

April 11, 2023

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 No. ER23-____-000
Section 205 Filing to Delay Upcoming RPM Auctions, Request for Waiver to Amend Pre-Auction Activity Deadlines for Impacted Delivery Years, and Request for Expedited Action

Dear Ms. Bose:

PJM Interconnection, L.L.C. (“PJM”), pursuant to section 205 of the Federal Power Act (“FPA”), 16 U.S.C. § 824d, and part 35 of the Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) regulations,¹ hereby submits for filing proposed revisions to PJM’s Open Access Transmission Tariff (“Tariff”)² to revise the Reliability Pricing Model (“RPM”) Auction schedule for the 2025/2026 through the 2028/2029 Delivery Years. If accepted, this will allow all RPM Auctions beginning with the 2025/2026 Delivery Year to be conducted after Commission action on PJM’s upcoming filing, currently scheduled to be filed by October 1, 2023, to enhance PJM’s capacity market rules. The reform areas that are under consideration by the PJM Board of Managers (“PJM Board”), as informed by the PJM stakeholder process, are designed to proactively address demonstrated reliability concerns in the PJM footprint during the energy transition over the near-term, i.e., through 2030. Given that the purpose of PJM’s capacity auctions is to provide long-term price signals to ensure capacity sufficient to maintain resource adequacy at just and reasonable rates, PJM’s going forward capacity procurement should be conducted after the Commission has an opportunity to review the enhancements. Accordingly, it is just and reasonable to delay holding RPM Auctions under the current rules, and establish a new RPM Auction schedule upon Commission action on PJM’s upcoming enhancement filing. The rationale for this request is set forth below.

PJM requests an effective date of June 10, 2023, which is 60 days from the date of filing. Such an effective date is appropriate because the 2025/2026 Base Residual

¹ 18 C.F.R. part 35.

² The Tariff is currently located under PJM’s “Intra-PJM Tariffs” eTariff title. See *PJM Interconnection, L.L.C. - Intra-PJM Tariffs*, <https://etariff.ferc.gov/TariffBrowser.aspx?tid=1731> (last visited April 10, 2023). Terms not otherwise defined herein shall have the same meaning as set forth in the Tariff, the Reliability Assurance Agreement among Load Serving Entities in the PJM Region (“RAA”), and the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”).

Auction (or “BRA”) currently is scheduled to open on June 14, 2023. If the Commission does not accept this filing prior to this date, PJM will proceed with the 2025/2026 Base Residual Auction, and all other RPM Auctions for that Delivery Year will remain as currently scheduled.³

PJM did not seek stakeholder endorsement of the proposed revisions herein given the limited time before the next scheduled Base Residual Auction (June 14, 2023). Instead, as further discussed below, PJM is submitting this filing pursuant to Tariff, section 9.2(b) and the Consolidated Transmission Owners Agreement (“CTOA”), section 7.5.1(ii). PJM provided the requisite seven day notice and consultation to the PJM Members and Transmission Owners prior to the submittal of this filing.

I. BACKGROUND

A. PJM Will Propose Capacity Market Rule Enhancements to Address Issues Related to the Energy Transition

PJM is undergoing a major transition in its resource mix. PJM examined this transition in its whitepaper *Energy Transition in PJM: Resource Retirements, Replacements & Risk*.⁴ The evidence examined shows that lower-carbon intermittent resources are the predominant resource type entering the PJM market,⁵ while thermal generation resources are retiring due to a number of economic and policy-driven conditions, including corporate, state, and federal policy requirements, reduced costs and subsidies for non-thermal resources, age-related maintenance costs, environmental standards, and declining energy market revenues.⁶

However, there is potential for a timing mismatch between when the new resources go in service and when segments of the existing generation fleet retire. This mismatch, in combination with expected load growth,⁷ potentially threatens PJM’s ability to maintain resource adequacy during the near-term energy transition, i.e., through 2030. In addition, these challenges have highlighted the need to ensure that the relative contribution of different resources to meeting system reliability needs are adequately recognized and compensated.

While PJM has adequate reserves at this time, PJM’s capacity market is forward looking. Its primary purpose is to send “price signals [to] guid[e] resource entry and

³ To that end, PJM is continuing with pre-auction activities associated with the 2025/2026 Base Residual Auction currently scheduled to commence on June 14, 2023.

⁴ See *Energy Transition in PJM: Resource Retirements, Replacements & Risk*, PJM Interconnection, L.L.C. (Feb. 24, 2023), <https://pjm.com/-/media/library/reports-notices/special-reports/2023/energy-transition-in-pjm-resource-retirements-replacements-and-risks.ashx> (“Whitepaper”).

⁵ See Whitepaper at 11.

⁶ See *id.* at 13.

⁷ See *id.* at 14-15.

exit.”⁸ Therefore, to allow the capacity auction price signal to properly guide such resource mix transition and to maintain an adequate level of generation resources, on February 24, 2023, the PJM Board initiated an accelerated stakeholder process for the purpose of filing with the Commission by October 1, 2023, a suite of capacity market reforms.⁹ Specifically, the PJM Board has directed PJM and stakeholders to develop proposals to improve four key aspects of the capacity market:¹⁰

- enhance risk modeling, e.g., winter risk and correlated outages in reliability planning;
- revise market rules to ensure seller can reflect risk of committing to provide capacity in their capacity market offers;
- enhance capacity accreditation methodologies for all resource types;
- ensure synchronization between PJM’s capacity market rules and its Fixed Resource Requirement rules.¹¹

The PJM Board “believes enhancements in these areas are necessary to improve the operation of the capacity market,” but that does not mean that the other topics PJM and stakeholders have been examining since April 2021 in the Resource Adequacy Senior Task Force may not be included in the upcoming enhancement filing.¹²

PJM and its stakeholders have already embarked on the process for meeting these PJM Board directives in the Critical Issue Fast Path-Resource Adequacy stakeholder process.¹³ As directed by the PJM Board, PJM plans to exercise its FPA section 205 rights and file a proposal to enhance the capacity market rules by October 1, 2023.

