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December 1, 2014

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

**Re: *PJM Interconnection, L.L.C.*, Docket No. ER15- 527 -000
Compliance Filing and Request for Waiver**

Dear Secretary Bose:

PJM Interconnection, L.L.C. (“PJM”) submits for filing revisions to the PJM Open Access Transmission Tariff (“PJM Tariff”)¹ to comply with the Final Rule issued on September 18, 2014, by the Federal Energy Regulatory Commission (“FERC” or the “Commission”) in Docket No. RM05-5-022 (“Final Rule” or “Order No. 676-H”).² As explained below, PJM is incorporating, by reference, the latest version of the Standards for Business Practices and Communication Protocols for Public Utilities (“Business Practice Standards”) adopted by the Wholesale Electric Quadrant (“WEQ”) of the North American Energy Standards Board (“NAESB”), and accepted by the Commission in the Final Rule as mandatory enforceable requirements. However, in some cases, with reference to particular standards, PJM submits that its current practices are consistent with or superior to the standards adopted in the Final Rule, and seeks Commission approval for variance from those standards, as appropriate. Consistent with the Final Rule, PJM requests an effective date of February 2, 2015, for the Tariff revisions offered in this filing.³

¹ Capitalized terms not otherwise defined herein have the meaning specified in the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C., or PJM Open Access Transmission Tariff, as appropriate.

² *Standards for Business Practices and Communication Protocols for Public Utilities*, 148 FERC ¶ 61,205 (2014).

³ To the extent that the Commission denies PJM’s requested variance from the NITS Business Practice Standards, PJM’s compliance filing implementing those requirements would be filed in accordance with the Commission’s implementation timeline specified in Paragraph 94 of the Final Rule.

I. Background

In the Final Rule, the Commission amended its regulations to incorporate by reference into its regulations as mandatory enforceable requirements, with certain enumerated exceptions, the latest version of the Business Practice Standards adopted by NAESB and filed with the Commission on September 18, 2012, and modified on January 30, 2013. The revised standards updated earlier versions of the same standards and included modifications to support the goals established in Order Nos. 890, 890-A, 890-B and 890-C⁴, including standards to support Network Integration Transmission Service (“NITS”) on an Open Access Same-Time Information System (“OASIS”) and Service Across Multiple Transmission Systems (“SAMTS”).

In particular, the Version 003 standards include five categories of standards not previously incorporated by reference by the Commission that were developed by NAESB in response to the Order 890 series of orders, including: (1) standards that NAESB previously submitted to support SAMTS; (2) part two of the standards modifications to the WEQ-001-9.7 requested in Order No. 890-A related to rollover rights to requests for redirect on a firm basis; (3) WEQ-001-9.1.3.1 and WEQ-001-0.3.1.1. standards that provide for transmission providers to process redirect requests in a manner in which the request would be processed in a manner that counts the available transfer capability encumbered by the parent reservation as available for the redirected request; (4) standards to support NITS, and; (5) standards modifications to support consistency across the NAESB OASIS standards.

Consistent with the adoption of the Final Rule, the Commission required each public utility to revise its Open Access Transmission Tariff (“OATT”) to include, by reference, the NAESB standards, acknowledging their obligation to comply with the newly incorporated Business Practice Standards. PJM submits revisions to the PJM Tariff to comply with the Commission’s directives in Order No. 676-H, and, as discussed below, seeks waivers of specified requirements of the Business Practice Standards because PJM’s current process are either consistent with, or superior to, those requirements.

II. Compliance Revisions

In accordance with the Commission’s directive, PJM submits amendments to Section 4.2 of the PJM Tariff to incorporate, by reference, the Business Practice Standards approved by the Commission and set forth in paragraph 89 of Order No. 676-H (and as updated in an Errata

⁴ *Preventing Under Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241 (2007), *order on reh’g*, Order No. 890-A, FERC Stats & Regs. ¶ 31,261 (2007), *order on reh’g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh’g and clarification*, Order No. 890-C, 126 FERC ¶ 61,228 (2009) (Order No. 890-C).

Notice issued by the Commission on October 3, 2014⁵), to the extent not otherwise applicable in accordance with the waiver request submitted herein.

