UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

PJM Interconnection, L.L.C.	**)**	**Docket No. ER25-2653-000**

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" or "FERC") Rules of Practice and Procedure 212 and 213,[1] submits this Motion for Leave to Answer and Answer to briefly respond to the August 4, 2025 limited answer of the PJM Industrial Customer Coalition's ("PJMICC").[2] For the reasons discussed below, the Commission should accept PJM's answer and accept PJM's narrowly tailored cost allocation methodology proposed in this docket. PJM also respectfully requests that the Commission reject arguments pertaining to other matters as beyond the scope of this FPA section 205 proceeding. In addition, PJM renews its request that the Commission expeditiously review and act on PJM's narrowly-tailored proposal, which will permit PJM to allocate and recover costs that Constellation Energy Generation, LLC ("CEG") has been accruing since June 1, 2025.

I. MOTION FOR LEAVE TO ANSWER

Although section 213(a)(2) of the Commission's Rules of Practice and Procedure does not generally permit answers to protests and comments,[3] the Commission allows 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

[1] 18 C.F.R. §§ 385.212, 385.213.

[2] *PJM Interconnection, L.L.C.*, Motion for Leave to Answer and Limited Answer of PJM Industrial Customer Coalition, Docket Nos. ER25-2653-000 and AD25-15-000 (August 4, 2025) ("PJMICC Answer").

[3] 18 C.F.R. § 385.213(a)(2).

process.[4] This answer will aid the Commission's decision-making process by making three discrete points in response to the comments and protests filed in response to PJM's filing in this docket.[5] PJM therefore requests that the Commission accept this answer.

II. ANSWER

The PJMICC's claims are wide of the mark as CEG has essentially assented to utilize the tariffed rate for deactivating units with only minor adjustments that were largely requested by the Market Monitoring Unit ("Market Monitor"). As a result, the PJMICC's claim that there was some ultra vires bilateral "agreement" on a rate wholly outside of the existing tariff is built on an erroneous factual premise. That deactivation cost formula, the Deactivation Avoidable Cost Credit ("DACC"), is part of the PJM's Open Access and Transmission Tariff ("Tariff") and was accepted by the Commission in 2005.[6] Similarly, the Market Monitor's role and oversight of CEG's inputs into the Tariff-based compensation formula is also contemplated by the existing Tariff. As a result, the PJMICC erroneously attempts to distract the Commission with a host of corporate law and other legal arguments that are simply not present in this case. For these reasons, the Commission should find that PJM's instant cost-allocation proposal is just and reasonable under the Commission's Section 205 standard of review.

---

[4] *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."), *order granting in part and denying in part reh'g & clarification*, 170 FERC ¶ 61,120, *order on clarification*, 171 FERC ¶ 61,114 (2020); *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.").

[5] Silence should not be considered a concession to any unaddressed conclusions or statements.

[6] *PJM Interconnection, L.L.C.*, 112 FERC ¶ 61,031 (2005).

A. Arguments Regarding the Authority of PJM to Enter Into a Rate Agreement Are Not Supported by the Facts of This Case and Outside the Scope of this Filing.

The PJMICC's latest answer continues to argue that PJM does not have the authority under the governing documents to reach a voluntary agreement with CEG to effectuate the Department of Energy's 202(c) Order to retain Eddystone Units 3 and 4 ("Order No. 202-25-4").[7] There are two significant flaws with this argument.

First, as noted above, while FPA section 202(c) refers to an "agreement" among the affected parties, there was no agreement to develop an entirely different rate outside of the existing Tariff in this case. Rather, as the PJMICC acknowledges, CEG simply agreed to utilize the DACC subject to some minor modifications, as reviewed and accepted by the Market Monitor (and which the PJMICC does not contest).[8] As a result, PJM effectively agreed to nothing more than implementing a rate that is based on the existing Tariff - an action by PJM that is well within its authority and duty to undertake,[9] especially in light of the directive from the Department of Energy in Order No. 202-25-4.

Secondly, the PJMICC's argument is entirely outside the scope of this Federal Power Act ("FPA") section 205 proceeding, which is limited to the addition of a proposed cost-allocation methodology proposed to be added to the Reliability Assurance Agreement

---

[7] Secretary of Energy, *Order No. 202-25-4*, United States Department of Energy (May 30, 2025), https://www.energy.gov/sites/default/files/2025-05/Federal%20Power%20Act%20Section%20202%28c%29%20PJM%20Interconnection.pdf ("DOE Order").

[8] PJMICC Answer at 2.

[9] *See also* Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. ("Operating Agreement"), section 3.2 ("The LLC shall have the power to do any and all acts and things necessary, appropriate, advisable, or convenient for the furtherance and accomplishment of the purposes of the LLC, including, without limitation, to engage in any kind of activity and to enter into and perform obligations of any kind necessary to or in connection with, or incidental to, the accomplishment of the purposes of the LLC, so long as said activities and obligations may be lawfully engaged in or performed by a limited liability company under the Act").

