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December 3, 2021

Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426-0001

*Re: PJM Interconnection, L.L.C., Docket No. ER22-548-000  
Proposed Updates to Behind the Meter Generation Business Rules on Status Changes*

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act and the Federal Energy Regulatory Commission's ("Commission") Regulations,<sup>1</sup> PJM Interconnection, L.L.C. ("PJM") hereby submits proposed revisions to PJM's Open Access Transmission Tariff ("Tariff").<sup>2</sup> As further explained below, the proposed updates to the Tariff include revisions to remove inconsistencies associated with administrative timelines related to status changes for a facility to operate as a Generation Capacity Resource or Behind the Meter Generation.

These revisions were endorsed by acclamation with no objections or abstentions at both the October 20, 2021 Markets and Reliability Committee ("MRC") and the November 17, 2021 Members Committee ("MC"). PJM requests an effective date of February 2, 2022, for the proposed substantive revisions discussed below.

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<sup>1</sup> 16 U.S.C. § 824d; 18 C.F.R. Part 35.

<sup>2</sup> For the purpose of this filing, capitalized terms not defined herein shall have the meaning as contained in the PJM Open Access Transmission Tariff or the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C.

## **I. BACKGROUND**

Behind the Meter Generation (“BTMG”) refers to a generation unit that delivers energy to load without using the Transmission System or any distribution facilities.<sup>3</sup> PJM’s Tariff specifies that BTMG does not include: any portion of such generating unit’s capacity that is designated a Generation Capacity Resource (at any time); nor does it include any portion of the output of such generating unit that is sold to another entity for consumption at another electrical location or into the PJM Interchange Energy Market.<sup>4</sup> Notwithstanding, the Tariff outlines the process for Generation Interconnection Customer to elect to operate all or portion of a BTMG unit’s capability as a Generation Capacity Resource (up to the Capacity Interconnection Rights awarded), along with the process to change such election and operate in BTMG status.

## **II. REVISING THE TARIFF LANGUAGE WILL ADDRESS CONFLICTS WITH RPM MUST OFFER REQUIREMENT AND REMOVAL OF GENERATION CAPACITY RESOURCE STATUS RULES.**

### ***A. Proposed Revisions & Rationale: Tariff, Attachment O, Appendix 2, section 2.5***

In this filing, PJM proposes updates to the existing BTMG business rules with respect to the timing of the requisite notification to PJM for a resource (or portion thereof) to change from Generation Capacity Resource status to BTMG status and vice versa. Specifically, as further explained below, PJM proposes deleting the entirety of Tariff, Attachment O, Appendix 2, sections 2.5 through 2.5.2. The purpose of these proposed deletions is to address conflict with the must

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<sup>3</sup> Tariff, Definitions A-B. The Tariff language provides an exception in instances when the entity that owns or leases the distribution facilities has consented to such use of the distribution facilities and such consent has been demonstrated to the satisfaction of the Office of the Interconnection.

<sup>4</sup> Tariff, Definitions A-B.

offer requirement in RPM Auctions and inconsistencies with the timelines for the removal of Generation Capacity Resource status in Tariff, Attachment DD, section 6.6(g).

More particularly, Tariff, Attachment O, Appendix 2, section 2.5 states that a “Generation Interconnection Customer may elect from time to time, subject to the terms of this section, whether to operate all or a portion of its Customer’s Facility’s generating capacity as a Capacity Resource.” Tariff, Attachment O, Appendix 2, section 2.5.2 then specifies certain requirements and timelines for a Generation Interconnection Customer to make such elections. Specifically, under this section, a “Generation Interconnection Customer may make the election authorized by this section 2.5 only once in each calendar year and must notify Transmission Provider of such an election no later than May 1, and no sooner than March 15, of each year.”<sup>5</sup>

The above requirements and timelines allowed a Generation Interconnection Customer to make an election with short-term notice just prior to the Delivery Year on whether or not MW capability from the unit would operate as a Generation Capacity Resource and participate in the capacity market for the upcoming Delivery Year or operate as a BTMG and not participate in the capacity market for the upcoming Delivery Year. These requirements and timelines were added to the Tariff in June 2004, predating the establishment of the RPM Auctions.<sup>6</sup> As such, while these provisions were aligned with the capacity market structure in place prior to RPM Auctions, they are not aligned with the current capacity market structure since they do not recognize the three year forward nature of the RPM Auctions and the requirement that certain Capacity Resources must be offered into the auctions up to three years in advance of the actual Delivery Year. Existing

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<sup>5</sup> Tariff, Attachment O, Appendix 2, section 2.5.2

<sup>6</sup> See PJM Interconnection, L.L.C., Docket No. ER04-608-000.