III. Waiver Requests

A. Service Across Multiple Transmission Systems (SAMTS)

SAMTS Business Practice Standards were developed to provide a process for customers to complete cross-regional transactions and included modifications to WEQ-000, WEQ-001, WEQ-002, WEQ-003 and WEQ-013, which collectively were designed to address the coordination of point-to-point transmission service and/or network transmission service requests across multiple transmission systems. Generally, the process requires each affected provider to independently evaluate its portion of the linked request with the opportunity for reconciliation by the customer once all evaluations are complete to avoid financial harm in the event that any transmission provider cannot accommodate the request.

PJM has been supportive of the initiative to develop a coordinated process for SAMTS and recognizes that customers benefit from a consistent approach across transmission providers. For this reason, PJM proposes to implement the intent of SAMTS essentially as prescribed in the Business Practice Standards, but with minor exceptions which are intended to address, in part, the adverse effect on the timeline to evaluate short-term Transmission Service Requests. In PJM's view, these proposed modifications are superior to or at least consistent with the Business Practice Standards, but still provides the benefits of SAMTS business practices by (1) ensuring that participants are not charged for interdependent transmission service when another transmission provider cannot accommodate such a request and (2) implementing a process that is consistent with WEQ-001 and the templates set forth in WEQ-002 for SAMTS.

The SAMTS Business Practice Standards, as adopted, establish a 24-hour deadline for customers to provide attestation that they have provided the required information for all Transmission Service Requests/Reservations in a coordinated group. It is understood that this 24-hour period facilitates the ability of the customer to withdraw its request any time prior to the submission of the attestation without any financial harm, however, because of PJM's automated approval process, the 24-hour period adversely impacts queued transmission transactions due to PJM's first-come, first-served automated transaction approval process. As such, the 24-hour period could hinder the ability of PJM to timely evaluate that specific request, or any other subsequent requests, for service.

To eliminate this impact, PJM proposes to evaluate SAMTS transactions without delay. As part of this proposal, PJM will label all pre-confirmed Coordinated Requests that meet all other business criteria as "accepted," and, subsequently, "confirmed." This will allow PJM to continue to evaluate subsequent requests for service upon submittal. At the same time, PJM will honor the SAMTS Business Practice Standard to permit customers to withdraw "accepted"

⁵ *Standards for Business Practices and Communication Protocols for Public Utilities; Order No. 676-H*, 149 FERC ¶ 61,104 (October 3, 2014).

Transmission Service Requests, but without processing delay. Similarly, PJM will honor the 24-hour period required for attestations and will allow customers to withdraw, annul, or reduce requests and reservations up until the next time other transmission provider's counteroffer or reject the Coordinated Request for service. Transmission customers will have ample opportunity to annul or withdraw service so as to avoid financial harm while also continuing the stakeholder desired current practice of providing the status of short-term Transmission Service Requests very close to "real-time."

This approach is consistent with PJM's current processes and procedures and closely aligns with the adopted SAMTS evaluation process with the added benefit of allowing customers to receive automated transaction evaluation which allows them to make business decisions without paying for service that could not be secured on another transmission system. In this way, PJM believes that its SAMTS processes meets the intent of the SAMTS Business Practice Standards and, in many ways, is superior to the design components of WEQ-001-23. Accordingly, PJM requests that the Commission recognize PJM's close alignment between its existing processes and the approved SAMTS Business Practice Standards, while also recognizing that its slight deviations from the approved processes are "superior to or consistent with" those standards.

PJM proposes to add a clarifying statement in Section 4.2 of the PJM Tariff recognizing this departure from the SAMTS Business Practice Standards, modifying the *pro forma* language adopted by the Commission for WEQ0-001. In the alternative, if PJM's request for limited waiver on this issue is denied, PJM would request an additional twelve months to comply with the SAMTS business practice standards to allow PJM to make the necessary coding changes to comply with those as-filed requirements.