B. PJM’s Current Capacity Market Auction Schedule

In recent years, as a result of various regulatory actions and proceedings, PJM has departed from the Tariff requirement that PJM hold Base Residual Auctions “in the

⁸ See *PJM Interconnection, L.L.C.*, 174 FERC ¶ 61,180, concurring op. (Commissioner Glick) at P 2 (2021).

⁹ See *Critical Issue Fast Path – Resource Adequacy*, PJM Interconnection, L.L.C., <https://www.pjm.com/committees-and-groups/cifp-ra> (last visited April 10, 2023).

¹⁰ Letter from Mark Takahashi, Chair of PJM Board of Managers, to PJM Stakeholders, 2 (Feb. 24, 2023), <https://www.pjm.com/-/media/about-pjm/who-we-are/public-disclosures/20230224-board-letter-re-initiation-of-the-critical-issue-fast-path-process-to-address-resource-adequacy-issues.ashx> (“2/24 Board Letter”).

¹¹ See Whitepaper at 2.

¹² 2/24 Board letter at 2.

¹³ See *Critical Issue Fast Path – Resource Adequacy*, PJM Interconnection, L.L.C., <https://www.pjm.com/committees-and-groups/cifp-ra> (last visited April 10, 2023).

month of May that is three years prior to the start of such Delivery Year.”¹⁴ The auction schedule was most recently modified to accommodate reinstatement of the historical Energy and Ancillary Services Offset.¹⁵ While further delay of the upcoming RPM Auctions is not ideal, continuing to conduct the auctions under the existing rules further exacerbates the challenge of procuring the necessary resources to facilitate the imminent energy transition while maintaining reliability. In short, since the current tariff provisions in the above areas may be unjust and unreasonable and require change, it does not appear reasonable to continue to lock in resources on a forward basis to such provisions, particularly when they exacerbate the reliability issues that PJM has identified. Thus, PJM seeks a modest delay to the upcoming RPM Auctions to allow for necessary and prospective enhancements to the existing capacity market rules.

To get back on track as expeditiously as possible with minimal disruption to the ability of Base Residual Auctions while securing capacity commitments sufficient to maintain reliability at just and reasonable rates, PJM generally has been holding Base Residual Auctions on a “once-every-six months” schedule. The current RPM Auctions schedule is shown below in Table 1.

Table 1: Current RPM Auction Schedule

Delivery Year	BRA Schedule Date	Incremental Auctions Scheduled
2023/2024	Held June 2022	3 rd IA only
2024/2025	Held Dec 2022	3 rd IA only
2025/2026	Jun 2023	3 rd IA only
2026/2027	Nov 2023	2 nd and 3 rd IAs only
2027/2028 (back on Tariff schedule)	May 2024	1 st , 2 nd , and 3 rd IAs

II. TARIFF REVISIONS TO DELAY RPM AUCTIONS UNTIL COMMISSION ACTION ON PJM’S UPCOMING CAPACITY MARKET ENHANCEMENTS FILING

To address the reliability concerns that PJM has identified and safeguard reliability during the energy transition over the near-term, i.e., through 2030, upcoming RPM Auctions should be based on capacity market rules enhanced by PJM’s forthcoming

¹⁴ See *PJM Interconnection, L.L.C.*, 164 FERC ¶ 61,153, at P 12 (2018) (waiving PJM’s auction schedule requirements while the Commission considered market rule changes); *Calpine Corp. v. PJM Interconnection, L.L.C.*, 173 FERC ¶ 61,061, at P 358 (2020) (waiving PJM Tariff auction schedule requirements to allow for orderly restoration of capacity auction activities).

¹⁵ See *PJM Interconnection, L.L.C.*, 178 FERC ¶ 61,122 (2022) (accepting compliance filing detailing capacity auction schedule, and request for waiver, to accommodate reinstatement of historical energy and ancillary services offset).

filing. Accordingly, PJM proposes to delay upcoming Base Residual Auctions and associated Incremental Auctions until after the Commission acts on such filing.¹⁶ While these capacity market reforms will likely be filed before October 1, 2023, the Base Residual Auction for the 2025/2026 Delivery Year is currently scheduled to commence on June 14, 2023, and the Base Residual Auction for the 2026/2027 Delivery Year is scheduled to commence on November 28, 2023.¹⁷ Thus, delay of such auctions is required to ensure that PJM’s forward capacity market continues to promote reliability assurance in the PJM Region.

However, to accommodate the delay of these two auctions, PJM also is proposing to delay the two subsequent BRAs, i.e., through the 2028/2029 Delivery Year. Table 2 below presents an illustrative revised auction schedules for the subsequent RPM Auctions through the 2028/2029 Delivery Year. The timelines are illustrative because they assume a Commission order, without material changes on compliance, by December 1, 2023. These timelines could shift if the Commission deems that additional filings are required in reviewing PJM’s forthcoming capacity market reforms.¹⁸

Table 2: Illustrative RPM Auction Schedule¹⁹

Delivery Year	Illustrative BRA Schedule	Incremental Auctions Scheduled	IAs Cancelled
2025/2026	Jun 2024	3 rd IA	1 st and 2 nd IAs
2026/2027	Dec 2024	3 rd IA	1 st and 2 nd IAs
2027/2028	Jun 2025	2 nd and 3 rd IAs	1 st IA
2028/2029	Dec 2025	2 nd and 3 rd IAs	1 st IA
2029/2030 (back on Tariff schedule)	May 2026	1 st , 2 nd , and 3 rd IA	None

Thus, the Base Residual Auction for the 2025/2026 Delivery Year likely would be delayed by about a year. While pre-auction activities for the 2025/2026 Base Residual Auction have started, and will continue, upon Commission acceptance of this filing, PJM proposes to void such ongoing activities and start the process over again in advance of a

¹⁶ PJM’s proposal does not affect the currently scheduled Third Incremental Auctions for the 2024/2025 Delivery Year.

¹⁷ *RPM Auction Schedule*, PJM Interconnection, L.L.C. (Feb. 28, 2023), <https://pjm.com/-/media/markets-ops/rpm/rpm-auction-info/rpm-auction-schedule.ashx> (follow to sheet “Opening Dates through 2026/2027”).

