

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

PJM Interconnection, L.L.C.

)

Docket No. ER26-899-000

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

PJM Interconnection, L.L.C. (“PJM”) hereby submits this Motion for Leave to Answer and Answer (“Answer”)¹ to the protest filed jointly by the Long Island Power Authority (“LIPA”) and Neptune Regional Transmission System, LLC (“Neptune”) (together, “LIPA/Neptune”)² of PJM’s December 29, 2025 filing in this docket.³ LIPA/Neptune filed the only protest in this docket, repeating arguments substantially similar or identical to arguments raised in response to prior PJM Regional Transmission Expansion Plan (“RTEP”) cost allocation update filings.⁴ LIPA/Neptune challenge the justness and reasonableness of the currently effective solution-based distribution factor

¹ PJM submits this Answer pursuant to Rules 212 and 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”). 18 C.F.R. §§ 385.212, 385.213.

² *PJM Interconnection, L.L.C.*, Protest of the Long Island Power Authority and Neptune Regional Transmission System, LLC, Docket No. ER26-899-000 (Jan. 20, 2026) (“LIPA/Neptune 2026 Protest”).

³ *PJM Interconnection, L.L.C.*, 2026 RTEP Annual Update Filing, Docket No. ER26-899-000 (Dec. 29, 2025) (“2026 Cost Allocation Update Filing”).

⁴ See *PJM Interconnection, L.L.C.*, 2025 RTEP Annual Update Filing, Docket No. ER25-775-000 (Dec. 20, 2024) (“2025 Cost Allocation Update Filing”); *PJM Interconnection, L.L.C.*, 2024 RTEP Annual Update Filing, Docket No. ER24-786-000 (Dec. 29, 2023) (“2024 Cost Allocation Update Filing”); *PJM Interconnection, L.L.C.*, 2023 RTEP Annual Update Filing, Docket No. ER23-712-000 (Dec. 22, 2022) (“2023 Cost Allocation Update Filing”); *PJM Interconnection, L.L.C.*, Docket No. ER22-702-000 (Dec. 21, 2021) (“2022 Cost Allocation Update Filing”); *PJM Interconnection, L.L.C.*, Docket No. ER21-726-000 (Dec. 23, 2020) (“2021 Cost Allocation Update Filing”); see also *PJM Interconnection, L.L.C.*, Conditional Protest of the Long Island Power Authority and Neptune Regional Transmission System, LLC, Docket No. ER25-775-000 (Jan. 10, 2025) (“LIPA/Neptune 2025 Protest”); *PJM Interconnection, L.L.C.*, Protest of the Long Island Power Authority and Neptune Regional Transmission System, LLC, Docket No. ER24-786-000 (Jan. 19, 2024); *PJM Interconnection, L.L.C.*, Protest of the Long Island Power Authority and Neptune Regional Transmission System, LLC, Docket No. ER23-712-000 (Jan. 12, 2023); *PJM Interconnection, L.L.C.*, Motion to Intervene and Protest of the Long Island Power Authority and Neptune Regional Transmission System, LLC, Docket No. ER22-702-000 (Jan. 11, 2022); *PJM Interconnection, L.L.C.*, Protest of the Long Island Power Authority and Neptune Regional Transmission System, LLC, Docket No. ER21-726-000 (Jan. 13, 2021).

analysis (“DFAX”) cost allocation methodology and whether PJM has provided sufficient support for the annual cost responsibility assignments included in the 2026 Cost Allocation Update Filing.⁵

LIPA/Neptune also encourage the Commission to act on the Settlement Agreement and Offer of Settlement (“Settlement Agreement”) filed on February 14, 2025, in Docket Nos. ER22-1606 and EL21-39 (“Consolidated Proceedings”). LIPA/Neptune state that they will continue to maintain their protest of the solution-based DFAX methodology as applied to the calculation of the annual cost allocation updates set forth in PJM’s 2026 Cost Allocation Update Filing and future proceeding until the Commission approves the Settlement Agreement.⁶

The Commission has consistently and repeatedly found that the arguments LIPA/Neptune raise again in the 2026 Protest are outside the scope of a proceeding addressing PJM’s annual cost allocation updates and has therefore rejected such arguments.⁷ Accordingly, for the reasons set forth below, PJM respectfully requests that