B. Network Integration Transmission Service (NITS)

As the Commission explained in the NOPR, NITS allows a Network Customer to integrate and economically dispatch and regulate its current and planned Network Resources in a manner comparable to the way a Transmission Provider uses its Transmission System to serve its Native Load Customers.⁶ In the latest version of the WEQ standards, NAESB included new and revised standards related to NITS within WEQ-000, WEQ-001, WEQ-002 and WEQ-003, which are designed to support the OASIS functionality associated with NITS.

PJM's FERC-approved Regional Transmission Expansion Program ("RTEP"),⁷ its Reliability Pricing Model ("RPM")⁸ – PJM's capacity market model – and its wholesale energy market processes govern both the study and commitment of internal and external network resources and load designations as contemplated in the NITS Business Practice Standard in an open and non-discriminatory manner. As such, PJM's current practices relative to NITS necessarily adhere to

⁶ Order 676-H, at P 50.

⁷ See, generally, Amended and Restated Operating Agreement of PJM Interconnection, L.L.C., Schedule 6.

⁸ See, generally, PJM Tariff, Attachment DD.

the principles established in the Order 890 series of orders and the NITS Business Practice Standards adopted in Order 676-H, and while the exact methods of posting and evaluating the designation/un-designation of network resources and loads may not match the exact requirements of those Business Practice Standards, PJM offers that it meets, and even exceeds, the intent of those requirements. The NITS Business Practice Standards relative to the study and commitment of network resources and load designations do not account for the more stringent requirements that necessarily apply to resources designated under a market and capacity construct, such as PJM's, which is designed to secure sufficient capacity and resources necessary to meet the entire PJM load.

Boiling the NITS requirements down to the simple premise of ensuring the integration and economic dispatch of network resources to load, PJM's planning process and capacity procurement methods, taken together, analyze the network resources and load requirements for PJM on an ongoing, regional basis rather than evaluating specific resources to a specific loads. For example, PJM utilizes two-pronged reliability criteria to ensure that all network resources are deliverable to the aggregate of PJM load (*i.e.* generation deliverability) and locational deliverability areas are capable of importing sufficient capacity to satisfy reliability criteria (*i.e.*, load deliverability). The designation and un-designation of network resources and load is done utilizing eRPM⁹ and associated PJM capacity and market rules, rather than utilizing OASIS templates.¹⁰

Previously, the Commission has made it clear that rules relative to providing non-discriminatory access to transmission service may not be as relevant to ISO/RTO transmission providers as they are to non-independent transmission providers.¹¹ In fact, in Order 890, the Commission affirmed that nothing in Order No. 890 was intended to upset the market design used by existing ISOs and RTOs and, in fact, ISOs and RTOs likely already have adopted practices that are already consistent with our superior to the reforms adopted by the Commission in the Order No. 890 series of orders.¹² This principle is codified as well in Appendix C to WEQ-001-C, relating to OASIS Business Practice, and specifies that "[i]n the event of a conflict between NAESB Business Practice Standards and individual Commission approved tariff or Commission approved market designs, the tariff or market design shall prevail."

As detailed above, PJM's provisions relating to the integration and dispatch of network resources are part of PJM's overall approved tariff and market design and are consistent with, or superior to, the adopted NITS Business Practice Standards. Accordingly, PJM asks that the Commission acknowledge that PJM's practices with regard to NITS are superior to or consistent with the

⁹ Generally, eRPM is PJM's internet-based application used by market participants to submit resource-specific sell offers or buy bids into PJM's RPM auctions.

¹⁰ PJM's Tariff provisions relating to the designation and termination of network resources in accordance with the Commission's Order No. 890 requirements, and incorporating PJM's Reliability Pricing Model rules, was filed with, and accepted by, the Commission. *PJM Interconnection, L.L.C.*, 123 FERC ¶ 61,145 (May 15, 2008).

¹¹ *Order No. 890* at P 158.

¹² *Id.*

NITS Business Practice Standards and, as a result, PJM is not required to adopt, by reference, the NITS Business Practice Standards in the PJM Tariff. In support of this request, PJM offers clarifying language in Section 4.2 of PJM's Tariff, modifying the Commission's *pro forma* language relative to WEQ-000, WEQ-001, WEQ-002 and WEQ-003, noting that such standards apply to the extent that they are not inconsistent with Transmission Provider's current NITS practices and procedures.

