

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

OFFICE OF ENERGY MARKET REGULATION

PJM Interconnection, L.L.C.  
Docket Nos. ER19-105-000  
ER19-105-001

January 15, 2019

Wright & Talisman, P.C.  
1200 G Street, N.W., Suite 600  
Washington, D.C. 20005

Attention: Paul M. Flynn, Esq.

Reference: Periodic Review of Variable Resource Requirement Curve Shape and Key Parameters

Dear Mr. Flynn:

On October 12, 2018, as amended on October 26, 2018, you filed, on behalf of PJM Interconnection, L.L.C. (PJM), revisions to the PJM Open Access Transmission Tariff (Tariff) to revise certain Reliability Pricing Model (RPM) auction parameters and in particular, adjustments to the existing Variable Resource Requirement (VRR) Curve.

Please be advised that your submittal is deficient and that additional information is required to process the filing. Please provide complete responses to the following:

- 1) PJM has elected a simple-cycle combustion turbine reference resource utilizing the H-class turbine, as opposed to the F-class turbine previously used. While Brattle's review of recent orders for GE turbines shows that future combined cycles are almost exclusively using the H-class turbine, Brattle also notes that the simple-cycle H-class configuration has not been constructed or planned for construction in PJM.<sup>1</sup> PJM states that this configuration is under construction in ISO New England and has been proposed by the California Independent System Operator.<sup>2</sup> Given the nascent stage of commercial operation and limited operational history of this configuration, please

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<sup>1</sup> PJM Transmittal at 17 and Brattle 2018 CONE Study at 14-15 and 17.

<sup>2</sup> PJM Transmittal at 17 and Brattle 2018 CONE Study at 17.

provide more detail explaining how the costs of this reference resource were determined as relevant to PJM's market.

- 2) The Gross Cost of New Entry (CONE) values proposed in PJM's filing assume that certain major maintenance costs are recovered as variable operating and maintenance through energy market offers. Specifically, PJM states the operating costs at issue are expenses related to consumable materials used during plant operations and the maintenance costs at issue are expenses a Market Participant incurs as a result of electric production.<sup>3</sup> Explain how Net CONE changes, or not, depending on whether these costs are recovered in the energy market or capacity market.

This letter is issued pursuant to 18 C.F.R. § 375.307 (2018) and is interlocutory. This letter is not subject to rehearing under 18 C.F.R. § 385.713 (2018). A response to this letter must be filed with the Secretary of the Commission within 30 days of the date of this letter by making a deficiency filing in accordance with the Commission's electronic tariff requirements. For your response, use Type of Filing Code 170 if your company is registered under program code "M" (Electric Market Based Rate Public Utilities) or Type of Filing Code 180 if your company is registered under program code "E" (Electric Traditional Cost of Service and Market Based Rates Public Utilities).<sup>4</sup>

In addition, submit an electronic version of your response to Nicole Buell at [nicole.buell@ferc.gov](mailto:nicole.buell@ferc.gov). The information requested in this letter order will constitute an amendment to your filing and a new filing date will be established.<sup>5</sup> A notice will be issued upon receipt of your filing.

Pending receipt of the above information, a filing date will not be assigned to your filing. Failure to respond to this letter order within the time period specified may result in a further order rejecting your filing.

Issued by: Kurt M. Longo, Director, Division of Electric Power Regulation – East

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<sup>3</sup> PJM Transmittal at 19.

<sup>4</sup> The filing must include at least one tariff record to restart the statutory timeframe for Commission action even though a tariff revision might not otherwise be needed. *See generally Electronic Tariff Filings*, 130 FERC ¶ 61,047, at PP 3-8 (2010) (explaining that the Commission uses the data elements resulting from the tariff filing process to establish statutory filing and other procedural dates).

<sup>5</sup> *See Duke Power Co.*, 57 FERC ¶ 61,215, at 61,713 (1991) ("the Commission will consider any amendment or supplemental filing filed after a utility's initial filing . . . to establish a new filing date for the filing in question").