UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Hexagon Energy, LLC	)))	Docket No. ER26-34-000

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

Pursuant to Rules 212 and 213 of the Federal Energy Regulatory Commission ("Commission") Rules of Practice and Procedure,[1] PJM Interconnection, L.L.C. ("PJM") hereby submits this Motion for Leave to Answer and Answer to the Hexagon Energy, LLC ("Hexagon") Motion for Leave to Answer and Answer ("Hexagon Answer" or "Answer").[2] Notwithstanding the additional arguments presented in its Answer, Hexagon does not satisfy the Commission's criteria for granting the waiver of Part VII of the PJM Open Access Transmission Tariff ("Tariff"), Subpart D, section 313(A)(1)(a),[3] which governs the calculation of Security that a Project Developer must post before the close of Decision Point III in order to remain in Transition Cycle No. 1 ("TC1") and proceed through the Final Agreement Negotiation Phase.[4] For the reasons set forth in PJM's Protest[5] and this reply, PJM respectfully requests that the Commission deny the Waiver Request.

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[1] 18 C.F.R. §§ 385.212, 213.

[2] *Hexagon Energy, LLC*, Motion for Leave to Answer and Answer of Hexagon Energy LLC, Docket No. ER26-34-000 (Oct. 13, 2025) ("Hexagon Answer").

[3] Tariff, Part VII, Subpart D, section 313(A)(1)(a) (stating "Security shall be calculated for New Service Requests based upon Network Upgrades costs allocated pursuant to the Phase III System Impact Study Results").

[4] *Hexagon Energy, LLC*, Request for Limited Waiver, Shortened Comment Period, and Expedited Consideration of Hexagon Energy, LLC, Docket No. ER26-34-000 (Oct. 2, 2025) ("Waiver Request").

[5] *Hexagon Energy, LLC*, Protest of PJM Interconnection, L.L.C., Docket No. ER26-34-000, at 6-7 (Oct. 9, 2026) ("PJM Protest").

I. MOTION FOR LEAVE TO ANSWER

The Commission's Rules of Practice and Procedure generally do not permit answers to answers, but this prohibition can be waived for good cause.[6] The Commission has done so in circumstances where the answer would ensure a more complete record,[7] lead to a better understanding of the issues in the proceeding,[8] or assist the Commission in its decision-making process.[9] Good cause exists to grant this Motion for Leave to Answer. PJM's Answer ensures a more complete record and understanding of the issues before the Commission which will assist the Commission in its decision-making process.

II. ANSWER

A. PJM Conducted the Phase III System Impact Study in Accordance with the Tariff.

Hexagon's Answer implies that PJM's Phase III System Impact Study ("SIS") for TC1 was performed incorrectly because PJM's Phase III SIS model included projects that subsequently withdrew,[10] namely a natural gas combined cycle generating facility that withdrew in June 2025.[11] However, the Tariff prescribes the term of Phase III and requires PJM to conduct the Phase III SIS during that time period. Phase III must begin on the first Business Day after the close of Decision

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[6] *See* 18 C.F.R. §§ 385.212, 385.213.

[7] *See, e.g.*, *High Island Offshore Sys., L.L.C.*, 113 FERC ¶ 61,202, at P 8 (2005).

[8] *See, e.g.*, *CenterPoint Energy–Miss. River Transmission, LLC*, 141 FERC ¶ 61,080, at P 4 (2012); *TransColorado Gas Transmission Co.*, 111 FERC ¶ 61,208, at P 4, *order on reh'g*, 112 FERC ¶ 61,135 (2005).

[9] *See, e.g.*, *Hudson River-Black River Regulating Dist.*, 183 FERC ¶ 61,187, at P 9 n.21, *order on reh'g*, 185 FERC ¶ 61,034 (2023); *E. Shore Nat. Gas Co.*, 181 FERC ¶ 61,233, at P 9 n.17 (2022); *Tri-State Generation & Transmission Ass'n*, 179 FERC ¶ 61,118, at P 34, *order addressing arguments raised on reh'g*, 181 FERC ¶ 61,037 (2022); *S. Cal. Edison Co.*, 141 FERC ¶ 61,100, at P 5 (2012).