Generation Capacity Resources that are subject to the must offer requirement will have capacity obligations for the relevant Delivery Year if cleared in the RPM Auctions - making it difficult for the resources to elect to become BTMG status immediately prior to May 1 of the Delivery Year under Tariff, Attachment O, Appendix 2, section 2.5.2.

In addition, the timeline requirements for the removal of Generation Capacity Resource status rules in Tariff, Attachment DD, section 6.6(g), which contains timelines that reflect the forward nature of RPM Auctions, do not align with the timeline requirements in Tariff, Attachment O, Appendix 2, sections 2.5 through 2.5.2, described above. In particular, section 6.6(g) specifies that when a Capacity Market Seller seeks to remove a Generation Capacity Resource from Capacity Resource status, the Capacity Market Seller must submit a preliminary written request to the Marketing Monitoring Unit (“MMU”) and PJM by no later than the September 1 that last precedes the Base Residual Auction and 240 days prior to the commencement of the offer period for the applicable Incremental Auction.<sup>7</sup> Thereafter, the Capacity Market Seller shall notify PJM and the MMU of its intent to either withdraw its preliminary request or confirm its preliminary decision to remove the Generation Capacity Resource from Capacity Resource status. This notification must be provided by no later than the December 1 that last precedes the Base Residual Auction for the applicable Delivery Year or 120 days prior to the commencement of the offer period for the applicable Incremental Auction. Following this secondary notification, the MMU will provide a determination regarding the Capacity Resource status removal and whether or not any market power issues were identified. The MMU must provide this notification to the Capacity Market Seller and PJM, by no later than 90 days prior to the commencement of the offer period

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<sup>7</sup> Tariff, Attachment DD, section 6.6(g).

for the applicable RPM auction.<sup>8</sup> In short, Tariff, Attachment DD, section 6.6(g) very specifically details the timelines and related requirements for removal of capacity resource status and the necessity of those timelines to ensure review of market power impact.

To rectify this misalignment with the current capacity market structure, PJM proposes to delete the requirements in Tariff, Attachment O, Appendix 2, sections 2.5 through 2.5.2. Removing the timing and duration of election language in section 2.5.2 will eliminate the existing timing inconsistencies with Tariff, Attachment DD, section 6.6(g). Eliminating Tariff, Attachment O, Appendix 2, sections 2.5 through 2.5.2 does not create a void in rules addressing the removal of Generation Capacity Resource status and becoming a BTMG since Tariff, Attachment DD, section 6.6(g) already addresses these scenarios.

***B. Proposed Revisions & Rationale: Tariff, section 36.1A.6***

As part of the aforementioned revisions, PJM is also proposing to make related revisions to Tariff, section 36.1A.6, which refers to BTMG operation as a Capacity Resource. In particular, PJM proposes to simply remove the reference to section 2.5, consistent with the proposed deletion, as set forth in the preceding section. PJM's proposed revision does not substantively alter the language of this subsection, but rather removes the reference to the Tariff, Attachment O, Appendix 2, section 2.5 that PJM proposes to eliminate. Based on the foregoing, this updated section will result in the proposed blacklined language, as follows:

**36.1A Behind the Meter Generation:**

**36.1A.6 Operation as Capacity Resource:**

To the extent that a Generation Interconnection Customer that owns or operates generation facilities that otherwise would be classified as Behind the Meter Generation elects, ~~in accordance with Tariff, Attachment O, Appendix 2, Section 2.5 (form of Interconnection~~

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<sup>8</sup> Tariff, Attachment DD, section 6.6(g).

~~Service Agreement~~), to operate such facilities as a Capacity Resource, the provisions of the Tariff regarding Behind the Meter Generation shall not apply to such generation facilities for the period such election is in effect.

### **III. STAKEHOLDER PROCESS**

The proposed updates were unanimously endorsed by the main Markets Implementation Committee (“MIC”) body on September 9, 2021. These updates were then endorsed by PJM stakeholders at the October 20, 2021 MRC meeting by acclamation with no objections or abstentions. After endorsement at the MRC, the MC endorsed the proposal with no objections or abstentions on November 17, 2021.

PJM requests an effective date of February 2, 2022 for the proposed Tariff and Operating Agreement revisions referenced herein.

### **V. DESCRIPTION OF SUBMITTAL**

This filing consists of the following:

1. This transmittal letter;
2. Attachment A – Revisions to the Tariff in redline format; and
3. Attachment B – Revisions to the Tariff in clean format.

