UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Murphy Solar, LLC	**)**	**Docket No. ER26-1020-001**
Bells Solar, LLC	**)**	

MOTION FOR LEAVE TO ANSWER AND ANSWER OF PJM INTERCONNECTION, L.L.C. IN RESPONSE TO REQUEST FOR REHEARING

PJM Interconnection, L.L.C. ("PJM") respectfully submits this Motion for Leave to Answer and Answer[1] in response to the request for rehearing filed by SunEnergy1, LLC ("SunEnergy1") and SE1 Devco, LLC ("SE1 Devco," and with SunEnergy1, the "SE1 Parties"), on behalf of their affiliates Murphy Solar, LLC ("Murphy") and Bells Solar, LLC ("Bells"), in this docket.[2] As discussed herein, the Commission should deny rehearing of its order denying the waiver requested by SE1 Parties.[3] The arguments raised by SE1 Parties fail to demonstrate that the Commission committed any legal errors that would require granting rehearing. In fact, SE1 Parties continue to reassert many of the same arguments that the Commission rejected initially, and the Commission should do so again here.

I. MOTION FOR LEAVE TO ANSWER

While Rule 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213, does not generally provide for answers to requests for rehearing, such pleadings

[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] *Murphy Solar, LLC*, Request for Rehearing of Murphy Solar, LLC and Bells Solar, LLC, Docket No. ER26-1020-001 (May 14, 2026) ("Request for Rehearing").

[3] *Murphy Solar, LLC*, 195 FERC ¶ 61,034 (2026) ("Order Denying Waiver").

have been permitted where, as here, the information provided in an answer will facilitate the Commission's decisional process, clarify the record, or aid in the explication of issues.[4]

Accordingly, PJM seeks leave to respond to the Request for Rehearing in order to assist the Commission in its decision-making and clarify the issues under consideration in this proceeding. This Answer will provide the Commission with additional information that will aid its evaluation of this proceeding. Therefore, PJM respectfully requests that the Commission accept this Answer.

II. ANSWER

A. SE1 Parties' Arguments Regarding the Commission's Purported Failure to Balance Harms and Benefits of Granting the Waiver are Inaccurate and Fatally Self-Interested.

SE1 Parties allege that the Commission was arbitrary and capricious when it failed "to explain its departure from precedent that waiver should be granted where the benefits of granting the waiver outweigh the potential harm."[5] To the contrary, the Commission provided a thorough and well-reasoned determination in denying the waiver, and SE1 Parties' argument fails for several reasons.

First, the cases cited by SE1 Parties do not support their position on waivers. In *PJM Interconnection, L.L.C.*,[6] the Commission did not make any sort of standard finding when it concluded that "the benefits of delaying the capacity market auctions outweigh any

[4] *See, e.g.*, *DW-Lew Jones LLC*, 193 FERC ¶ 61,174, at P 32 (2025) (accepting PJM's answer to an answer because it provided information that assisted the Commission in its decision-making process); *PJM Interconnection, L.L.C.*, 193 FERC ¶ 61,192, at P 28 (2025) (accepting PJM's answer to protests because it provided information that assisted the Commission in its decision-making process); *PJM Interconnection, L.L.C.*, 176 FERC ¶ 61,163, at P 2 (2021) (accepting PJM's answer to protests because it provided information that assisted the Commission in its decision-making process).

[5] Request for Rehearing at 5-6.

[6] *PJM Interconnection, L.L.C.*,189 FERC ¶ 61,105, at P 29 n.51 (2024) ("*PJM*").

potential harm."[7] For each and every waiver request that comes before it, under the four-prong waiver test, the Commission considers whether there are any "undesirable consequences, such as harm to third parties" under the fourth prong. In *PJM*, the Commission evaluated this prong "*based on the record" in that proceeding*, and concluded that it had been satisfied after it balanced the harms against the benefits of delaying the capacity auctions.[8]

The manner in which SE1 Parties frame the issue presupposes that in this particular case, the conclusion that the benefits of granting waiver outweigh the harms was inevitable, and that it was an unexplained departure from precedent to find otherwise.[9] The Commission was, of course, not bound to make such a finding. And, to the extent SE1 Parties argue more generally the Commission failed to engage in the analysis of relative benefits to harms,[10] they fare no better. The Commission was not required to explicitly engage in an analysis of the relative benefits to harm, any more than it was compelled to conclude that the benefits of granting waiver absolutely outweigh the harms of doing so. Under prong four, the Commission is only required to evaluate whether granting waiver "would have undesirable consequences, such as harm to third parties."[11] That is it. In fact, it need not evaluate harm at all—harm is just one example of an "undesirable consequence"

[7] *PJM* at P 29.