[10] Hexagon Answer at 1-2 (referencing a "Phase III Study known to include many MWs of generation that have been removed"); *id.* at 4 ("This financial burden results from the fact that the PJM Phase III Study includes generation that the market and PJM now know has been withdrawn."); *id.* at 5 ("But because PJM and the market know that the Phase III Study results included a large amount of generation that has subsequently been withdrawn, the total Network Upgrades remain, for all intents and purposes, up in the air.").

[11] Waiver Request at 7 (discussing "Project AB1-089 (a 550 MW natural gas combined cycle generating facility), withdrew during the Phase III study process in June 2025").

Point II, and PJM must use Reasonable Efforts to conclude the Phase III SIS within 180 days.[12] Accordingly, TC1, Phase III began on April 21, 2025, and ended 152 days later on September 19, 2025.[13] Moreover, consistent with the Tariff, PJM developed a Phase III SIS model that was based on the information known as of April 21, 2025. Therefore, any withdrawals that occurred after April 21, 2025, were not reflected in the Phase III SIS model in accordance with the Tariff.

B. *Hexagon's Answer Does Not Support a Finding that Its Waiver Request Is Limited in Scope.*

The Answer asserts PJM "misconstrued" Hexagon's "limited in scope" argument and denies that Hexagon's Waiver Request amounts to either delay to posting Security at Decision Point III (in the phraseology of Hexagon's Waiver), or substituting the Tariff-based calculation of Security at Decision Point III with its own Security calculation.[14] However, the Tariff provision for which Hexagon is seeking a waiver requires the posting of $357.4 million.[15] The amount that Hexagon offers to post in lieu of the Tariff's requirement is $104 million,[16] and such amount is based on the study results and rationale set forth in the Waiver Request.[17] Thus, PJM maintains that the Waiver Request would allow Hexagon to inappropriately delay posting Security or to substitute its own Security amount based on its own study results with the Security calculated in

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[12] Tariff, Part VII, Subpart A, section 300 (Definition of Phase III) ("During Phase III, Transmission Provider shall conduct the Phase III System Impact Study."); *id.* at section 312(A)(1)(e)(i) ("Phase III shall start on the first Business Day immediately following the end of Decision Point II."); *id.* at section 312(A)(1)(e)(ii) ("Transmission Provider shall use Reasonable Efforts to complete Phase III within 180 days from the date such Phase III commenced.").

[13] PJM Interconnection, L.L.C., *Planning*, at Cycle Timeline (as of 9.25.202), https://www.pjm.com/planning (last visited Oct. 16, 2025).

[14] Hexagon Answer at 3-4.

[15] PJM Protest at 6. *Cf.* Waiver Request at 1 (referencing Security in the amount of $352 million).

[16] Hexagon Answer at 3-4 (stating it "will otherwise meet all other Decision Point III requirements set forth in the Tariff - including posting a significant portion ($104 million) of Security").

[17] *See, e.g.*, Waiver Request at 2.

accordance with the Tariff. As stated in its Protest, PJM is concerned that allowing Project Developers to substitute their own Security calculations could have undesirable consequences.[18]

Hexagon further states it is seeking a limited waiver of the Phase III Security requirements as applied to its Steward Creek Solar Generating Facility[19] "until such time that PJM has completed the Study retool and determined the appropriate Network Upgrade allocation based on the actual MWs that remain in the queue."[20] As previously explained in its Protest and below, after the close of Decision Point III on October 21, 2025, PJM will perform a retool study, identify any necessary Security adjustments, and reflect such Security adjustments in the final service agreements issued for execution. As such, the Waiver Request would effectively position Hexagon to advance through Decision Point III by posting a lesser Security and have access to the retool study results. This would provide Hexagon with an unfair advantage relevant to other Project Developers in the TC1 cohort who are required to comply with the Tariff.[21]

The unfairness of Hexagon's position is magnified by its suggestion that a grant of its Waiver Request would alleviate it from *not only* posting the Security reflected in the Steward Creek Solar Generating Project's Phase III SIS and incurring related financing costs,[22] *but also* "[l]os[ing] the opportunity to recover its approximately $17 million in Readiness Deposits."[23]

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[18] PJM Protest at 6-7; *id*. at 9-11.

[19] The proposed Steward Creek Solar Generating Facility is a 600 megawatt (MW) solar Generating Facility to be located in Lee County, Illinois, and interconnected to the transmission facilities of Commonwealth Edison Company. The Steward Creek Solar Generating Facility is associated with Project Identifiers #AF2-041/AF2-199/AF2-200. The 600 MW figure represents the Maximum Facility Output. The Steward Creek Solar Generating Facility would be eligible to receive 360 MW of Capacity Interconnection Rights, which is what its Network Upgrades are based upon.