IV. Effective Date

Consistent with Order No. 676-H, PJM requests an effective date of February 2, 2015, for the PJM Tariff revisions offered in this filing.

V. Documents Enclosed

With this transmittal letter, PJM submits the following attachments:

1. Attachment A: Electronic version of revised PJM Tariff sections in marked form (i.e., reflecting changes);
2. Attachment B: Electronic versions of revised PJM Tariff sections in clean form.

VI. Correspondence and Communication

The following individuals are designated for inclusion on the official service list in this proceeding and for receipt of any communication 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. Electronic service is permitted as of November 3, 2008, under the Commission's regulations¹³ pursuant to Order No. 714¹⁴ and the Commission's Notice of Effectiveness of Regulations issued on October 28, 2008, in Docket No. RM01-5-000. In compliance with those regulations, PJM will post a copy of this filing to the FERC filings section of the its internet site, at the following link: <http://www.pjm.com/documents/ferc-manuals/ferc-filings.aspx> with a specific link to the newly

¹³ See, 18 C.F.R. §§ 35.2, 154.2, 154.208 and 341.2.

¹⁴ *Electronic Tariff Filings*, Order No. 714, 124 FERC ¶ 61,270

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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 Region¹⁵ alerting them this filing has been made by PJM today and 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 Commission's eLibrary website at the following link: <http://www.ferc.gov/docs-filing/elibrary.asp> in accordance with the Commission's regulations and Order No. 714.

Respectfully submitted,



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¹⁵ PJM already maintains updates and regularly uses e-mail lists for all PJM Members and affected commissions.

Attachment A

Revisions to PJM Open Access Transmission Tariff Section 4.2

(Marked/Redline Format)

4.2

Pursuant to the Commission's ~~November 24, 2009~~September 18, 2014 Final Rule, Order No. 676-~~EH~~ (1~~2948~~2948 FERC ¶ 61,162~~205~~205, corrections applied at 149 FERC ¶ 61,014) amending its regulations under the Federal Power Act, Transmission Provider hereby incorporates by reference the following standards promulgated by the WEQ of the NAESB:

- To the extent not inconsistent with Transmission Provider's current Network Integration Transmission Service ("NITS") practices and procedures, WEQ-000, Abbreviations and Acronyms, and Definition of Terms, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Oct. 4, 2012, Nov. 28, 2012 and Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013);
- To the extent not inconsistent with Transmission Provider's current NITS practices and procedures, WEQ-001, Open Access Same-Time Information System (OASIS), OASIS Version 4.52.0, (WEQ-001, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009), with the exception of Standards 001-0.1, 001-0.9 through 001-0.13, 001-1.0, 001-9.7, 001-14.1.3, and 001-15.1.2 WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013) excluding Standards 001-9.5, 001-10.5, 001-14.1.3, 001-15.1.2 and 001-106.2.5, as well as the timing requirements established in 001-23, to the extent inconsistent with Transmission Provider's current practice and as accepted by the Commission in Transmission Provider's compliance filing to Order No. 676-H;
- To the extent not inconsistent with Transmission Provider's current NITS practices and procedures, WEQ-002, Open Access Same-Time Information Systems (OASIS) Business Practice Standards & Communications Protocols (S&CP), OASIS Version 4.52.0, (WEQ- Version 003, July 31, 2012, as modified by NAESB final actions ratified on Nov. 28, 2012 and Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013) 002, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- To the extent not inconsistent with Transmission Provider's current NITS practices and procedures, WEQ-003, Open Access Same-Time Information Systems (OASIS) Data Dictionary Business Practice Standards, OASIS Version 4.52.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013) (WEQ-003, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- WEQ-004, Coordinate Interchange (WEQ-004, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009) WEQ Version 003, July 31, 2012 (with Final Action ratified December 28, 2012);