¹⁸ PJM is cognizant of the possibility that additional Delivery Years may also be impacted if a workable FERC order is not issued by the end of 2023. If such an event arises, PJM would address the need for any further auction schedule updates within the resource adequacy reform proceeding.

¹⁹ This schedule is wholly illustrative and assumes Commission action, with no material compliance filings, by December 1, 2023.

future auction for that Delivery Year. Restarting the process is reasonable given that the one-year delay in holding the 2025/2026 Base Residual Auction will render the current pre-auction activities outdated, both in terms of staleness and applicability under the enhanced rules.²⁰

As can be seen from the illustrative dates in Table 2, PJM proposes to maintain the shortened RPM Auction timeframes through the 2028/2029 Delivery Year. That is, PJM would continue its current practice of scheduling Base Residual Auctions at six-month intervals. To be clear, given that the actual schedule of the auction will depend on when FERC issues a workable order on PJM's forthcoming capacity market reform filing, PJM is not specifying the auction dates in the Tariff. Rather, PJM will post the auction schedule consistent with the process described herein once the Commission issues an order on PJM's forthcoming capacity reform filing.

Given that the Base Residual Auctions for these Delivery Years will be held closer than three years to the Delivery Year, the question arises of whether there is sufficient time to hold each of the three Incremental Auctions for a Delivery Year. Because a primary purpose of Incremental Auctions is to align capacity commitments with expected load demands, PJM proposes to continue its current practice of: (1) maintaining all Third Incremental Auctions for each Delivery Year; (2) cancelling Incremental Auctions that fall within 10 months of the associated Base Residual Auction; and (3) to the extent practicable, applying the Tariff rules for holding the First, Second, and Third Incremental Auctions.²¹ In short, "PJM reasonably proposes to eliminate certain additional incremental auctions, using the same guiding principles previously accepted by the Commission."²²

Applying these guiding principles, PJM would maintain all Third Incremental Auctions for each Delivery Year, and hold those auctions in the February prior to the Delivery Year.²³ The specific First and Second Incremental Auctions that will be canceled depend on the timing of the Commission's order on PJM's forthcoming resource adequacy reforms. It is reasonable to cancel those Incremental Auctions that are within 10 months of a Base Residual Auction in these limited Delivery Years because there would be little, if any, need for such auctions under a compressed Base Residual Auction schedule as very little time would pass between the Base Residual Auction and Incremental Auctions. Moreover, Market Participants will always have the opportunity to buy back and offer additional capacity in the Third Incremental Auction before the

²⁰ Further, any agreements reached between the Capacity Market Seller and PJM resolving any issues related to the pre-auction activities may not be relied on for a future 2025/2026 Base Residual Auction.

²¹ See Tariff, Attachment DD, section 5.4(b) (detailing the requirements for when First, Second, and Third Incremental Auctions must be held).

²² *PJM Interconnection, L.L.C.*, 178 FERC ¶ 61,122, at P 15 (2022) (citing *Calpine*, 173 FERC ¶ 61,061, at P 358).

²³ See Tariff, Attachment DD, section 5.4(b).

start of the Delivery Year under this proposal. This is the same approach that PJM previously proposed and the Commission accepted for prior RPM Auction delays.

Under the illustrative schedule in Table 2, PJM would maintain the Second Incremental Auctions for the 2027/28 and 2028/2029 Delivery Years, as the Base Residual Auctions for those Delivery Years would be held more than ten months before the “July that is ten months prior to the start of the Delivery Year.”²⁴ However, the First Incremental Auction for all four Delivery Years with delayed Base Residual Auctions would be cancelled, because such Incremental Auctions would be held “within 10 months of the associated Base Residual Auction.”²⁵ The logic of this accepted principle is that insufficient time has passed since the Base Residual Auction for the Incremental Auction to have meaning—e.g., there should be time for load forecasts to be re-visited based on updated data.

This deliberate and timely schedule: (1) allows a reasonable initial period for market participants to assess the results of the prior Base Residual Auction or assess the Commission’s action; (2) allows sufficient time (albeit slightly compressed from the standard schedule) to conduct pre-auction activities (discussed in Part III below); and (3) puts the PJM Region on track to return to the designed three-year forward BRA schedule in the least time consistent with an orderly process. Moreover, PJM and stakeholders have found that this timeframe allows for a compressed pre-auction timeline while also providing a reasonable amount of time for Market Participants to assess the BRA results before preparing for subsequent BRAs.

To effectuate the delay of these RPM Auctions and because PJM’s Tariff hardcodes that Base Residual Auctions and Incremental Auctions must be held in certain timeframes before the Delivery Year,²⁶ PJM proposes to add language to its Tariff allowing for the delay of these RPM Auctions for the Delivery Years 2025/2026 through 2028/2029. However, PJM cannot now know the precise timing of Commission action on the upcoming capacity market reform enhancement filing. Therefore, PJM is proposing to revise its Tariff to provide that “for Delivery Years 2025/2026 through 2028/2029, the Base Residual Auctions shall be conducted in accordance with the schedule posted on the PJM website,”²⁷ and correspondingly, that “for Delivery Years 2025/2026 through 2028/2029, the Incremental Auctions shall be conducted in accordance with the schedule posted on the PJM website.”²⁸

²⁴ Tariff, Attachment DD, section 5.4(b).

²⁵ The Tariff calls for First Incremental Auction to be “conducted in the month of September that is twenty months prior to the start of the Delivery Year.” Tariff, Attachment DD, section 5.4(b).

²⁶ See Tariff, Attachment DD, section 5.4(a) and (b).

²⁷ Proposed Tariff, Attachment DD, section 5.4(a).

²⁸ Proposed Tariff, Attachment DD, section 5.4(b).