[20] Hexagon Answer at 3.

[21] *See* PJM Protest at 7; *id.* at 10-11.

[22] To post Security, a Project Developer may use a letter of credit, wire transfer, or other form of Security deemed acceptable by PJM. *See* PJM Interconnection, L.L.C, *Manual 14H: New Service Requests Cycle Process*, § 6.4 (rev. 02, July 23, 2025), https://www.pjm.com/-/media/DotCom/documents/manuals/m14h.pdf.

[23] Hexagon Answer at 4.

Although Hexagon's Waiver Request was limited to Tariff, Part VII, Subpart D, section 313(A)(1)(a), Hexagon appears to imply that granting the Waiver Request would allow it to proceed through Decision Point III without posting the requisite level of Security or placing its Readiness Deposits at risk.[24] The Waiver Request identified a single Tariff provision from which Hexagon seeks waiver, and that provision addresses only the Security calculation at Decision Point III. If the Commission were to grant the Waiver Request (despite PJM's Protest), relieving Hexagon of placing its Readiness Deposits at risk would be outside the scope of the Waiver Request, unsupported by the record in this proceeding, and inconsistent with the Tariff. There would be significant harm to PJM's processes and to third parties by granting any waiver or special treatment with respect to Hexagon's Readiness Deposits.

C. Hexagon's Answer Does Not Support a Finding that Its Waiver Request Will Not Result in Harm to Third Parties or Have Undesirable Consequences.

Hexagon's Answer denies that granting the Waiver Request will cause financial harm to third parties and inappropriately asserts that the Commission's evaluation should be narrowly focused on other Project Developers' Security *at Decision Point III*.[25] Hexagon's position, however, does not consider how the outcome of Decision Point III impacts the Security obligations and, thus, final service agreements of other Project Developers comprising the TC1 cohort. In accordance with the Tariff, the TC1 Project Developers must demonstrate satisfaction with the Decision Point III criteria, including the posting of Security, the furnishing of a written notification of its election to proceed to a final agreement, and demonstrating Site Control,[26] before the close of Decision Point III (i.e., October 21, 2025). After Decision Point III concludes, PJM will conduct

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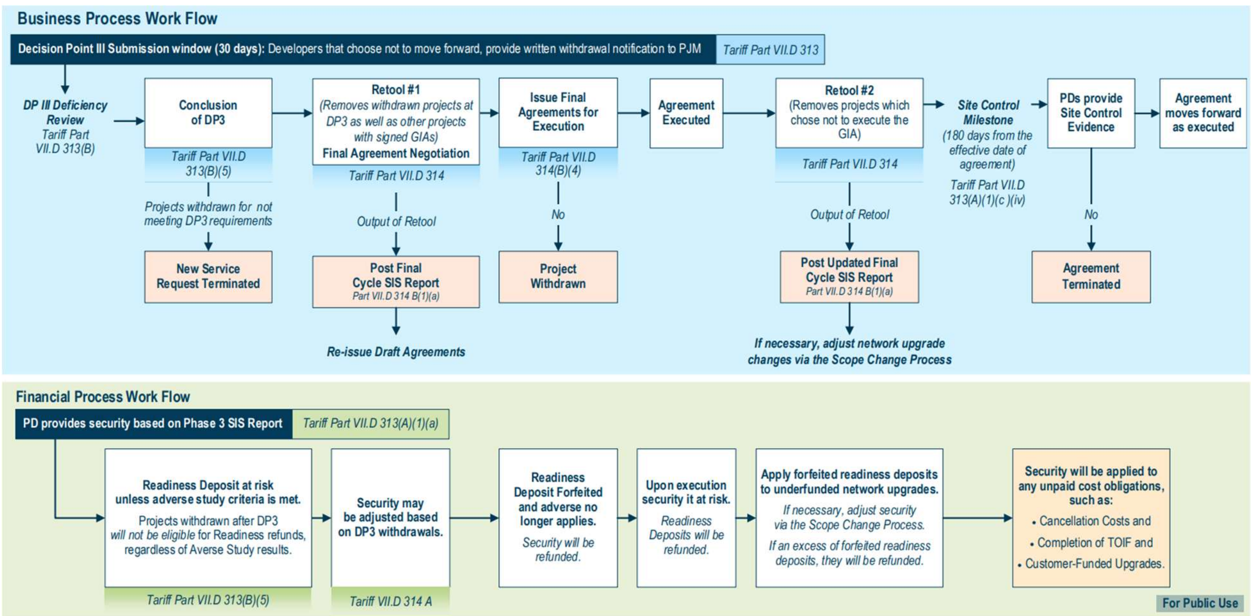
[24] *See infra* note 27 (citing informational graphic illustrating when Readiness Deposits are at risk if a Project Developer elects to proceed at Decision Point III).

