJM Board of Managers on February 15, 2017. Dominion Resources Services, Inc.

(Dominion) filed a protest in the docket challenging the allocation of 100 percent cost responsibility to Dominion for Regional Facilities pursuant to the Form 715 cost allocation methodology. The revisions become effective on June 15, 2017.

On June 2, 2017, in Docket No. ER17-1521-000, the Commission issued an Order accepting PJM's filing of amendments to the 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 member corporate name changes. The effective date for these amendments is March 31, 2017, as requested.

COMMISSION FILINGS

On April 18, 2017, in Docket No. ER17-1433-000, PJM submitted its compliance filing containing modifications to the Financial Transmission Rights (FTR) forfeiture rule contained in PJM Operating Agreement, Schedule 1, section 5.2 and the PJM Tariff, Attachment K-Appendix, section 5.2. PJM is requesting an effective date of January 19, 2017.

On April 20, 2017, in Docket No. ER17-335-002, PJM submitted an errata filing to correct specific language errors contained in PJM Tariff, Definitions, section T-U-V that were submitted as part of PJM's February 6, 2017 Compliance Filing in Docket No. ER17-335-001. This errata filing serves to correct the language errors specifically contained in the definition of Updated VRR Curve Decrement and the definition of Updated VRR Curve Increment. PJM is requesting an effective date of January 9, 2017.

On April 20, 2017, in Docket No. EL17-65-000, PJM submitted a motion requesting the Commission extend the comment date for parties to respond to the complaint filed by Renewable Energy Systems Americas and Invenergy Storage Development to May 15, 2017, and grant the requested extension on an expedited basis by April 27, 2017. PJM's request will synchronize the comment dates for two related complaint proceedings in Docket Nos. EL17-64-000 and EL17-65-000.

On April 21, 2017, in Docket No. AD17-11-000, PJM submitted the Statement of Andrew Ott, President & CEO of PJM, in response to the April 13, 2017 Supplemental Notice of Technical Conference concerning state policies and wholesale markets. In his statement, Mr. Ott laid out various initiatives in which PJM is engaged related to the issues raised in the Supplemental Notice.

On April 24, 2017, in Docket No. ER16-1967-002, PJM submitted proposed revisions to the PJM-MISO JOA Article IX, sections 9.3 and 9.4, to comply with the January 19, 2017 Order on Rehearing and Compliance relative to Docket Nos. EL13-88-001, ER16-1967-000, ER16-1969-000 and -001 (not consolidated) directing the RTOs to add more clarity regarding deadlines specific to the Coordinated Plan System Plan study and the interaction and coordination of the regional and interregional planning processes. MISO submitted parallel tariff language in a separate filing in Docket No. ER16-1969-002. The parties request that the proposed revisions be made effective on August 22, 2016, consistent with effective date requested in the June 20, 2016 compliance filings.

On April 24, 2017, in the U.S. District Court for the Northern District of Illinois, Docket No. 1:17-cv-01164, PJM submitted a brief amicus curiae in Opposition to Motions to Dismiss. PJM submitted the brief as a result of the Zero Emission Credit Program established pursuant to the Illinois Future Energy Jobs Act, SB 2814, Public Act 099-0906, 99th Gen. Assemb. (Ill. 2016) (FEJA) as the program will substantially harm the wholesale electricity markets that PJM operates, as well as the investors, competitive

energy providers, and ultimately consumers that rely on PJM's markets to provide adequate and reliable electricity at the lowest efficient price.

On April 25, 2017, in Docket No. ER17-1138-000, PJM submitted an answer to certain of the protests to and comments on PJM's March 9, 2017 filing to implement enhancements to its proposed rules governing external generation resources that serve as capacity for loads in the PJM Region.

On April 26, 2017, in Docket No. ER17-950-002, PJM submitted an errata to proposed revisions to the PJM Tariff, Schedule 12–Appendix A to correct a typographical error that allocated 44.19 percent cost responsibility to the BGE Zone. That number has been corrected to 4.19 percent for 21 baseline upgrades. PJM requested the revisions be effective May 1, 2017, consistent with the effective date requested in the filing submitted on February 8, 2017.

On April 28, 2017, in Docket No. ER17-1420-001, PJM submitted an amendment to the April 13, 2017 filing incorporating cost responsibility assignments for the Artificial Island baseline upgrades included in the recent update to the RTEP approved by the PJM Board of Managers on April 6, 2017, in order to correct the metadata to reflect an effective date of October 10, 2017, and to request a 120-comment period to August 11, 2017, together with appropriate waiver requests.

On May 1, 2017, in Docket No. ER17-1521-000, PJM submitted 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 member corporate name changes. PJM requested an effective date of March 31, 2017, for these amendments.

On May 2, 2017, in Docket No. AD17-11-000, PJM submitted two documents concerning PJM's Capacity Market Repricing Proposal and Advancing Zero Emissions Objectives through PJM's Energy Markets which were discussed at the May 2, 2017 Technical Conference on state policies and wholesale markets.

On May 8, 2017, in Docket No. EL17-62-000, PJM submitted an answer to the April 6, 2017 complaint of Potomac Economics, Ltd. The complaint requests that the Commission eliminate PJM's capacity market rule requiring external resources pseudo-tie into PJM in order to be eligible to offer capacity to the PJM Region. For the reasons stated in PJM's answer, the Commission should deny the complaint.