PJM's approach of awaiting Commission action on the capacity market enhancements is reasonable. Capacity Market Sellers should know before they make concrete auction preparations, for example, whether the Commission accepts an enhanced capacity accreditation methodology that affects the amount of capacity their resources may support or whether they may price certain risks of providing capacity into their offers—just to name a couple potential enhancements. Therefore, PJM proposes that the date for these RPM Auctions be keyed from the date of the Commission's order on PJM's upcoming filing. Finally, consistent with prior practice, PJM would post the specific auction date and associated pre-auction timelines at least eight months before the commencement of the relevant RPM Auction.²⁹

III. REQUEST FOR WAIVER OF THE TARIFF-STATED DEADLINES FOR CERTAIN PRE-AUCTION ACTIVITIES IN ORDER TO EFFECTUATE DELAY IN THE RPM AUCTION SCHEDULE

If the Commission accepts PJM's proposed Tariff revisions to delay the RPM Auctions for Delivery Years 2025/2026 through 2028/2029, the Tariff-prescribed deadlines for pre-auction activities for such Base Residual Auctions and Incremental Auctions must also be changed because of the condensed timeframe in which those auctions must be held, i.e., every six months, instead of once a year three years before the Delivery Year. Accordingly, PJM requests waiver of the Tariff provisions—listed in Attachment A to this filing³⁰—on Base Residual Auction and Incremental Auction pre-auction activity deadlines.³¹ PJM's requested deadlines retain the pre-auction timelines for delayed RPM Auctions that the Commission has previously accepted and simply extends out the previously accepted compressed pre-auction deadlines through the 2028/2029 Delivery Year.³²

The Commission has previously granted requests for waiver of Tariff-specified pre-auction deadlines under the familiar four-part framework when “(1) the applicant acted in good faith; (2) the waiver is of limited scope; (3) the waiver addresses a concrete

²⁹ *Calpine*, 173 FERC ¶ 61,061, at P 358.

³⁰ In addition, PJM proposes to maintain its existing discretion to set the actual deadline within 10 business days from the timelines provided herein. See *PJM Interconnection, L.L.C.*, 178 FERC ¶ 61,122, at P 15 (“We also find reasonable PJM’s proposal to retain limited discretion of up to 10 business days to set the specific deadlines associated with any pre-auction activities. We agree with PJM that it would be cumbersome and administratively inefficient to seek further amendments to the auction timelines for minor adjustments to the deadlines. However, we recognize PJM’s commitment to post the specific dates of pre-auction activities no later than eight months prior to the commencement of any associated BRA in order to ensure that all market participants are aware of the relevant deadlines.”).

³¹ As noted above, all pre-auction activities for the 2025/2026 Base Residual Auction would need to be restarted, based on the rules in effect at that time and updated information, and any agreements reached with PJM heading into a June 2023 auction would not apply to a future auction for that Delivery Year.

³² Compare Attachment A, with Compliance Filing Concerning Certain Proposed Revised Pre-Auction Deadlines, Docket No. EL19-58-010, at Attachment C (Jan. 21, 2022).

problem; and (4) the waiver does not have undesirable consequences, such as harming third parties.”³³ PJM’s waiver request here meets these requirements.

PJM has acted in good faith. The consequences of conducting auctions—committing resources to the region’s capacity needs and determining clearing prices and results—are the same consequences of conducting all past RPM Auctions. The potential for mismatch between resource retirement and new resources coming online, plus expected load growth, exposes the PJM Region to resource shortfall risks if certain market enhancements are not enacted. While PJM is actively and diligently working with stakeholders to develop such enhancements, the process will not yield a filing for Commission review until around October 1, 2023.

The problem is concrete, i.e., delaying RPM Auctions until the Commission action on PJM’s enhancement filing; and the scope is no greater than is needed to comport certain pre-auction deadlines to fit within the revised auction schedule.³⁴ Indeed, the pre-auction schedule for each Base Residual Auction is compressed, but not in a major way, as parties in the last two Base Residual Auctions have had sufficient time to make their pre-auction arrangements.

Grant of the waiver will not have undesirable consequences. In fact, to the extent the Commission accepts the proposed Tariff changes, the request waiver is needed to effectuate the delay. In other words, the pre-auction activities must be compressed to allow for the scheduling of the Base Residual Auctions at six-month intervals. Further, there was be no reason to conduct pre-auction activities based on the existing Tariff deadlines if there are no scheduled auctions as a result of the delay. In short, granting the waiver of those Tariff-specified deadlines is reasonable as there is no harm to third parties for updating pre-auction deadlines to simply conform with the delayed RPM Auctions if accepted by FERC pursuant to FPA section 205.

IV. REQUEST FOR EXPEDITED ACTION

To provide as much advanced notice to Market Participants as possible, PJM requests that the Commission expedite an order on this filing so that Market Participants and PJM know whether to continue with the ongoing pre-auction activities associated with the upcoming 2024/2025 Base Residual Auction. Such expedited action by May 19, 2023, will help PJM and Market Participants focus on the forthcoming resource adequacy enhancements rather than continuing to prepare for the 2024/2025 Base Residual Auction if it is not delayed and commences on June 14, 2023. To that end, the

³³ *PJM Interconnection, L.L.C.*, 164 FERC ¶ 61,153, at P 12 (2018) (citing *Midcontinent Indep. Sys. Operator, Inc.*, 154 FERC ¶ 61,059, at P 14 (2016); *Calpine Energy Servs., L.P.*, 154 FERC ¶ 61,082, at P 12 (2016); *N.Y. Power Auth.*, 152 FERC ¶ 61,058, at P 22 (2015)); *see also Calpine*, 173 FERC ¶ 61,061, at P 358.

³⁴ *See Calpine*, 173 FERC ¶ 61,061, at P 359 (“[W]e find that the request is of limited scope, because it will alter deadlines only for the auctions which have been impacted by the delay of the 2019 BRA.”).

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Commission should set a comment period that it deems is appropriate to allow for expedited action.

