

# Invenergy

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November 20, 2024

Mark Takahashi  
Chair, PJM Board of Managers

Manu Asthana  
President and CEO

PJM Interconnection, L.L.C.  
2750 Monroe Boulevard  
Audubon, PA 19043

RE: Reliability Resource Initiative

Dear Mr. Takahashi and Mr. Asthana:

Invenergy writes to express significant concern about the justification, legality, and process for consideration of PJM's Reliability Resource Initiative proposal ("RRI Proposal"). Invenergy had hoped that PJM might reconsider its approach in light of stakeholder objections, but its proposals indicate otherwise.<sup>1</sup>

PJM appears intent on using its RRI Proposal to undermine its stakeholder process. At various times over the last month, PJM has refused to entertain stakeholder questions about the need for the RRI Proposal, informed stakeholders that the PJM Board has already approved the RRI Proposal and indicated that it does not plan to put the RRI Proposal to a stakeholder vote. Less than 2 days before the Special MRC, and in violation of its 7-day posting requirement, PJM completely revised its RRI Proposal without affording stakeholders additional time for consideration and analysis. Now, less than 7 days before the MC meeting, PJM has again revised its proposal. While we support the concept of iterating proposals in response to stakeholder feedback, PJM's revisions of the RRI Proposal do not appear to be responsive to stakeholder concerns.

Further, PJM's statements and revisions call into question its justification for the RRI Proposal. According to PJM, as of November 7<sup>th</sup>, the RRI Proposal is no longer based on the August 2024 ELCC analysis referenced in its October 8<sup>th</sup> and 18<sup>th</sup> presentations to the Planning Committee, but on a February 2023 report entitled *Energy Transition in PJM: Resource Retirements, Replacements & Risks* ("4R Report"). By definition, that 1.5-year-old report does not incorporate new information, such as the results of the recent Base Residual Auction, and even PJM's queue reform effort, which commenced months after the 4R Report was published. PJM has also neglected to provide the data underlying its resource adequacy analysis presented

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<sup>1</sup> PJM published the first revised proposal on its website only two days before the Special Markets and Reliability Committee ("Special MRC") meeting on November 7, 2024, and the second on Friday, November 15, 2024, 6 days in advance of the Members Committee ("MC") meeting.

to the Planning Committee, including with respect to PJM's load growth projections and ELCC calculation changes, notwithstanding repeated requests for such information from stakeholders.

Notably, the same 4R Report referenced by PJM identifies two key constraints to new generation – “siting and supply chain” issues – which are wholly unaddressed by PJM's RRI Proposal. Instead, PJM on November 7<sup>th</sup> proposed material revisions to its RRI Proposal that still maintains the original version's fatal flaws. It permits queue jumping by PJM-selected projects, requires projects in Transition Cycle #2 to shoulder the potentially significant network upgrade costs associated with newly-queued RRI projects, impedes on state authority over resource selection, and would likely exacerbate, rather than mitigate, the supply chain constraints currently delaying projects in the interconnection queue. The revised proposal posted on November 15<sup>th</sup> does not ameliorate these concerns.

As explained by numerous stakeholders during the October 18<sup>th</sup> Special PC meeting and the November 7<sup>th</sup> Special MRC meeting, the Federal Energy Regulatory Commission routinely rejects queue jumping proposals as unjust and unreasonable, and unduly discriminatory and preferential, when those proposals will result in study delays for earlier-queued projects, or when those proposals will result in non-queued generators shifting their network upgrade costs onto earlier-queued interconnection customers. Indeed, it was PJM who just recently explained to the Commission in its May 2024 Order No. 2023 Compliance Filing that “[c]hanging one element to increase flexibility for a single type of generating unit . . . has the effect of disrupting the [PJM queue reform] process as a whole and the balance that was achieved through stakeholder consensus.”<sup>2</sup>

Moreover, PJM's effort to justify its proposal by invoking the Commission's recent order in the CAISO queue-capping case is inappropriate. The Commission in that case did not permit new projects to enter ahead of existing interconnection customers, but established facially-neutral rules that apply prospectively to interconnection customers entering the next queue cycle.

The fact that PJM itself has admitted that it has not performed any analysis to date of the impacts of the RRI Proposal to interconnection customers in Transition Cycle #2, or whether PJM might even undermine its own resource adequacy objectives by delaying the interconnection of projects in Transition Cycle #2, is further evidence that its Proposal needs further work that cannot be achieved with such limited discussion.

PJM's new Surplus Interconnection Service (SIS) proposal, presented along with the revised RRI Proposal, also needs further work. The primary impediment to using SIS in PJM relative to other RTOs is that PJM takes a uniquely strict approach to disqualifying projects that have even a modest impact on short circuit capability limits, steady-state thermal and voltage limits, or dynamic system stability and response. Instead of addressing that issue, PJM proposes to eliminate limitations on using SIS when a project has an impact on other interconnection customers. PJM's proposed change, while well intentioned, does not address the primary impediment to using SIS and would therefore have little impact.

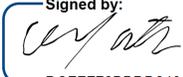
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<sup>2</sup> *PJM Interconnection, L.L.C.*, Order Nos. 2023 and 2023-A Compliance Filing of PJM, Interconnection, L.L.C. at 10, Docket No. ER24-2045-000 (filed May 16, 2024).

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Invenergy is committed to the continued reliable and cost-effective development and operation of resources within PJM. It has attempted to raise these and its other concerns during stakeholder meetings and work collaboratively, as part of PJM's stakeholder process, to achieve PJM's objectives. Unfortunately, PJM has short-circuited the stakeholder process by providing limited opportunity for stakeholders to express their concerns before it provides notice to the Members Committee. We hope this letter and the concerns raised by other stakeholders are sufficient to give PJM pause before it moves forward with a proposal devoid of critical feedback and certain to result in litigation at FERC and, if necessary, on appeal.

Respectfully submitted,

Signed by:  
  
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Omar Martino  
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Invenergy