⁵ The current-effective solution-based DFAX methodology was approved by the Commission in 2013, and includes the application of the netting procedure and the *de minimis* rule, as amended effective June 2022 to refine the application of the solution-based DFAX methodology such that the *de minimis* rule is not applied to the “host zone,” i.e., the zone in which the reliability project will be located (the “host zone exclusion rule”). See *PJM Interconnection, L.L.C.*, 142 FERC ¶ 61,074, at P 1 (accepting the solution-based DFAX methodology subject to additional filings), *order on compliance*, 142 FERC ¶ 61,214 (2013), *petitions for review dismissed sub nom. Am. Transmission Sys. Inc. v. FERC*, 2016 U.S. App. LEXIS 12308 (D.C. Cir. July 1, 2016); *PPL Elec. Utils. Corp. v. PJM Interconnection, L.L.C.*, 179 FERC ¶ 61,176 (2022) (accepting the host zone exclusion rule, to be effective June 11, 2022, subject to refund and the outcome of paper hearing procedures).

⁶ See LIPA/Neptune 2026 Protest at 4-5.

⁷ See *PJM Interconnection, L.L.C.*, 190 FERC ¶ 61,094, at P 42 (2025) (“Order Accepting 2025 Cost Allocation Update Filing”); *PJM Interconnection, L.L.C.*, 186 FERC ¶ 61,148, at PP 28-29 (“Order Accepting 2024 Cost Allocation Update Filing”), *notice of denial of reh’g by operation of law*, 187 FERC ¶ 62,069 (2024); *PJM Interconnection, L.L.C.*, 182 FERC ¶ 61,101, at PP 25-27 (“Order Accepting 2023 Cost Allocation Update Filing”), *notice of denial of reh’g by operation of law*, 183 FERC ¶ 62,035 (2023); *PJM Interconnection, L.L.C.*, 178 FERC ¶ 61,113, at PP 27-28 (“Order Accepting 2022 Cost Allocation Update Filing”), *notice of denial of reh’g by operation of law*, 179 FERC ¶ 62,043 (2022); *PJM Interconnection,*

the Commission: (i) grant this motion for leave to answer; (ii) reject the arguments set forth in the Lipa/Neptune 2026 Protest; and (iii) accept the PJM Open Access Transmission Tariff (“Tariff”) revisions proposed in the 2026 Cost Allocation Update Filing, effective January 1, 2026.

However, PJM joins LIPA/Neptune in urging the Commission to act on the Settlement Agreement submitted in the Consolidated Proceedings. Commission action on the Settlement Agreement would resolve issues that have been pending before the Commission for several years in the Consolidated Proceedings, thereby removing uncertainty regarding the finality of cost allocation assignments for RTEP projects that have been approved by the Commission subject to the outcome of those proceedings.⁸

I. MOTION FOR LEAVE TO ANSWER

PJM respectfully requests leave to file this Answer to address the arguments raised in the Lipa/Neptune 2026 Protest. Although the Commission’s Rules of Practice and Procedure generally do not permit an answer to a protest, the Commission routinely allows such answers when they provide useful or relevant information that will assist the Commission in its decision-making process, clarify the issues, assure a complete record in the proceeding, provide helpful information to the disposition of an issue, and/or permit the issues to be narrowed.⁹ This Answer satisfies these standards and is limited to

L.L.C., 175 FERC ¶ 61,152, at P 47 (“Order Accepting 2021 Cost Allocation Update Filing”), *notice of denial of reh’g by operation of law*, 176 FERC ¶ 62,045 (2021); *see infra* Sections II(A)-(C).

⁸ *See PPL Elec. Utils. Corp.*, Comments of PJM Interconnection, L.L.C. in Support of Settlement, Docket Nos. ER22-1606-001, et al. (Mar. 28, 2025).