V. STAKEHOLDER PROCESS

As noted, *supra*, given the limited time before the next scheduled Base Residual Auction (June 14, 2023), PJM did not seek stakeholder endorsement prior to submitting this proposed revision and is instead submitting this filing pursuant to Tariff, section 9.2(b) and the CTOA, section 7.5.1(ii). Consistent with those provisions, PJM provided seven days prior notice to the Members Committee and the Transmission Owners Committee of the proposed revisions on January 25, 2023 and January 26, 2023, respectively.³⁵ Accordingly, PJM fulfilled its consultation obligations under the Tariff and CTOA prior to the submission of this section 205 filing.

VI. EFFECTIVE DATE

PJM requests an effective date for the enclosed Tariff revisions of June 10, 2023, which is 60 days from the date of filing.

³⁵ See Members Committee, *Agenda*, PJM Interconnection, L.L.C. (Jan. 23, 2023), <https://www.pjm.com/-/media/committees-groups/committees/mc/2023/20230125/20230125-agenda.ashx>; see also *PJM TOA-AC Open Session Agenda*, PJM Interconnection, L.L.C. (Jan. 26, 2023) <https://www.pjm.com/-/media/committees-groups/committees/toa-ac/2023/20230126/agenda.ashx>.

VII. 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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VIII. DOCUMENTS ENCLOSED

This filing consists of the following:

1. This transmittal letter;
2. Schedule of Pre-Auction Activities Deadlines (as Attachment A); and
3. Revisions to the Tariff (in redlined and clean format (as Attachments B and C, respectively) and in electronic tariff filing format as required by Order No. 714).³⁶

IX. 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,³⁷ PJM will post a copy of this filing to the FERC filings section of its internet site, located at the following link: <https://www.pjm.com/library/filing-order> with a specific link to the newly-filed

³⁶ *Electronic Tariff Filings*, Order No. 714, 124 FERC ¶ 61,270 (2008), *final rule*, Order No. 714-A, 147 FERC ¶ 61,115 (2014).

³⁷ *See* 18 C.F.R. §§ 35.2(e) & 385.2010(f)(3).

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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 Region³⁸ alerting them that this filing has been made by PJM and is available by following such link. PJM also serves the parties listed on the Commission's official service list for this docket. 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.aspx> in accordance with the Commission's regulations and Order No. 714.

X. CONCLUSION

Accordingly, PJM requests that the Commission accept the enclosed Tariff revisions effective June 10, 2023, and grant PJM's request for waiver of certain Tariff-specified pre-auction deadlines.

Respectfully submitted,

/s/ Ryan J. Collins

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³⁸ PJM already maintains, updates and regularly uses e-mail lists for all PJM members and affected state commissions.

Attachment A

RPM Pre-Auction Deadlines For the 2025/2026 through 2028/2029 Delivery Years

“Adjusted Days Prior” refer to PJM’s requested modified deadline for the corresponding activity prior to the relevant BRA.

“Deadline” refers to the current Tariff imposed deadlines for the corresponding activity.

Actor	Pre-Auction Task or Activity	Deadline, with Tariff Source	<u>Adjusted Days Prior</u>¹
Seller	MOPR Certification	150 days prior to BRA beginning with 2024/2025 BRA (Tariff, Attachment DD section 5.14)	150
PJM	PJM solicits requests for Winter CIRs	Aug. 31 of each calendar year (Tariff, Attachment IV Preamble)	145
Seller	Seller Final Must-Offer exception request (Deactivation)	Dec. 1 prior to BRA (Tariff, Attachment DD section 6.6)	135
PJM	PJM posts DR Zones of Concern	Dec. 1 prior to BRA (Tariff, Attachment DD-1)	135

¹ PJM proposes to maintain its existing discretion to set the actual deadline within 10 business days from the timelines provided herein. *See PJM Interconnection, L.L.C.*, 178 FERC ¶ 61,122, at P 15 (2022) (“We also find reasonable PJM’s proposal to retain limited discretion of up to 10 business days to set the specific deadlines associated with any pre-auction activities. We agree with PJM that it would be cumbersome and administratively inefficient to seek further amendments to the auction timelines for minor adjustments to the deadlines.”).

Actor	Pre-Auction Task or Activity	Deadline, with Tariff Source	<u>Adjusted Days Prior¹</u>
Seller	Seller Preliminary Must-Offer exception request (Deactivation)	Sept. 1 prior to BRA (Tariff, Attachment DD, section 6.6)	waived
Seller	Seller request for Winter CIRs	Oct. 31 prior to BRA (Tariff, IV Preamble)	135
PJM/ Market Monitor	PJM Posts Preliminary MOPR Screen Prices and Market Monitor Posts Preliminary Unit-Specific E&AS Offset	150 and 90 days, respectively, prior to auction (Tariff, Attachments DD section 5.14 and M-Appendix, section I.)	150
Market Monitor	Market Monitor Posts Final Unit-Specific E&AS Offset	90 days prior to auction (Tariff, Attachment M-Appendix, section I.)	135
FRR Entity	FRR first-time election	4 months prior to BRA (RAA, Schedule 8.1.C)	121
Seller	Seller unit-specific MOPR request	120 days prior to BRA (Tariff, Attachment DD section 5.14)	120
Seller	Seller unit-specific request (Must-Offer, Offer Cap, EFORD, Removal of Capacity Resource status)	120 days prior to auction (Tariff, Attachment DD, section 6.6)	120
Seller	Submission of Price Responsive Demand Plans	Jan. 15 prior to BRA (RAA, Schedule 6.1)	117
PJM	PJM posts Planning Parameters	Feb. 1 prior to BRA (M18; Tariff, Attachment DD, section 15)	100
Market Monitor	Market Monitor Determination (MOPR)	90 days prior to auction (Tariff, Attachment M – Appendix)	90
Market Monitor	Market Monitor Determination (Must-Offer, Offer Cap, EFORD)	90 days prior to auction (Tariff, Attachment M – Appendix)	90
Seller	Seller Notification to PJM (Must-Offer, Offer Cap, EFORD)	80 days prior to auction (Tariff, Attachment DD, sections 5.14 & 6.6)	80