[8] *PJM* at P 29 (emphasis added).

[9] Request for Rehearing at 5-6 ("The Commission's failure to explain its departure from precedent that waiver should be granted where the benefits of granting the waiver outweigh the potential harm is arbitrary, capricious, and not the product of reasoned decision making."); *id.* at 6-7, ("[T]he Commission deviates without explanation from precedent establishing that this prong of the waiver analysis is met when the benefit of granting waiver outweighs the potential harm to third parties.").

[10] Request for Rehearing at 8 ("[T]he Commission engages in no analysis of the benefit of the requested waiver relative to this purported harm . . . . Because the Commission engaged in no analysis of the relative benefit of granting the waiver against the associated potential harm, it did not engage in reasoned decisionmaking.").

[11] Order Denying Waiver at PP 24-25.

the Commission considers when presented with a request for waiver. SE1 Parties' claim that the Commission has departed from its waiver precedent without explanation therefore is unavailing.

The Commission must also consider the record before it in each case. That is exactly what the Commission did here. The Commission evaluated the record and concluded that there would indeed be "material, quantifiable harm," in the form of "tens of millions of dollars," that would have been imposed on other Project Developers in Transition Cycle No. 1 ("TC1").[12] Chairman Swett and Commissioner See expanded on this harm in their concurrence, stating that "[c]ost shifts of that magnitude in the final stages of the interconnection process cause direct financial harm to other interconnection customers" and noting the potential cascading effects on other projects' viability.[13] Unsurprisingly, SE1 Parties do not anywhere in their Request for Rehearing remind the Commission what the purported benefits of granting waiver were. In fact, SE1 Parties only briefly mention this "benefit" in their initial request for waiver where they state that "[r]eturning Murphy's and Bells' Readiness Deposits will enable the SE1 Parties to put those funds toward the development of other projects that will provide badly needed capacity in the PJM region"[14] and that "[t]he significant benefit *to the SE1 Parties* from return of the full Readiness Deposits far outweighs the minor pro rata subsidy to underfunded Network Upgrades, which minor windfall no third party could reasonably

[12] Order Denying Waiver at PP 25-26.

[13] Order Denying Waiver at concurrence op. P 6 (Chairman Swett & Commissioner See).

[14] *SunEnergy1, LLC*, *SE1 Devco, LLC*, Request for Limited and Prospective Tariff Waiver, of Murphy Solar, LLC and Bells Solar, LLC, Docket No. ER26-1020-000, at 12 (Jan. 9, 2026) ("Waiver Request").

have held a reliance interest in."[15] SE1 Parties' purported "benefits" are nothing of the sort and are not fully explained. Their conception of "benefits" revolves solely around their own interests and in no way align with the balancing of benefit and harm the Commission performed in *PJM*. In this case, there is no serious benefit consistent with Commission precedent; therefore, there is nothing for the Commission to balance.

SE1 Parties' reliance on *Montana-Dakota Utilities, Co.*[16] is also fatally misplaced. As a threshold matter, it is incorrect for SE1 Parties to argue that it is "reversible error" for the Commission to have failed to address or distinguish this case because it was not raised in any pleadings in this case previously. "The Commission has long held that it will reject new arguments on rehearing that could have been made originally but were not."[17] The Commission should therefore reject this argument as a threshold matter.

Turning to substantive matters, first, SE1 Parties misstate the finding made by the Commission. They assert that the Commission found "[the *MDU*] waiver request satisfied fourth prong of waiver analysis, despite inherent shift of network upgrade costs to other third parties."[18] In fact, the Commission made no such finding. Rather, it found that "the record evidence includes no claims of harm to third parties and instead makes clear that granting the waiver will actually avoid harm to third parties."[19] While Montana-Dakota did state that they would incur "substantial network upgrade costs,"[20] SE1 Parties' framing of the Commission's determination, as they reference in a later footnote, is grounded in

[15] Waiver Request at 14 (emphasis added).

[16] *Montana-Dakota Utilities Co.*, 172 FERC ¶ 61,278 (2020) ("*MDU*").

[17] *Omaha Pub. Power Dist.*, 164 FERC ¶ 61,238, at P 11 (2018).

[18] Request for Rehearing at 7 n.9 (citing *MDU*).

[19] *MDU* at P 18.

