April 27, 2020

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E. Room 1A
Washington, D.C. 20426

Re:  *PJM Interconnection L.L.C., Docket Nos. EL19-100-000, ER20-584-000 (consolidated)*

Notice of Intent of PJM Interconnection, L.L.C.

Dear Secretary Bose,

On April 10, 2020, the Federal Energy Regulatory Commission (“FERC” or “Commission”) issued an order in the above-captioned proceedings\(^1\) (i) consolidating Docket Nos. EL19-100-000 and ER20-584-000, (ii) establishing expanded paper hearing procedures in Docket No. EL19-100-000 to evaluate the justness and reasonableness of PJM’s methodologies for determining the capability of all resource types for Capacity Resource\(^2\) qualification purposes to address the issues raised in Docket Nos. ER20-584-000 and EL19-100-000, and (iii) holding the expanded paper hearing procedures in Docket No. EL19-100-000 in abeyance through October 30, 2020.\(^3\)

In the April 10 Order, the Commission clarified that if PJM files, pursuant to Federal Power

\(^1\) *PJM Interconnection, L.L.C.*, 171 FERC ¶ 61,015 (2020) (the “April 10 Order”).

\(^2\) Terms not otherwise defined herein shall have the same meaning as set forth in the PJM Open Access Transmission Tariff (“Tariff”), the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”), and the Reliability Assurance Agreement Among Load-Serving Entities in the PJM Region (“RAA”). The Tariff, the Operating Agreement, and the RAA are currently located under PJM’s “Intra-PJM Tariffs” eTariff title, available here: [https://etariff.ferc.gov/TariffBrowser.aspx?tid=1731](https://etariff.ferc.gov/TariffBrowser.aspx?tid=1731)

\(^3\) *Id.* at Ordering Paras. (A), (B), and (C).
Act ("FPA") section 205, a proposed methodology or methodologies for determining the capability of all resource types for Capacity Resource qualification purposes on or before October 30, 2020, the consolidated proceedings will be held in abeyance pending Commission action on that FPA section 205 filing. In the event that PJM does not make such a filing pursuant to FPA section 205 on or before October 30, 2020, the Commission specified that the expanded paper hearing procedures in Docket No. EL19-100-000 to address the issues raised in Docket Nos. ER20-584-000 and EL19-100-000 will resume, with PJM’s initial brief due October 30, 2020, responses due November 20, 2020, and replies to those responses due December 7, 2020.

In explaining its decision to hold the above-captioned proceedings in abeyance until October 30, 2020, the Commission in the April 10 Order stated that “[t]his will permit PJM and the PJM stakeholders time to consider a methodology or methodologies to apply to all resource types while also allowing for such rules to become effective in advance of the next capacity auction.” While PJM interprets this statement to be an expression of the Commission’s preference to establish a new methodology or methodologies for determining the capability of all resource types for Capacity Resource qualification purposes prior to the next PJM Base Residual Auction ("BRA"), PJM notes the absence of any language in the April 10 Order explicitly conditioning the commencement of the next BRA upon the outcome of these proceedings. PJM further notes that both procedural contingencies contemplated by the April 10 order—the continued abeyance of

---


5 April 10 Order at Ordering Para. (C).

6 Id.

7 Id. at P 34.
these consolidated proceedings pending the outcome of the FPA section 205 filing, or, in the alternative, the initiation of briefing in the expanded paper hearing—were not accounted for under the proposed timeline for the commencement of the next BRA in PJM’s March 18, 2020 Minimum Offer Price Rule (“MOPR”) compliance filing in Docket No. ER18-1314-003, and could lead to significant additional delay in the commencement of the next BRA by virtue of their associated indeterminate timeframes. For example, under PJM’s MOPR Compliance Filing, Capacity Market Sellers must submit unit-specific MOPR exemption requests no later than 120 days prior to the next BRA. A critical factor in Capacity Market Sellers’ determination of whether or not to submit a unit-specific exemption request is the default Net Cost of New Entry, which in turn is predicated on the capacity value assigned to different classes of Capacity Resources. If these capacity values are to be determined pursuant to the new PJM-proposed or Commission-specified methodology contemplated by either procedural contingency in the April 10 Order, Capacity Market Sellers will be unable to make these critical determinations until the above-captioned proceedings are resolved, which in turn could interfere with the schedule proposed in the MOPR Compliance Filing, including PJM’s proposal to run the next BRA six-and-a-half months after the date of the Commission’s acceptance of PJM’s MOPR Compliance Filing. Accordingly, absent further guidance from the Commission, PJM intends to proceed on the basis that the commencement of the next BRA is not conditioned upon the outcome of these proceedings.


9 Id. at Attachment A.

10 Id. at 84 (“Specifically, PJM proposes to complete all pre-auction activities and open the BRA for the 2022/2023 Delivery Year within six and a half months after the date of the Commission’s acceptance of PJM’s compliance filing.”).
Respectfully submitted,

/s/ Thomas DeVita

Thomas DeVita
Senior Counsel
PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, PA 19403
(610) 635-3042
Thomas.DeVita@pjm.com

On behalf of
PJM Interconnection, L.L.C.
CERTIFICATE OF SERVICE

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

Dated at Audubon, PA this 27th day of April, 2020.

/s/ Lisa Romani
Lisa Romani
Sr. Paralegal
PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403
(610) 666-8994
Lisa.Romani@pjm.com