Actor	Pre-Auction Task or Activity	Deadline, with Tariff Source	<u>Adjusted Days Prior¹</u>
PJM	PJM Determination (MOPR)	65 days prior to auction (Tariff, Attachment DD section 5.14)	65
PJM	PJM Determination (Must-Offer, Offer Cap, EFORd)	65 days prior to auction (Tariff, Attachment DD sections 5.14 & 6.6)	65
Seller	Seller Notification of intent to exclude Must-Offer Exception MW	65 days prior to auction (Tariff, Attachment DD section 6.6)	65
FRR Entity	FRR termination of election	2 months prior to BRA (RAA, Schedule 8.1.C)	61
Seller	Seller Confirmation of MOPR price	60 days prior to auction (Tariff, Attachment DD section 5.14)	60
FRR Entity	FRR DR Plan	15 business days prior to FRR Plan (Tariff, Attachment DD-1)	49
Seller	Seller needs ICTR/QTU certification of CETL increase	45 days prior to BRA (Tariff, Attachment DD section 5.6.4)	45
FRR Entity	FRR Capacity Plan	1 month prior to BRA (RAA, Schedule 8.1.C)	30
Seller	Submission of Energy Efficiency Plan	30 days prior to auction (Tariff, Attachment DD-1)	30
Seller	Submission of Demand Resource Plan	30 business days prior to auction (Tariff, Attachment DD-1)	30

Attachment B

Revisions to the
PJM Open Access Transmission Tariff

(Marked/Redline Format)

5.4 Reliability Pricing Model Auctions

The Office of the Interconnection shall conduct the following Reliability Pricing Model Auctions:

a) Base Residual Auction.

PJM shall conduct for each Delivery Year a Base Residual Auction to secure commitments of Capacity Resources as needed to satisfy the portion of the RTO Unforced Capacity Obligation not satisfied through Self-Supply of Capacity Resources for such Delivery Year. All Self-Supply Capacity Resources must be offered in the Base Residual Auction. As set forth in Tariff, Attachment DD, section 6.6, all other Capacity Resources, and certain other existing generation resources, must be offered in the Base Residual Auction. The Base Residual Auction shall be conducted in the month of May that is three years prior to the start of such Delivery Year. Notwithstanding, for Delivery Years 2025/2026 through 2028/2029, the Base Residual Auctions shall be conducted in accordance with the schedule posted on the PJM website. The cost of payments to Capacity Market Sellers for Capacity Resources that clear such auction shall be paid by PJMSettlement from amounts collected by PJMSettlement from Load Serving Entities through the Locational Reliability Charge during such Delivery Year. PJMSettlement shall be the Counterparty to the sales that clear in such auction and to the obligations to pay, and the payments, by Load Serving Entities; provided, however, that PJMSettlement shall not be a Counterparty to committed Self-Supply Capacity Resources.

b) Scheduled Incremental Auctions.

PJM shall conduct for each Delivery Year a First, a Second, and a Third Incremental Auction. The First Incremental Auction shall be conducted in the month of September that is twenty months prior to the start of the Delivery Year; the Second Incremental Auction shall be conducted in the month of July that is ten months prior to the start of the Delivery Year; and the Third Incremental Auction shall be conducted in the month of February that is three months prior to the start of the Delivery Year. Notwithstanding, for Delivery Years 2025/2026 through 2028/2029, the Incremental Auctions shall be conducted in accordance with the schedule posted on the PJM website.

c) Adjustment through Scheduled Incremental Auctions of Capacity Previously Committed.

The Office of the Interconnection shall recalculate the PJM Region Reliability Requirement and each LDA Reliability Requirement prior to each Scheduled Incremental Auction, based on an updated peak load forecast, updated Installed Reserve Margin and an updated Capacity Emergency Transfer Objective; shall update such reliability requirements for the Third Incremental Auction to reflect any change from such recalculation; and shall update such reliability requirements for the First Incremental Auction or Second Incremental Auction only if the change is greater than or equal to the lesser of: (i) 500 MW or (ii) one percent of the applicable prior reliability requirement. Based on such update, the Office of the Interconnection shall, under certain conditions, seek through the Scheduled Incremental Auction to secure

additional commitments of capacity or release sellers from prior capacity commitments. Specifically, the Office of the Interconnection shall:

1) seek additional capacity commitments to serve the PJM Region or an LDA if the PJM Region Reliability Requirement or LDA Reliability Requirement utilized in the most recent prior auction conducted for the Delivery Year (including any reductions to such reliability requirements as a result of any Price Responsive Demand with a PRD Reservation Price equal to or lower than the clearing price in the Base Residual Auction for such Delivery Year) is less than, respectively, the updated PJM Region Reliability Requirement or updated LDA Reliability Requirement; provided, however, that in the First Incremental Auction or Second Incremental Auction the Office of the Interconnection shall seek such additional capacity commitments only if such shortfall is in an amount greater than or equal to the lesser of: (i) 500 MW or (ii) one percent of the applicable prior reliability requirement;

LDA if: 2) seek additional capacity commitments to serve the PJM Region or an

i) the updated PJM Region Reliability Requirement less, for Delivery Years through May 31, 2018, the PJM Region Short-Term Resource Procurement Target utilized in the most recent auction conducted for the Delivery Year, or if the LDA Reliability Requirement less, for Delivery Years through May 31, 2018, the LDA Short Term Resource Procurement Target applicable to such auction, exceeds the total capacity committed in all prior auctions in such region or area, respectively, for such Delivery Year by an amount greater than or equal to the lesser of: (A) 500 MW or (B) one percent of the applicable prior reliability requirement; or

ii) PJM conducts a Conditional Incremental Auction for such Delivery Year and does not obtain all additional commitments of Capacity Resources sought in such Conditional Incremental Auction, in which case, PJM shall seek in the Incremental Auction the commitments that were sought in the Conditional Incremental Auction but not obtained.