[20] *MDU* at P 8.

then-Commissioner Danly's dissent.[21] Separate statements of the Commissioners are not binding precedent. Finally, SE1 Parties cite *MDU* to support their argument that the Commission was arbitrary and capricious when it failed to analyze the relative benefit to harm. This is a misapplication of *MDU*, which does not include this sort of analysis and is materially distinguishable because, among other things, there was no evidence of harm presented in the record or raised by any intervening party in *MDU*.

B. Underfunding of Network Upgrades Will Be Exacerbated if the Commission Were to Require PJM to Return the Readiness Deposits to SE1 Parties in Light of the Results of Retool 2.

As explained above, SE1 Parties continue to either willfully ignore or completely discount the harm that would be caused for other Project Developers in TC1 if PJM were required to return their Readiness Deposit. As PJM previously stated and as the Commission properly recognized in its Order Denying Waiver, as a result of Retool 1, "which did not include the Murphy and Bells projects due to their withdrawal, twenty upgrades to which the Murphy and Bells projects contributed still remain and must be funded . . . if this waiver is granted, the Project Developers that remain in TC1 will bear both their own and Murphy and Bells' share of the costs of these upgrades, which amounts to tens of millions of dollars shifted to remaining TC1 projects."[22]

SE1 Parties attempt to argue that it is the "numerous other projects that are actually causing the costs at issue,"[23] but this argument is completely unmoored from the operation of PJM's interconnection process and the currently effective Tariff. The Commission was

[21] *See* Request for Rehearing at 8 n.14.

[22] *PJM Interconnection, L.L.C.*, Motion for Leave to Answer and Answer of PJM Interconnection, L.L.C., Docket No. ER26-1020-000, at P 4 (Feb. 27, 2026) (emphasis omitted) ("PJM Answer to SE1 Parties' Answer"). *See* Order Denying Waiver at P 26.

[23] Request for Rehearing at 8.

clear in its order that "the Tariff establishes that, when projects withdraw, forfeited Readiness Deposits are applied to underfunded network upgrades within the Transition Cycle *to mitigate cost impacts* on remaining customers"[24] and that "the approximately $44.1 million in Readiness Deposits submitted by Murphy and Bells shield other interconnection customers from additional costs resulting from their decision to withdraw from the queue."[25]

Further, the results for Retool 2 of TC1, which were posted on PJM's website on May 15, 2026,[26] reaffirm, and in fact, show an increase in, the significant financial impact that would result if the Commission were to grant rehearing and require PJM to return the Murphy and Bells' Readiness Deposit of $44,075,578. Retool 2 reveals that there are a total of 29 underfunded network upgrades for TC1, with costs totaling $173,233,435.67. Of this total, $132,952,723.17 in forfeited Readiness Deposits is available to fund the 29 network upgrades. This means that $40,280,712.50 in TC1 network upgrade costs still remain underfunded, which will have to be recovered from the remaining TC1 Project Developers. If PJM has to return the SE1 Parties' Readiness Deposits, the underfunding amount to be recovered from the remaining TC1 Project Developers would more than double. The harm that would be caused by a grant of the SE1 Parties' rehearing request is undeniable; weighing against this harm are, effectively, no real benefits.

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[24] Order Denying Waiver at P 26 (emphasis added).

[25] Order Denying Waiver at P 27.

[26] *Transmission Cycle 1*, PJM Interconnection, L.L.C. (May 14, 2026, at 12:06 ET), https://www.pjm.com/pjmfiles/pub/planning/project-queues/Cluster-Reports/TC1/TC1_FINAL_Executive_Summary.htm [https://perma.cc/P7TL-GMEN] (scroll down to heading "System Reinforcements" then follow hyperlink in sentence "Information regarding *Forfeited Readiness and Underfunded Network Upgrades* for Transition Cycle 1 is available for download here.").

C. SE1 Parties' Arguments Regarding the Relationship between Federal Tax Credits and the Basis for PJM's Queue Reforms and Order No. 2023[27] Continue to Be Misguided and Irrelevant to the Commission's Waiver Analysis.