⁹ *See, e.g., Pioneer Transmission, LLC v. N. Ind. Pub. Serv. Co.*, 140 FERC ¶ 61,057, at P 93 (2012); *Midwest Indep. Transmission Sys. Operator, Inc.*, 131 FERC ¶ 61,285, at P 6 n.10 (2010); *Sw. Power Pool, Inc.*, 131 FERC ¶ 61,252, at P 19 (2010), *reh’g denied*, 137 FERC ¶ 61,075 (2011) (accepting answers that “provided information that assisted us in our decision-making process”); *Duke Energy Ky., Inc.*, 122 FERC ¶ 61,182, at P 25 (2008) (accepting answers in proceeding that “provided information that assisted us in our decision-making process”); *Tallgrass Transmission, LLC*, 125 FERC ¶ 61,248, at P 26 (2008); *Midwest Indep.*

LIPA/Neptune’s objections to PJM’s 2026 annual update allocation of cost responsibility assignments. Accordingly, PJM respectfully submits that good cause exists to grant this motion for leave to answer.

II. ANSWER

A. The Commission’s Review of PJM’s 2026 Cost Allocation Update Filing Is Limited to Whether PJM Correctly Implemented Its Tariff.

Consistent with their arguments made in prior proceedings, LIPA/Neptune again argue that the proposed revisions to the Tariff, Schedule 12-Appendices in PJM’s 2026 Cost Allocation Update Filing constitute a new rate under the Federal Power Act (“FPA”) section 205, and, consequently, PJM’s filing is deficient because PJM has failed to demonstrate that the cost allocation assignments are just and reasonable, or that the cost allocations are roughly commensurate with benefits.¹⁰ LIPA/Neptune assert that the Commission’s role under the FPA section 205 is not merely to ensure that FPA section 205 filings are compliant with the PJM Tariff but to substantively review the rate proposal.¹¹ LIPA/Neptune allege that because PJM failed to provide substantial evidence that the 2026 cost allocation assignments are roughly commensurate with the derived benefits, the Commission lacks the evidentiary basis to confirm that the cost allocation assignments in PJM’s 2026 Cost Allocation Update Filing are just and reasonable and not unduly preferential or discriminatory.¹²

Transmission Sys. Operator, Inc., 120 FERC ¶ 61,083, at P 23 (2007) (stating that an answer to protests is permitted when it provides information to assist the Commission in its decision-making process); *Morgan Stanley Cap. Grp., Inc. v. N.Y. Indep. Sys. Operator, Inc.*, 93 FERC ¶ 61,017, at 61,036 (2000) (accepting an answer that was “helpful in the development of the record”).

¹⁰ See LIPA/Neptune 2025 Protest at 5-6.

¹¹ See LIPA/Neptune 2025 Protest at 5-6.

¹² See LIPA/Neptune 2025 Protest at 6.

The Commission has consistently and explicitly rejected LIPA/Neptune’s arguments. For instance, in response to LIPA/Neptune’s identical challenge to the 2025 Cost Allocation Update Filing, the Commission explained its role in reviewing PJM’s annual RTEP cost allocation update filings as “determin[ing] whether PJM appropriately followed its Tariff provisions in allocating costs according to this formula and . . . permit[ting] challenges to the inputs to this formula.”¹³ Looking at a substantively identical protest here, the Commission held that “Neptune/LIPA have provided no information to suggest that PJM used incorrect inputs in calculating the 2025 annual cost responsibility assignments,” and therefore that “PJM has appropriately followed the provisions of the Tariff that is currently on file.”¹⁴ Similarly, in its order accepting the 2024 Cost Allocation Update Filing, the Commission explained that it limits its review of PJM’s annual cost allocation update filings to “whether PJM appropriately followed its Tariff provisions.”¹⁵

PJM has correctly implemented the currently effective filed rate, and any alleged errors involving the 2026 cost allocations appear to be based on LIPA/Neptune’s misunderstanding of how PJM administers the Tariffs over which it has administrative responsibilities. Accordingly, based on the very clear precedent described above, PJM respectfully requests that the Commission reject LIPA/Neptune’s arguments that the 2026 Cost Allocation Update Filing is deficient.

¹³ Order Accepting 2025 Cost Allocation Update Filing at P 42; *see also* Order Accepting 2021 Cost Allocation Update Filing at P 42 (“[T]he Commission has previously found that review of proposed revisions to [the Schedule 12-Appendies] to provide updated annual cost responsibility assignments for transmission projects included in the PJM RTEP is limited to whether PJM has correctly applied Schedule 12 of the PJM Tariff.”).