3) seek agreements to release prior capacity commitments to the PJM Region or to an LDA if:

i) the PJM Region Reliability Requirement or LDA Reliability Requirement utilized in the most recent prior auction conducted for the Delivery Year (including any reductions to such reliability requirements as a result of any Price Responsive Demand with a PRD Reservation Price equal to or lower than the clearing price in the Base Residual Auction for such Delivery Year) exceeds, respectively, the updated PJM Region Reliability Requirement or updated LDA Reliability Requirement; provided, however, that in the First Incremental Auction or Second Incremental Auction the Office of the Interconnection shall seek such agreements only if such excess is in an amount greater than or equal to the lesser

of: (A) 500 MW or (B) one percent of the applicable prior reliability requirement;
or

ii) PJM obtains additional commitments of Capacity Resources in a Conditional Incremental Auction, in which case PJM shall seek release of an equal number of megawatts (comparing the total purchase amount for all LDAs and the PJM Region related to the delay in Backbone Transmission with the total sell amount for all LDAs and the PJM Region related to the delay in Backbone Transmission) of prior committed capacity that would not have been committed had the delayed Backbone Transmission upgrade that prompted the Conditional Incremental Auction not been assumed, at the time of the Base Residual Auction, to be in service for the relevant Delivery Year; and if PJM obtains additional commitments of capacity in an incremental auction pursuant to subsection c.2.ii above, PJM shall seek in such Incremental Auction to release an equal amount of capacity (in total for all LDAs and the PJM Region related to the delay in Backbone Transmission) previously committed that would not have been committed absent the Backbone Transmission upgrade.

4) The cost of payments to Market Sellers for additional Capacity Resources cleared in such auctions, and the credits from payments from Market Sellers for the release of previously committed Capacity Resources, shall be apportioned to Load Serving Entities in the PJM Region or LDA, as applicable, through adjustments to the Locational Reliability Charge for such Delivery Year.

5) PJMSettlement shall be the Counterparty to the sales (including releases) of Capacity Resources that clear in such auctions and to the obligations to pay, and the payments, by Load Serving Entities, provided, however, that PJMSettlement shall not be a Counterparty to committed Self-Supply Capacity Resources.

d) Commitment of Replacement Capacity through Scheduled Incremental Auctions.

Each Scheduled Incremental Auction for each Delivery Year shall allow Capacity Market Sellers that committed Capacity Resources in any prior Reliability Pricing Model Auction for such Delivery Year to submit Buy Bids for replacement Capacity Resources. Capacity Market Sellers that submit Buy Bids into an Incremental Auction must specify the type of Unforced Capacity desired, i.e., Annual Resource, Extended Summer Demand Resource, or Limited Demand Resource. The need to purchase replacement Capacity Resources may arise for any reason, including but not limited to resource retirement, resource cancellation or construction delay, resource derating, EFORd increase, a decrease in the Nominated Demand Resource Value of a Planned Demand Resource, delay or cancellation of a Qualifying Transmission Upgrade, or similar occurrences. The cost of payments to Capacity Market Sellers for Capacity Resources that clear such auction shall be paid by PJMSettlement from amounts collected by PJMSettlement from Capacity Market Buyers that purchase replacement Capacity Resources in such auction. PJMSettlement shall be the Counterparty to the sales and purchases that clear in such auction, provided, however, PJMSettlement shall not be a Counterparty to committed Self-Supply Capacity Resources.

e) Conditional Incremental Auction.

PJM shall conduct for any Delivery Year a Conditional Incremental Auction if the in service date of a Backbone Transmission Upgrade that was modeled in the Base Residual Auction is announced as delayed by the Office of the Interconnection beyond July 1 of the Delivery Year for which it was modeled and if such delay causes a reliability criteria violation. If conducted, the Conditional Incremental Auction shall be for the purpose of securing commitments of additional capacity for the PJM Region or for any LDA to address the identified reliability criteria violation. If PJM determines to conduct a Conditional Incremental Auction, PJM shall post on its website the date and parameters for such auction (including whether such auction is for the PJM Region or for an LDA, and the type of Capacity Resources required) at least one month prior to the start of such auction. The cost of payments to Market Sellers for Capacity Resources cleared in such auction shall be collected by PJMSettlement from Load Serving Entities in the PJM Region or LDA, as applicable, through an adjustment to the Locational Reliability Charge for such Delivery Year. PJMSettlement shall be the Counterparty to the sales that clear in such auction and to the obligations to pay, and payments, by Load Serving Entities, provided, however, that PJMSettlement shall not be a Counterparty to committed Self-Supply Capacity Resources.

Attachment C

Revisions to the
PJM Open Access Transmission Tariff

(Clean Format)

5.4 Reliability Pricing Model Auctions

The Office of the Interconnection shall conduct the following Reliability Pricing Model Auctions:

a) Base Residual Auction.

PJM shall conduct for each Delivery Year a Base Residual Auction to secure commitments of Capacity Resources as needed to satisfy the portion of the RTO Unforced Capacity Obligation not satisfied through Self-Supply of Capacity Resources for such Delivery Year. All Self-Supply Capacity Resources must be offered in the Base Residual Auction. As set forth in Tariff, Attachment DD, section 6.6, all other Capacity Resources, and certain other existing generation resources, must be offered in the Base Residual Auction. The Base Residual Auction shall be conducted in the month of May that is three years prior to the start of such Delivery Year. Notwithstanding, for Delivery Years 2025/2026 through 2028/2029, the Base Residual Auctions shall be conducted in accordance with the schedule posted on the PJM website. The cost of payments to Capacity Market Sellers for Capacity Resources that clear such auction shall be paid by PJMSettlement from amounts collected by PJMSettlement from Load Serving Entities through the Locational Reliability Charge during such Delivery Year. PJMSettlement shall be the Counterparty to the sales that clear in such auction and to the obligations to pay, and the payments, by Load Serving Entities; provided, however, that PJMSettlement shall not be a Counterparty to committed Self-Supply Capacity Resources.

b) Scheduled Incremental Auctions.

PJM shall conduct for each Delivery Year a First, a Second, and a Third Incremental Auction. The First Incremental Auction shall be conducted in the month of September that is twenty months prior to the start of the Delivery Year; the Second Incremental Auction shall be conducted in the month of July that is ten months prior to the start of the Delivery Year; and the Third Incremental Auction shall be conducted in the month of February that is three months prior to the start of the Delivery Year. Notwithstanding, for Delivery Years 2025/2026 through 2028/2029, the Incremental Auctions shall be conducted in accordance with the schedule posted on the PJM website.

c) Adjustment through Scheduled Incremental Auctions of Capacity Previously Committed.