SE1 Parties assert that the Commission failed to address their argument "that the unprecedented and unforeseeable elimination of federal tax credits provided for in the [Inflation Reduction Act of 2022] fundamentally altered the regulatory landscape on which Murphy and Bells reasonably relied, and on which PJM's Readiness Deposit framework was itself constructed."[28] This argument misses the mark because the issue is irrelevant to the Commission's waiver analysis. As discussed in PJM's answer to SE1 Parties' answer in this proceeding, SE1 Parties' reliance on the federal tax credits was not something to which they were entitled, and it is irrelevant for purposes of the Commission's analysis under the four-prong waiver test.[29] The Commission need not respond to this argument.[30]

Further, the Commission spoke to this issue in a related complaint, and its analysis there is relevant here. In the Gaston Green Acres Solar proceeding, Gaston Green Acres Solar, LLC ("Gaston") and Bethel NC HWY 11 Solar, LLC ("Bethel", and together with Gaston, "Complainants") filed a complaint alleging, among other things, that PJM's Tariff was unjust and unreasonable because it does not afford developers, including Complainants, the opportunity to withdraw their projects from TC1 without penalty after a

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[27] *Improvements to Generator Interconnection Procedures and Agreements*, Order No. 2023, 184 FERC ¶ 61,054, *limited order on reh'g*, 185 FERC ¶ 61,063 (2023), *order on reh'g & clarification*, Order No. 2023-A, 186 FERC ¶ 61,199, *errata notice*, 188 FERC ¶ 61,134 (2024), *appeals pending sub nom.* Petition for Review, *Advanced Energy United v. FERC*, Nos. 23-1282, et al. (D.C. Cir. Oct. 6, 2023).

[28] Request for Rehearing at 8-9.

[29] *See* PJM Answer to SE1 Parties' Answer at 4-6.

[30] The joint concurrence of Chairman Swett and Commissioner See addressed SE1 Parties' claims that changing circumstances had undercut the Readiness Deposit requirements, stating, "the Commission cannot convert every market shift into a waiver-worthy event without effectively rewriting tariffs on an ad hoc basis" and "[a] financial commitment that evaporates when circumstances shift is not a commitment at all." Order Denying Waiver at concurrence op. P 7 (Chairman Swett & Commissioner See).

restudy that results in an extreme increase in allocated Network Upgrade costs.[31] Complainants generally argued there, as SE1 Parties do here, that the elimination of federal tax credits for renewable resources undermined the basis for PJM's interconnection queue reforms and Order No. 2023, and that the inability to withdraw penalty-free in such a circumstance rendered the PJM Tariff unjust and unreasonable.[32]

In rejecting this argument, the Commission found that Complainants did not "demonstrate that this alleged change in circumstances" rendered the PJM Tariff unjust and unreasonable and did not "obviate[] the need for PJM's Readiness Deposit framework to mitigate the impact of late-stage withdrawals of speculative or non-viable projects on other interconnection customers."[33] In other words, Complainants failed to demonstrate a relationship between the elimination of federal tax credits and the basis for the above-mentioned queue reforms. Further, and most importantly, the Commission reinforced one of the actual reasons for the reforms: to mitigate the impact of late-stage withdrawals. As PJM stated in its protest to the Waiver Request, in the Commission's order on PJM's compliance filing for Order No. 2023, the Commission stated "a withdrawal that leaves network upgrades underfunded can reasonably be considered a withdrawal that has a material impact, specifically a cost impact, for equal or lower queued interconnection requests."[34] This is the basis for PJM's reforms, and as the Commission properly recognized in its order denying waiver, granting waiver "would impose material,

[31] *Gaston Green Acres Solar, LLC*, Complaint of Gaston Green Acres Solar, LLC and Bethel NC HWY 11 Solar, LLC Against PJM Interconnection L.L.C., Request for Shortened Comment Period and Fast Track Processing and Request for Alternative Relief, Docket No. EL26-39-000 (Jan. 8, 2026).

[32] *Gaston Green Acres Solar, LLC; Bethel NC Hwy 11 Solar, LLC v. PJM Interconnection, L.L.C.*, 195 FERC ¶ 61,133, at P 14 (2026) ("Order Denying Complaint").

[33] Order Denying Complaint, at P 59.

[34] *PJM Interconnection, L.L.C.*, 194 FERC ¶ 61,053, at P 23 (2026).

quantifiable harm by shifting millions of dollars in costs to other interconnection customers in Transition Cycle 1. This is exactly the type of harm that PJM's Readiness Deposit mechanism is designed to prevent."[35] There is, therefore, no merit to SE1 Parties' argument that the elimination of federal tax credits also eliminates the basis for the reforms of which they complain, and the Commission was not required to address it.

[35] Order Denying Waiver at P 25.

III. CONCLUSION

For the reasons set forth above, PJM requests that the Commission accept this answer and deny the Request for Rehearing to avoid the adverse effects such action would have on Project Developers in TC1 and to preserve the orderly administration of PJM's interconnection queue.

Respectfully submitted,

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June 2, 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, D.C., this 2nd day of June 2026.

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