("RAA"). It is well-settled that the scope of FPA section 205 proceedings are limited by the original filing,[10] and the Commission has specifically held that issues pertaining to actual costs are beyond the scope of section 205 proceedings addressing actual costs.[11] For instance, the Commission previously held that information on costs and operations are simply "not necessary in order to make a finding that [a] proposed cost allocation methodology is just and reasonable[.]"[12] A cost allocation methodology "is a formulaic allocation process," that should not be conflated "with the dollar amounts that result from the proposed methodology."[13]

Here, PJM's proposal is limited to cost allocation proposed in the Reliability Assurance Agreement. Thus, arguments concerning the underlying formula rate and costs required to effectuate the DOE Order have no bearing on the just and reasonableness of the cost-allocation methodology proposed herein. As PJM explained in prior pleadings, this filing does not seek Commission approval of the costs for retaining the Eddystone Units because FPA section 202(c) requires the rate issue(s) to be considered by the Commission

[10] *See NRG Power Mktg., LLC v. FERC*, 862 F.3d 108, 116 (D.C. Cir. 2017) (finding that FERC exceeded its authority under section 205 of the FPA where "FERC's modifications expanded the scope of the exemptions not just beyond PJM's original filing, but beyond the scope of the exemptions as they had stood before PJM's filing. FERC's modifications therefore followed a 'completely different strategy' than PJM's proposal.").

[11] *See, e.g.*, *Potomac-Appalachian Transmission Highline, L.L.C.*, 122 FERC 61,188, at PP 151-152 (2008) (protest "is outside the scope of this [formula rate proceeding] and is a collateral attack on the Commission's order" in the separate cost allocation proceeding; in PJM's RTEP process "cost allocation is not part of the individual transmission owner's incentive request or its rate filing, but rather, is filed by PJM."); *Entergy Ark., Inc.*, 171 FERC 61,037, at PP 7-9 (2020) (denying request for rehearing where party sought reconsideration of the reasonableness of Control Center costs and overall rate increase, because Commission's "review of the Ownership Agreement in this proceeding under section 205 of the FPA is instead limited to the reasonableness of the provisions that establish the allocation of ownership interests and the specific terms under which Entergy Services will continue to provide services related to the Control Centers"); *see also Midcontinent Indep. Sys. Operator, Inc.*, 166 FERC ¶ 61,091, at P 10 n.27 (2019) quoting *Midcontinent Indep. Sys. Operator, Inc.*, 155 FERC ¶ 61,133, at P 20 (2016); *Midcontinent Indep. Sys. Operator, Inc.*, 152 FERC ¶ 61,216, at P 62 (2015).

[12] *Midcontinent Indep. Sys. Operator, Inc.*, 152 FERC ¶ 61,216, at P 64.

[13] *See id.* P 34.

only in the event the parties or entities carrying out an emergency order fail to agree on the rates to be charged.[14] Indeed, Commission precedent is clear that FPA section 202(c) "provides no role for the Commission in the event the parties agree on the rates that will apply to the transactions."[15]

B. PJM Agreed to a Rate Based on the Existing Tariff to Effectuate the Department of Energy's 202(c) Order.

Even if the ability for PJM to enter a rate agreement with CEG is somehow part of the scope of this filing, as noted supra, PJM simply agreed to a rate that is based on the existing DACC formula specified in the Tariff with only minor modifications that were agreed to by the Market Monitor and CEG. Thus, one can hardly claim that PJM's agreement to effectively administer a rate based on the existing Tariff to be somehow an ultra vires act.

Moreover, in Order No. 202-25-4, the Secretary of the Department of Energy determined that the "operational availability and economic dispatch of the aforementioned Eddystone Units 3 and 4 (Eddystone Units) is necessary to best meet the emergency and serve the public interest for purposes of FPA section 202(c)."[16] The Secretary of Energy thus ordered the retention of the Eddystone Units pursuant to "the authority vested in the Secretary of Energy by section 202(c) of the [FPA], 16, U.S.C. § 824a(c), and section 301(b) of the Department of Energy Organization Act, U.S.C. § 7151(b)[.]"[17] To that end, the Department of Energy directed "PJM and [CEG] shall take *all* measures necessary to

[14] 16 U.S.C. § 824a(c)(1); *see also* 10 C.F.R. § 205.376.

[15] *San Diego Gas & Elec. Co. v. Sellers of Energy & Ancillary Servs.*, 97 FERC ¶ 61,275, at 62,196 (2001) ("SDG&E").

[16] DOE Order at 2.

[17] DOE Order at 1.

ensure that Eddystone Units are available to operate."[18] In response to this unambiguous directive from Order No. 202-25-4, which specifies that the Eddystone Units must remain online until the expiration of the 202(c) Order, PJM merely affirmed its intention (with CEG's agreement) to utilize a rate that is based on the existing DACC specified in the Tariff (with minor additions agreed to by the Market Monitor and CEG) during this 90-day period. In short, the administration of a rate based on the existing Tariff is clearly within PJM's authority. Therefore, the PJMICC's arguments about 'ultra vires' actions are simply a red herring.