¹⁴ Order Accepting 2025 Cost Allocation Update Filing at P 42.

¹⁵ Order Accepting 2024 Cost Allocation Update Filing at P 28.

B. The Cost Allocation Updates in the 2026 Update Filing Are Just and Reasonable as Filed and Fully Comply with the Filed Rate Under Tariff, Schedule 12.

As with PJM’s prior annual cost allocation update filings, the sole issue in this proceeding is whether PJM properly determined cost responsibility assignments consistent with the Commission-accepted methodologies in Tariff, Schedule 12. Whether those methodologies are just and reasonable is not within the scope of this proceeding. LIPA/Neptune nonetheless make such arguments challenging the justness and reasonableness of the currently effective Tariff methodologies.¹⁶

In their 2026 Protest, LIPA/Neptune argue that the cost responsibility assignments proposed in the 2026 Cost Allocation Update Filing are unjust and unreasonable because PJM used the netting procedure and the *de minimis* threshold exclusion when performing the solution-based DFAX calculations.¹⁷ LIPA/Neptune suggest that PJM’s approach is contrary to the U.S. Court of Appeals for the D.C. Circuit (“D.C. Circuit”) decision in *Old Dominion*.¹⁸ However, as LIPA/Neptune acknowledge, the Commission has yet to issue an order in response to the D.C. Circuit’s 2022 remand order,¹⁹ nor has it acted on the Settlement Agreement filed in the Consolidated Proceedings. As such, the solution-based DFAX methodology in the currently effective Tariff includes the application of the netting procedure and the *de minimis* rule, including the host zone exclusion rule. Until the Commission makes effective any revisions to the Tariff’s cost allocation methodologies, PJM is required to apply the currently effective rate set forth in Tariff, Schedule 12, and

¹⁶ See LIPA/Neptune 2026 Protest at 2-3.

¹⁷ See LIPA/Neptune 2026 Protest at 1-2.

¹⁸ See LIPA/Neptune 2026 Protest at 8 & n.18 (citing *Old Dominion Elec. Coop. v. FERC*, 898 F.3d 1254, 1260-63 (D.C. Cir. 2018)).

¹⁹ *Consol. Edison Co. of N.Y., Inc. v. FERC*, 45 F.4th 265, 290 (D.C. Cir. 2022).

PJM has done so in calculating the cost responsibility assignments at issue in this proceeding.

Furthermore, the Commission has consistently held that LIPA/Neptune's challenges to PJM's application of the netting *de minimis* rule in RTEP annual cost allocation proceedings are beyond the scope of such proceedings.²⁰ The Commission has also found that the ongoing Consolidated Proceedings are the proper proceeding to raise challenges to the justness and reasonableness of certain components of the solution-based DFAX methodology.²¹

Therefore, PJM respectfully requests that the Commission again reject LIPA/Neptune's challenges to the netting procedure and *de minimis* rule as outside the scope of this proceeding and confirm that the appropriate proceeding to address such challenges are the Consolidated Proceedings and the Remand Proceeding.

C. The Changes to Cost Allocations Are Expected Due to Year-to-Year Modifications to the Transmission System.

LIPA/Neptune argue that the cost allocations proposed in the 2026 Cost Allocation Update Filing are anomalous, and that PJM fails to explain the reasons for the volatility in the cost allocations.²² In support of this claim, LIPA/Neptune point to four RTEP baseline upgrades whose 2026 cost allocations they argue have shifted “from approximately 9% to almost 40%” to another Zone as compared to the 2025 allocations.²³

²⁰ Order Accepting 2025 Cost Allocation Update Filing at PP 42-43; Order Accepting 2024 Cost Allocation Update Filing at P 28; Order Accepting 2023 Cost Allocation Update Filing at P 27; Order Accepting 2022 Cost Allocation Update Filing at P 28; Order Accepting 2021 Cost Allocation Update Filing at PP 44-47.

²¹ Order Accepting 2021 Cost Allocation Update Filing at P 47.

²² See LIPA/Neptune 2026 Protest at 8.

²³ LIPA/Neptune 2026 Protest at 7.