### **VI. CORRESPONDENCE**

The following individuals are designated for inclusion on the official service list in this proceeding and for receipt of any communications regarding this filing:

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## **VII. SERVICE**

PJM has served a copy of this filing on all PJM Members and on all state utility regulatory commissions in the PJM Region by posting this filing electronically. In accordance with the Commission's regulations,<sup>9</sup> PJM will post a copy of this filing to the FERC filings section of its internet site, located at the following link: <http://www.pjm.com/documents/ferc-manuals/ferc-filings.aspx> with a specific link to the newly-filed document, and will send an e-mail on the same date as this filing to all PJM Members and all state utility regulatory commissions in the PJM Region<sup>10</sup> alerting them that this filing has been made by PJM and is available by following such link. If the document is not immediately available by using the referenced link, the document will be available through the referenced link within 24 hours of the filing. Also, a copy of this filing will be available on the FERC's eLibrary website located at the following link: <http://www.ferc.gov/docs-filing/elibrary.asp> in accordance with the Commission's regulations and Order No. 714.

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<sup>9</sup> See 18C.F.R §§ 35.2(e) and 385.2010(f)(3).

<sup>10</sup> PJM already maintains, updates and regularly uses e-mail lists for all PJM Members and affected state commissions.

## VIII. CONCLUSION

Based on the foregoing, PJM respectfully requests an effective February 2, 2022.

Respectfully submitted,



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



**ATTACHMENT A**  
**MARKED TARIFF**

### **36.1A Behind The Meter Generation:**

The following provisions shall apply with respect to Behind The Meter Generation:

#### **36.1A.1 Generation Interconnection Requests:**

Any Behind The Meter Generation that desires to be designated, in whole or in part, as a Capacity Resource or Energy Resource must submit a Generation Interconnection Request.

#### **36.1A.2 Information Required in Generation Interconnection Requests:**

In addition to the information described in Section 36.1 of the Tariff, a Generation Interconnection Request for Behind The Meter Generation shall include (1) the type and size of the load located (or to be located) at the site of such generation; (2) a description of the electrical connections between the generation facility and the load; and (3) the amount of the facility's generating capacity for which the customer seeks Capacity Interconnection Rights or that will be an Energy Resource. The amount of capacity included in the election pursuant to section (3) of the preceding sentence may be reduced, but shall not be increased, during the interconnection study process in accordance with any rules and procedures stated in the PJM Manuals.

#### **36.1A.3 Small Generation Classification:**

The amount of generating capacity of Behind The Meter Generation that the Generation Interconnection Customer identifies in its Generation Interconnection Request as the capacity that it wishes to be a Capacity Resource or Energy Resource shall determine whether Subpart A or Subpart G of Part IV will apply to such Generation Interconnection Request.

#### **36.1A.4 Transmission Provider Determination:**

Prior to commencing any Interconnection Studies related to a Generation Interconnection Request involving facilities described as Behind The Meter Generation, Transmission Provider shall determine, based on the information included in the Generation Interconnection Request and any other information requested and obtained from the Generation Interconnection Customer, whether the Generating Facility or expansion involved in the Generation Interconnection Request appears to meet the definition of Behind The Meter Generation in the Tariff. In the event that Transmission Provider finds that the subject project does not meet the definition of Behind The Meter Generation, it shall so notify the Generation Interconnection Customer and, for all purposes of Tariff, Part IV and Tariff, Part VI, shall thereafter deem the customer's Generation Interconnection Request to include the full generating capacity of the facility or expansion to which the request relates.

#### **36.1A.5 Treatment As Energy Resource:**

Any portion of the capacity of Behind The Meter Generation that a Generation Interconnection Customer identifies in its Generation Interconnection Request as capacity that it seeks to utilize,

directly or indirectly, in Wholesale Transactions, but for which the customer does not seek Capacity Resource status, shall be deemed to be an Energy Resource.

#### **36.1A.6      Operation as Capacity Resource:**

To the extent that a Generation Interconnection Customer that owns or operates generation facilities that otherwise would be classified as Behind The Meter Generation elects ~~in accordance with Tariff, Attachment O, Appendix 2, section 2.5 (form of Interconnection Service Agreement),~~ to operate such facilities as a Capacity Resource, the provisions of the Tariff regarding Behind The Meter Generation shall not apply to such generation facilities for the period such election is in effect.

#### **36.1A.7      Other Requirements:**

Behind The Meter Generation for which a Generation Interconnection Request is not required under Tariff, Part IV may be subject to other interconnection-related requirements of a Transmission Owner or Electric Distributor with which the generation facility will be interconnected.