On May 8, 2017, in Docket No. ER17-1567-000, PJM submitted, in compliance with the Order No. 831, revisions to Schedule 1 of the PJM Operating Agreement, and the parallel provisions of Attachment K-Appendix of the PJM Tariff, to require PJM to verify that the incremental costs underlying Market Sellers' cost-based offers greater than \$1,000/megawatt-hour reasonably reflect that Market Seller's actual or expected cost prior to such offers being eligible to set locational marginal price. PJM requested an effective date of November 1, 2017.

On May 12, 2017, in Docket No. ER17-1590-000, PJM submitted revisions to Schedule 1 of the PJM Operating Agreement, and the parallel provisions of Attachment K-Appendix of the PJM Tariff, to reflect changes related to how PJM determines the price of reserves it procures in the Real-time Energy Market that exceed the normal real-time reserve requirements. PJM proposed to add a permanent second step to the Operating Reserve demand curves that are embedded within PJM's real-time market clearing engines. PJM requested an effective date of July 12, 2017.

On May 12, 2017, in Docket No. ER17-1586-000, PJM submitted clean-up revisions to the PJM Tariff, Schedule 12–Appendix A regarding Northeast Transmission Development, LLC (NTD tariff sheets) to remove four baseline upgrades included in the regional transmission expansion plan that were inadvertently included on NTD's tariff sheets in the September 1, 2016 filing submitted in Docket No. ER15-2539-000. PJM also proposed a clean-up of the NTD tariff sheets effective November 30, 2016 and May 1, 2017.

On May 15, 2015, in Docket Nos. EL17-64-000 and EL17-65-000, PJM submitted an answer in response to the April 13, 2017 Complaint of the Energy Storage Association and to the April 14, 2017 Complaint of Renewable Energy Systems Americas and Invenergy Storage Development LLC alleging violations to PJM's governing documents regarding changes made to PJM's Regulation market in December 2015 and January 2017. Contrary to the assertions raised in the Complaints, PJM's actions were in accordance with its governing documents and applicable Commission precedent, and were necessary to reliably operate the bulk electric system.

On May 17, 2017, in Docket No. ER17-1619-000, PJM submitted proposed revisions to the PJM Operating Agreement, Schedule 6, section 1.5 to add a new subsection 1.5.8(p) and amend section 1.5.8(c) to exempt under certain circumstances from PJM's competitive proposal window process thermal reliability violations identified on existing transmission substation equipment that would be resolved with an upgrade to existing transmission substation facilities. PJM is requesting an effective date of July 18, 2017.

On May 18, 2017, in Docket No. EL17-68-000, PJM submitted an answer in response to the Complaint and Fast Track Processing of Linden VFT, LLC (Linden), which, among other things, challenged PJM's re-allocation of costs using the solution-based distribution factor (DFAX) method in PJM Tariff, Schedule 12 as applied to the Bergen Linden Corridor project. The genesis of the re-allocation was the termination of transmission service agreements by Consolidated Edison Company of New York, Inc.

On May 25, 2017, in Docket No. ER17-1679-000, PJM submitted on behalf of the PJM Transmission Owners a technical amendment to revise the PJM Tariff, Schedule 12 to include all categories of transmission cost responsibility assignments authorized under Schedule 12. The PJM Transmission Owners requested the revisions be made effective July 24, 2017.

On May 26, 2017, in Docket No. ER17-950-000 and -001, PJM submitted a Limited Answer to the Emergency Motion submitted on behalf of Linden relative to the Commission's April 25, 2017 letter order. In its Limited Answer, PJM asked the Commission to (i) deny Linden's request for a shortened answer period for failing to justify such request and (ii) permit the parties the 15-day answer period provided for under the Commission's Rules, 18 C.F.R. 385.213(d)(1).

On May 26, 2017, in Docket No. ER17-1138-000, PJM submitted a Request for Extension of Time to file its response to the Commission staff's May 5, 2017 Deficiency Notice on PJM's External Capacity Enhancements proposal. PJM asked for an extension of 90 days beyond the current response due date of June 19, 2017, to September 17, 2017.

On June 2, 2017, in Docket Nos. EL14-37-001 and ER17-1433-001, PJM submitted an amendment to its April 18, 2017 compliance filing concerning PJM's Firm Transmission Right forfeiture rule to addressing certain issues raised and adding further definition around "appreciable impact" in the PJM Operating Agreement and PJM Tariff. PJM is requesting an effective date of January 19, 2017.

On June 2, 2017, in Docket Nos. EL14-37-000 and ER17-1433-000, PJM submitted an answer to certain protests regarding the thresholds for forfeiting FTR revenues in in the compliance filing being unjust and unreasonable. PJM disagrees and requests that the Commission deny the protests and accept PJM's compliance filing, as amended in PJM's June 2, 2017 amended compliance filing.

On June 6, 2017, in Docket No. EL15-79-000 and -001, PJM submitted a Joint Filing of PJM and the Independent Market Monitor for PJM Giving Notice of Partial Settlement in this docket including a detailed description of PJM's process and methods for evaluating Incremental Auction Revenue Requirements Requests under PJM Operating Agreement, Schedule 1, Section 7.8.