As PJM explained in its answer to LIPA/Neptune’s protest to the 2023 Cost Allocation Update Filing, PJM continues to identify two primary categories of drivers for changes to cost responsibility assignments using solution-based DFAX: (i) changes to the PJM transmission system; and (ii) regulatory changes. Changes to cost assignments are an expected outcome of calculations based on the solution-based DFAX methodology and planning model changes.²⁴

Transmission system modifications that affect flows on the PJM transmission system have an impact on cost allocations derived with solution-based DFAX methodology. For instance, flows on the PJM transmission system are affected by the addition of transmission enhancements or expansions, generation additions and retirements, changes to load in PJM and/or neighboring systems. PJM reflects most of these changes in the annual RTEP starting base case for the upcoming RTEP year and adds new PJM Board-approved transmission enhancements and expansions to the model throughout the RTEP year. Collectively, such changes to the model, over time, affect the resulting cost allocation changes.²⁵

Additionally, PJM applied the “no host zone exclusion” to the *de minimis* exception that became effective June 11, 2022. PJM applied the *de minimis* exception to the host zones in employing the solution-based DFAX methodology to calculate the cost responsibility assignments proposed in the 2026 Cost Allocation Update Filing.²⁶ That cost

²⁴ *PJM Interconnection, L.L.C.*, Motion for Leave to Answer and Limited Answer of PJM Interconnection, L.L.C., Docket No. ER23-712-000, at 8 (Jan. 27, 2023); *PJM Interconnection, L.L.C.*, Motion for Leave to Answer and Limited Answer of PJM Interconnection, L.L.C., Docket No. ER22-702-000, at 6 (Jan. 26, 2022); *PJM Interconnection, L.L.C.*, Response to February 18, 2021 Deficiency Letter, Docket No. ER21-726-001, Transmittal Letter at 13-16 (Mar. 22, 2021).

²⁵ See *supra* note 24.

²⁶ 2026 Cost Allocation Update Filing, Transmittal Letter at 22-24.

allocations change is an expected outcome of the solution-based DFAX methodology, particularly as it is performed annually, to ensure that cost allocations track the actual beneficiaries throughout the lifetime of the assets as the PJM transmission system evolves. Thus, the LIPA/Neptune 2026 Protest simply is a challenge to solution-based DFAX methodology. Such challenges are beyond the scope of this proceeding and are more appropriately addressed in the Consolidated Proceedings and Remand Proceeding.²⁷

D. The Commission Should Not Delay Approving the 2026 Cost Allocation Update Filing Until It Can Accept the Settlement Currently Pending Before the Commission.

LIPA/Neptune encourage the Commission to take immediate action on the pending Settlement Agreement because it would resolve the issues pending in the Consolidated Proceedings.²⁸ LIPA/Neptune note that the Settlement Agreement proposes a Zonal Integration approach for solution-based DFAX value calculations that will integrate Merchant Transmission Facilities holding Firm Transmission Withdrawal Rights into the Zone they are physically located in and includes other provisions designed to refine the no host zone exclusion structure. LIPA/Neptune suggest such changes and other terms of the Settlement Agreement would reasonably increase the alignment of the solution-based DFAX cost allocation assignments with derived benefits.²⁹

PJM also urges the Commission to act on the Settlement Agreement. PJM notes that it filed comments in support of the Settlement Agreement,³⁰ but does not believe that

²⁷ See *supra* Section II(B).

²⁸ See LIPA/Neptune 2026 Protest at 4.

²⁹ See LIPA/Neptune 2026 Protest at 4-5.

³⁰ *PPL Elec. Utils. Corp.*, Comments of PJM Interconnection, L.L.C. in Support of Settlement, Docket Nos. ER22-1606-001 & EL21-39-000 (Mar. 28, 2025).

Commission review and approval of the Settlement Agreement should delay or impact the Commission's review and approval of the 2026 Cost Allocation Update Filing.

III. CONCLUSION

For the reasons set forth above, PJM respectfully requests that the Commission:

(i) grant this motion for leave to answer; (ii) reject the LIPA/Neptune 2026 Protest; and

(iii) accept the Tariff revisions proposed in the 2026 Cost Allocation Update Filing, effective January 1, 2026.

Respectfully submitted,

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Dated: February 4, 2026

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 Washington, DC, this 4th day of February 2026.

/s/ Sigifredo Perez

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