## **2.5 [Reserved]**

### **~~Election by Behind The Meter Generation:~~**

~~In the event that a Generation Interconnection Customer's Customer Facility is Behind The Meter Generation, the Generation Interconnection Customer may elect from time to time, subject to the terms of this section, whether to operate all or a portion of its Customer Facility's generating capacity as a Capacity Resource under the Tariff and the Operating Agreement.~~

#### **~~2.5.1 Capacity Resource Election:~~**

~~The Generation Interconnection Customer may elect to operate all or a portion of its Customer Facility as a Capacity Resource only to the extent that the Interconnection Service Agreement grants Capacity Interconnection Rights. Such an election may include all or any portion of the Customer Facility's capacity for which Capacity Interconnection Rights have been granted.~~

#### **~~2.5.2 Timing and Duration of Election:~~**

~~The Generation Interconnection Customer shall make an initial election under this section no later than 30 days prior to the commencement of Interconnection Service. Thereafter, the Generation Interconnection Customer may make the election authorized by this Section 2.5 only once in each calendar year and must notify Transmission Provider of such an election no later than May 1, and no sooner than March 15, of each year. Each such election shall be effective commencing on June 1 following Transmission Provider's receipt of notice of the election. An election under this Section 2.5 shall remain in effect unless and until the Generation Interconnection Customer modifies or terminates it in a subsequent election made in accordance with the terms of this section.~~

**ATTACHMENT B**

**CLEAN TARIFF**

### **36.1A Behind The Meter Generation:**

The following provisions shall apply with respect to Behind The Meter Generation:

#### **36.1A.1 Generation Interconnection Requests:**

Any Behind The Meter Generation that desires to be designated, in whole or in part, as a Capacity Resource or Energy Resource must submit a Generation Interconnection Request.

#### **36.1A.2 Information Required in Generation Interconnection Requests:**

In addition to the information described in Section 36.1 of the Tariff, a Generation Interconnection Request for Behind The Meter Generation shall include (1) the type and size of the load located (or to be located) at the site of such generation; (2) a description of the electrical connections between the generation facility and the load; and (3) the amount of the facility's generating capacity for which the customer seeks Capacity Interconnection Rights or that will be an Energy Resource. The amount of capacity included in the election pursuant to section (3) of the preceding sentence may be reduced, but shall not be increased, during the interconnection study process in accordance with any rules and procedures stated in the PJM Manuals.

#### **36.1A.3 Small Generation Classification:**

The amount of generating capacity of Behind The Meter Generation that the Generation Interconnection Customer identifies in its Generation Interconnection Request as the capacity that it wishes to be a Capacity Resource or Energy Resource shall determine whether Subpart A or Subpart G of Part IV will apply to such Generation Interconnection Request.

#### **36.1A.4 Transmission Provider Determination:**

Prior to commencing any Interconnection Studies related to a Generation Interconnection Request involving facilities described as Behind The Meter Generation, Transmission Provider shall determine, based on the information included in the Generation Interconnection Request and any other information requested and obtained from the Generation Interconnection Customer, whether the Generating Facility or expansion involved in the Generation Interconnection Request appears to meet the definition of Behind The Meter Generation in the Tariff. In the event that Transmission Provider finds that the subject project does not meet the definition of Behind The Meter Generation, it shall so notify the Generation Interconnection Customer and, for all purposes of Tariff, Part IV and Tariff, Part VI, shall thereafter deem the customer's Generation Interconnection Request to include the full generating capacity of the facility or expansion to which the request relates.

#### **36.1A.5 Treatment As Energy Resource:**

Any portion of the capacity of Behind The Meter Generation that a Generation Interconnection Customer identifies in its Generation Interconnection Request as capacity that it seeks to utilize,

directly or indirectly, in Wholesale Transactions, but for which the customer does not seek Capacity Resource status, shall be deemed to be an Energy Resource.

**36.1A.6        Operation as Capacity Resource:**

To the extent that a Generation Interconnection Customer that owns or operates generation facilities that otherwise would be classified as Behind The Meter Generation elects to operate such facilities as a Capacity Resource, the provisions of the Tariff regarding Behind The Meter Generation shall not apply to such generation facilities for the period such election is in effect.

**36.1A.7        Other Requirements:**

Behind The Meter Generation for which a Generation Interconnection Request is not required under Tariff, Part IV may be subject to other interconnection-related requirements of a Transmission Owner or Electric Distributor with which the generation facility will be interconnected.

## 2.5 [Reserved]