

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

North Carolina Electric	)	
Membership Corporation	)	
Complainant,	)	
v.	)	Docket No. EL25-79-000
	)	
PJM Interconnection, L.L.C.,	)	
Respondent.	)	

**MOTION FOR LEAVE TO ANSWER AND ANSWER OF  
PJM INTERCONNECTION, L.L.C.**

PJM Interconnection, L.L.C. (“PJM”), pursuant to Federal Energy Regulatory Commission (“Commission”) Rules of Practice and Procedure 212 and 213,<sup>1</sup> submits this Motion for Leave to Answer and Answer to the North Carolina Electric Membership Corporation’s (“NCEMC” or “Complainant”) filing on June 23, 2025 in the above-captioned proceeding.<sup>2</sup> Complainant asserts that PJM’s position will discourage load serving entities from self-supplying and argues that the Commission should direct parties to engage in settlement discussions.<sup>3</sup>

As PJM explained in its June 9, 2025 Answer, NCEMC’s external Capacity Resources are treated exactly the *same* as any internal Capacity Resources that are located outside of a constrained locational deliverability area (“LDA”). This treatment allows the capacity market to provide the appropriate locational price signals for resources to be physically located within a constrained LDA. This is necessary because regardless of whether a resource is external or internal to PJM, only so much energy can be delivered

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<sup>1</sup> 18 C.F.R. §§ 385.212, 385.213.

<sup>2</sup> *NCEMC v. PJM Interconnection, L.L.C.*, Motion for Leave to Answer and Answer of North Carolina Electric Membership Corporation, Docket No. EL25-79-000 (June 23, 2025) (“NCEMC Answer”).

<sup>3</sup> NCEMC Answer at 2, 4.

into a constrained LDA due to physical limitations of the transmission lines. Thus, the Commission should reaffirm the fundamental tenet of locational pricing based on transmission limitations into LDAs, which the Commission has long held to be “a central element” of PJM’s Reliability Pricing Model design.<sup>4</sup>

## **I. MOTION FOR LEAVE TO ANSWER**

Although Commission Rule 213(a)(2) does not generally permit answers to answers,<sup>5</sup> the Commission permits answers for good cause shown, such as when an answer contributes to a more accurate and complete record or provides useful information that assists the Commission’s deliberative process.<sup>6</sup> This Answer will aid the Commission’s decision-making process by providing responses to the various comments and protests filed in this proceeding. PJM therefore asks that the Commission accept this Answer.

## **II. ANSWER**

### **A. PJM’s Position on External Capacity Incent Self-Supply of Resources Located in Constrained Areas.**

NCEMC contends that PJM’s position would discourage load serving entities from self-supplying.<sup>7</sup> To the contrary, PJM’s position is consistent with a central element of PJM’s Reliability Pricing Model design, which is to produce price signals that reveal the marginal value of capacity given its physical location on the transmission system. The

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<sup>4</sup> *PJM Interconnection, L.L.C.*, 119 FERC ¶ 61,318, at P 67 (2007).

<sup>5</sup> 18 C.F.R. § 385.213(a)(2).

<sup>6</sup> See, e.g., *PJM Interconnection, L.L.C.*, 182 FERC ¶ 61,073, at P 13 (2023) (“We accept the answers of J-Power, P3, PJM, Public Interest Entities, and the Market Monitor because they have provided information that assisted us in our decision-making process.”); *N.Y. State Pub. Serv. Comm’n v. N.Y. Indep. Sys. Operator, Inc.*, 158 FERC ¶ 61,137, at P 29 (2017) (“We will accept the Companies’ and the Complainants’ answers because they have provided information that assisted us in our decision-making process.”), *clarified by* 170 FERC ¶ 61,120, *order on reh’g*, 173 FERC ¶ 61,022 (2020), *order on reh’g*, 174 FERC ¶ 61,110 (2021); *Colonial Pipeline Co.*, 157 FERC ¶ 61,173, at P 23 (2016) (“In the instant case, the Commission will accept the Protestors’ Answers and Colonial [Pipeline Co.]’s Answer because they have provided information that assisted us in our decision-making process.”).

<sup>7</sup> NCEMC Answer at 2-3.

same fundamental logic applies to load serving entities in constrained LDAs that self-supply. That is, self-supply entities located within a constrained LDA receive the value of self-supply resources given their actual physical location on the grid. If those resources are located within the same LDA as the load they are self-supplying, then that value will be commensurate with the cost of capacity the load would otherwise pay. If those resources are not located within the same LDA, then that value may appropriately differ should the LDA be constrained in a given auction. Whether pseudo-tied or not, external resources have to be delivered into an LDA and are subject to transmission limitations. This necessarily means that external resources do not provide the same level of reliability to load in a constrained LDA compared with a resource that is physically located within such LDA and prices should reflect this locational difference. In short, the outcome under the current rules simply encourages load serving entities to self-supply with resources in the *right* location.

**B. NCEMC Should Resume Efforts to Allow for Stakeholder Consideration of This Issue.**

The issue raised in NCEMC's Complaint is the subject of an ongoing PJM stakeholder review process<sup>8</sup> and is more appropriately considered through that process.<sup>9</sup> NCEMC provides no justification to support its assertion that "stakeholder discussion of this issue no longer offers a timely prospect for resolution."<sup>10</sup> Indeed, any delay of stakeholder consideration of this issue is solely attributed to NCEMC's unilateral decision to defer the first read of its proposal at the Markets and Implementation Committee on June

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<sup>8</sup> PJM, External Resource Capacity Clearing Issue Tracking, <https://www.pjm.com/committees-and-groups/issue-tracking/issue-tracking-details.aspx?Issue=f513fcda-a819-4a1d-92ba-b11f06c776f6>.

<sup>9</sup> See *PJM Interconnection, L.L.C.*, 161 FERC ¶ 61,197, at P 192 (2017).

<sup>10</sup> NCEMC Answer at 4.

2, 2025.<sup>11</sup> This decision to defer deprived stakeholders of the opportunity to further discuss and ultimately vote on NCEMC's proposal.

NCEMC's support for settlement discussions through a Commission sponsored and supervised settlement procedure effectively seeks to bypass the stakeholder process and develop a one-off resolution with only the parties in this Complaint. Rather than any potential one-off settlement, and given the relatively limited entities that have intervened in this docket, the PJM stakeholder process is the more appropriate forum to gather the input from all stakeholders to fully consider NCEMC's proposed solution and/or alternative solutions that could potentially be uniformly applied to all similarly situated load serving entities.

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<sup>11</sup> See PJM, Draft Minutes of the Markets and Implementation Committee (June 2, 2025), <https://www.pjm.com/-/media/DotCom/committees-groups/committees/mic/2025/20250709/20250709-draft-minutes---mic---622025.pdf>.

### III. CONCLUSION

WHEREFORE, for the reasons discussed herein, the Commission should dismiss the Complaint.

Respectfully submitted,

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Dated June 26, 2025

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Audubon, PA, this 26th day of June 2025.

/s/ Jesse Jacobe

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