The Office of the Interconnection shall recalculate the PJM Region Reliability Requirement and each LDA Reliability Requirement prior to each Scheduled Incremental Auction, based on an updated peak load forecast, updated Installed Reserve Margin and an updated Capacity Emergency Transfer Objective; shall update such reliability requirements for the Third Incremental Auction to reflect any change from such recalculation; and shall update such reliability requirements for the First Incremental Auction or Second Incremental Auction only if the change is greater than or equal to the lesser of: (i) 500 MW or (ii) one percent of the applicable prior reliability requirement. Based on such update, the Office of the Interconnection shall, under certain conditions, seek through the Scheduled Incremental Auction to secure

additional commitments of capacity or release sellers from prior capacity commitments. Specifically, the Office of the Interconnection shall:

1) seek additional capacity commitments to serve the PJM Region or an LDA if the PJM Region Reliability Requirement or LDA Reliability Requirement utilized in the most recent prior auction conducted for the Delivery Year (including any reductions to such reliability requirements as a result of any Price Responsive Demand with a PRD Reservation Price equal to or lower than the clearing price in the Base Residual Auction for such Delivery Year) is less than, respectively, the updated PJM Region Reliability Requirement or updated LDA Reliability Requirement; provided, however, that in the First Incremental Auction or Second Incremental Auction the Office of the Interconnection shall seek such additional capacity commitments only if such shortfall is in an amount greater than or equal to the lesser of: (i) 500 MW or (ii) one percent of the applicable prior reliability requirement;

LDA if: 2) seek additional capacity commitments to serve the PJM Region or an

i) the updated PJM Region Reliability Requirement less, for Delivery Years through May 31, 2018, the PJM Region Short-Term Resource Procurement Target utilized in the most recent auction conducted for the Delivery Year, or if the LDA Reliability Requirement less, for Delivery Years through May 31, 2018, the LDA Short Term Resource Procurement Target applicable to such auction, exceeds the total capacity committed in all prior auctions in such region or area, respectively, for such Delivery Year by an amount greater than or equal to the lesser of: (A) 500 MW or (B) one percent of the applicable prior reliability requirement; or

ii) PJM conducts a Conditional Incremental Auction for such Delivery Year and does not obtain all additional commitments of Capacity Resources sought in such Conditional Incremental Auction, in which case, PJM shall seek in the Incremental Auction the commitments that were sought in the Conditional Incremental Auction but not obtained.

3) seek agreements to release prior capacity commitments to the PJM Region or to an LDA if:

i) the PJM Region Reliability Requirement or LDA Reliability Requirement utilized in the most recent prior auction conducted for the Delivery Year (including any reductions to such reliability requirements as a result of any Price Responsive Demand with a PRD Reservation Price equal to or lower than the clearing price in the Base Residual Auction for such Delivery Year) exceeds, respectively, the updated PJM Region Reliability Requirement or updated LDA Reliability Requirement; provided, however, that in the First Incremental Auction or Second Incremental Auction the Office of the Interconnection shall seek such agreements only if such excess is in an amount greater than or equal to the lesser

of: (A) 500 MW or (B) one percent of the applicable prior reliability requirement;
or

ii) PJM obtains additional commitments of Capacity Resources in a Conditional Incremental Auction, in which case PJM shall seek release of an equal number of megawatts (comparing the total purchase amount for all LDAs and the PJM Region related to the delay in Backbone Transmission with the total sell amount for all LDAs and the PJM Region related to the delay in Backbone Transmission) of prior committed capacity that would not have been committed had the delayed Backbone Transmission upgrade that prompted the Conditional Incremental Auction not been assumed, at the time of the Base Residual Auction, to be in service for the relevant Delivery Year; and if PJM obtains additional commitments of capacity in an incremental auction pursuant to subsection c.2.ii above, PJM shall seek in such Incremental Auction to release an equal amount of capacity (in total for all LDAs and the PJM Region related to the delay in Backbone Transmission) previously committed that would not have been committed absent the Backbone Transmission upgrade.

4) The cost of payments to Market Sellers for additional Capacity Resources cleared in such auctions, and the credits from payments from Market Sellers for the release of previously committed Capacity Resources, shall be apportioned to Load Serving Entities in the PJM Region or LDA, as applicable, through adjustments to the Locational Reliability Charge for such Delivery Year.

5) PJMSettlement shall be the Counterparty to the sales (including releases) of Capacity Resources that clear in such auctions and to the obligations to pay, and the payments, by Load Serving Entities, provided, however, that PJMSettlement shall not be a Counterparty to committed Self-Supply Capacity Resources.

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e) Conditional Incremental Auction.

PJM shall conduct for any Delivery Year a Conditional Incremental Auction if the in service date of a Backbone Transmission Upgrade that was modeled in the Base Residual Auction is announced as delayed by the Office of the Interconnection beyond July 1 of the Delivery Year for which it was modeled and if such delay causes a reliability criteria violation. If conducted, the Conditional Incremental Auction shall be for the purpose of securing commitments of additional capacity for the PJM Region or for any LDA to address the identified reliability criteria violation. If PJM determines to conduct a Conditional Incremental Auction, PJM shall post on its website the date and parameters for such auction (including whether such auction is for the PJM Region or for an LDA, and the type of Capacity Resources required) at least one month prior to the start of such auction. The cost of payments to Market Sellers for Capacity Resources cleared in such auction shall be collected by PJMSettlement from Load Serving Entities in the PJM Region or LDA, as applicable, through an adjustment to the Locational Reliability Charge for such Delivery Year. PJMSettlement shall be the Counterparty to the sales that clear in such auction and to the obligations to pay, and payments, by Load Serving Entities, provided, however, that PJMSettlement shall not be a Counterparty to committed Self-Supply Capacity Resources.