C. The Market Monitor's Role in Reviewing the Rate Based on the Deactivation Avoidable Cost Credit Is Explicitly Detailed In the Administration of the DACC Section of the Tariff.

As a factual matter, it is simply incorrect that the Market Monitor does not have the duty or authority to act on the DACC-based rate. Rather, the underlying rate relies heavily on a DACC-based formula rate methodology that explicitly references the same rules and processes set forth in Part V, sections 114, 115, 116, 118, and 118A of PJM's Open Access Transmission Tariff ("Tariff"), which are on file with and were previously approved by the Commission.[19] In particular, the agreed upon rate expressly incorporates by reference the use of the same process that is detailed in Tariff, Part V, section 114. That section requires the "Market Monitor[] and the generating unit owner [to] attempt to come to agreement on the appropriate level of each component included in the Deactivation Avoidable Cost Credit."[20] Tariff, Part V, section 114 further explains that "[i]f a generating unit owner includes a cost component inconsistent with its agreement or inconsistent with the Market

[18] DOE Order at 3.

[19] Tariff, Part V, sections 114, 115, 116, 118, and 118A.

[20] Tariff, Part V, section 114.

Monitor[]'s determination regarding such cost components, the Market Monitor[] may petition the Commission for an order that would require the generating unit owner to include an appropriate cost component."[21] Here, as CEG's informational filing explains, the Market Monitor reviewed and came to an agreement on a DACC-based rate component of $63.51/MW-day for each of the Eddystone Units in accordance with section 114 of the Tariff.[22]

As CEG also represents, the DACC-based rate negotiated between the Market Monitor and CEG reflects the costs set forth in Tariff, Part V, section 115. Furthermore, in accordance with Tariff, Part V, section 114, had the Market Monitor and CEG not been able to come to agreement on the appropriate level of each component included in the DAC Rate, the Market Monitor has the authority to "petition the Commission for an order that would require the generating unit owner to include an appropriate cost component."[23] The review process by the Market Monitor is fully detailed in the Tariff and fully incorporated into the rate agreement between PJM and CEG. Thus, contrary to the PJMICC's unfounded assertion, the Market Monitor is clearly charged with reviewing the agreed upon DACC-based rate and has the authority under both Tariff, Part V, section 114 and paragraph 8 of the rate agreement to petition the Commission for an order in the event CEG does not follow the agreement or attempts to include any costs that are inconsistent with the Market Monitor's determinations.

[21] Tariff, Part V, section 114.

[22] Constellation Energy Generation LLC, Informational Filing Related to DOE Order No. 202-25-4, Attachment B, Docket No. AD25-15-000 (June 26, 2025) ("Informational Filing").

[23] Tariff, Part V, section 114.

D. Swift Commission Action is Needed on the Proposed Cost-Allocation Methodology to Timely Compensate Costs Incurred Pursuant to Order No. 202-25-4.

PJM reiterates the request for the Commission to act expeditiously on this narrowly tailored FPA section 205 filing. The Eddystone Units began incurring costs pursuant to Order No. 202-25-4 on June 1, 2025, and are continuing to incur costs. Indeed, both Eddystone Units 3 and 4 have dispatched to maintain system reliability on multiple days without being compensated to remain online because PJM's payment obligation to CEG is contingent upon PJM's ability to allocate and recover such costs. Further, the Department of Energy's order to retain the Eddystone Units is currently scheduled to expire on August 28, 2025. The Commission's swift action in this matter will help inform potential future cost-allocation methodologies in the event the Department of Energy issues any future orders that direct generation resources to remain online. To that end, PJM requests that the Commission issue an order on this filing no later than August 21, 2025, at least one week before the expiration of Order No. 202-25-4.

III. CONCLUSION

PJM asks that the Commission consider this answer and expeditiously accept the proposed Tariff revisions in this docket by August 21, 2025, with the proposed cost allocation methodology for the Eddystone Units specified in the Reliability Assurance Agreement to be effective June 1, 2025.

Respectfully submitted,

/s/ Chenchao Lu

Craig Glazer
Vice President – Federal Government Policy
PJM Interconnection, L.L.C.
1200 G Street, N.W.
Suite 600
Washington, D.C. 20005
(202) 423-4743
craig.glazer@pjm.com

Chenchao Lu
Associate General Counsel
PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, PA 19403
(610) 666-2255
chenchao.lu@pjm.com

On behalf of
PJM Interconnection, L.L.C.

August 6, 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 on this 6th day of August 2025.

/s/ Chenchao Lu
Chenchao Lu
Associate General Counsel
PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, PA 19403
(610) 666-2255
chenchao.lu@pjm.com

Attorney for
PJM Interconnection, L.L.C.