[25] Hexagon Answer at 4-5 ("No other party will be expected to pay any more or less Security at Decision Point III.").

[26] *See* Tariff, Part VII, Subpart D, section 313 (setting forth the Decision Point III requirements).

a retool study based on the TC1 cohort's composition and identify any necessary Security adjustment for the projects that elected to proceed. PJM will reflect the Security adjustments in the TC1 Project Developers' final service agreements that will be tendered for execution and any upward Security adjustments must be posted no later than the execution deadline. The graphic below[27] illustrates the foregoing steps following Decision Point III:



Therefore, a critical variable in the retool study and ultimate Security obligation for each Project Developer is the composition of the TC1 cohort that meets the Decision Point III requirements. Accordingly, the Commission's evaluation of the Waiver Request's harm to third parties should not stop at Decision Point III.

Moreover, if Hexagon is permitted to satisfy the Decision Point III requirements by "delaying" the posting of the requisite Security, its Steward Creek Solar Generating Facility will be included in the retool study and will be a variable in PJM's determination of Security

[27] *See* PJM Interconnection, L.L.C., *Transition Cycle 1 Post Decision Point III Process*, at 3 (Sep. 2025), https://www.pjm.com/-/media/DotCom/committees-groups/subcommittees/ips/2025/20251010/20251010-transition-cycle-1-post-decision-point-iii-process-september-2025-ips---modified-october-2025.pdf.

adjustments applicable to the entire TC1 cohort and, consequently, will directly impact an important and potentially decisive term in each TC1 Project Developers' final service agreements. Unlike the other TC1 Project Developers, however, Hexagon's Waiver Request would effectively provide a preview of the retool study results prior to Hexagon putting money at risk on the same terms and conditions as other TC1 Project Developers. In fact, as previously noted, Hexagon appears to suggest that even its Readiness Deposits would not be at risk if the Waiver Request were granted.[28]

PJM's new Cycle-based interconnection process was designed to eliminate cascading restudies associated with late-stage withdrawals.[29] The retool study is a mechanism intended to resolve the need for continuous studies for each individual scenario, which was a significant driver of delays in PJM's former serial process. The retool study provides an opportunity, at a set schedule and with a set model, to make any necessary Security adjustments contemporaneously for all projects within a Cycle to provide Project Developers with greater cost certainty in their final service agreements prior to execution. The accuracy of the retool study results and the resulting Security adjustments as well as confidence in the integrity of the process would be undermined if a Project Developer were permitted to proceed through Decision Point III without being bound by the same requirements as other Project Developers.

[28] *See, e.g.*, Hexagon Answer at 4.

[29] *PJM Interconnection, L.L.C.*, 181 FERC ¶ 61,162, at P 5 (2022) ("Interconnection Reform Order") ("PJM states that the serialized process and low or regressive continuation requirements, including minimal study deposits and site control requirements, encourage developers to continue in the process often in spite of potentially high network upgrade costs with the hope that a higher queued project will withdraw and make their project viable"), *order on reh'g*, 184 FERC ¶ 61,006 (2023), *aff'd sub nom. Hecate Energy LLC v. FERC*, No. 23-1089, 2025 U.S. App. LEXIS 1267 (D.C. Cir. Jan. 21, 2025); *see* Interconnection Reform Order at P 31.

III. CONCLUSION

For the reasons set forth herein and in PJM's Protest, PJM respectfully submits that the Waiver Request should be denied.

Respectfully submitted,

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October 16, 2025

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document on those parties on the official Service List compiled by the Secretary in this proceeding.

Dated at Audubon, Pennsylvania this 16th day of October, 2025.

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