- WEQ-005, Area Control Error (ACE) Equation Special Cases ~~(WEQ-005, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009), WEQ Version 003, July 31, 2012;~~
- WEQ-006, Manual Time Error Correction ~~(WEQ-006, Version 001, Oct. 31, 2007, with minor corrections applied on Nov. 16, 2007), WEQ Version 003, July 31, 2012;~~
- WEQ-007, Inadvertent Interchange Payback, ~~(WEQ-007, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009) WEQ Version 003, July 31, 2012;~~
- WEQ-008, Transmission Loading Relief (TLR) – Eastern Interconnection ~~(WEQ-008, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009), WEQ Version 003, July 31, 2012 (with minor corrections applied November 28, 2012);~~
- WEQ-011, Gas/Electric Coordination, ~~(WEQ-011, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009) WEQ Version 003, July 31, 2012;~~
- WEQ-012, Public Key Infrastructure (PKI), ~~(WEQ-012, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009) WEQ Version 003, July 31, 2012;~~
- WEQ-013, Open Access Same-Time Information Systems (OASIS) Implementation Guide, OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013) Version 1.5 ~~(WEQ-013, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009); and~~
- WEQ-015, Measurement and Verification of Wholesale Electricity Demand Response, WEQ Version 003, July 31, 2012; and ~~(WEQ-015, 2008 Annual Plan Item 5(a), March 16, 2009).~~
- WEQ-021, Measurement and Verification of Wholesale Electricity Efficiency ~~(WEQ-021 2010 Annual Plan Item 4(d), July 16, 2012); and Measurement and Verification of Wholesale Electricity Demand Response (WEQ-015, 2010 Annual Plan Items 4(a) and 4(b), March 21, 2011) Energy Efficiency Products, WEQ Version 003, July 31, 2012).~~

Attachment B

Revisions to PJM Open Access Transmission Tariff
Section 4.2

(Clean Format)

4.2

Pursuant to the Commission's September 18, 2014 Final Rule, Order No. 676-H (148 FERC ¶ 61,205, corrections applied at 149 FERC ¶ 61,014) amending its regulations under the Federal Power Act, Transmission Provider hereby incorporates by reference the following standards promulgated by the WEQ of the NAESB:

- To the extent not inconsistent with Transmission Provider's current Network Integration Transmission Service ("NITS") practices and procedures, WEQ-000, Abbreviations and Acronyms, and Definition of Terms, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Oct. 4, 2012, Nov. 28, 2012 and Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013);
- To the extent not inconsistent with Transmission Provider's current NITS practices and procedures, WEQ-001, Open Access Same-Time Information System (OASIS), OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013) excluding Standards 001-9.5, 001-10.5, 001-14.1.3, 001-15.1.2 and 001-106.2.5, as well as the timing requirements established in 001-23, to the extent inconsistent with Transmission Provider's current practice and as accepted by the Commission in Transmission Provider's compliance filing to Order No. 676-H;
- To the extent not inconsistent with Transmission Provider's current NITS practices and procedures, WEQ-002, Open Access Same-Time Information Systems (OASIS) Business Practice Standards and Communications Protocols (S&CP), OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Nov. 28, 2012 and Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013);
- To the extent not inconsistent with Transmission Provider's current NITS practices and procedures, WEQ-003, Open Access Same-Time Information Systems (OASIS) Data Dictionary Business Practice Standards, OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013);
- WEQ-004, Coordinate Interchange WEQ Version 003, July 31, 2012 (with Final Action ratified December 28, 2012);
- WEQ-005, Area Control Error (ACE) Equation Special Cases, WEQ Version 003, July 31, 2012;
- WEQ-006, Manual Time Error Correction, WEQ Version 003, July 31, 2012;
- WEQ-007, Inadvertent Interchange Payback, WEQ Version 003, July 31, 2012;
- WEQ-008, Transmission Loading Relief (TLR) – Eastern Interconnection, WEQ Version 003, July 31, 2012 (with minor corrections applied November 28, 2012);

- WEQ-011, Gas/Electric Coordination, WEQ Version 003, July 31, 2012;
- WEQ-012, Public Key Infrastructure (PKI), WEQ Version 003, July 31, 2012;
- WEQ-013, Open Access Same-Time Information Systems (OASIS) Implementation Guide, OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013) ;
- WEQ-015, Measurement and Verification of Wholesale Electricity Demand Response, WEQ Version 003, July 31, 2012; and
- WEQ-021, Measurement and Verification of Energy Efficiency Products, WEQVersion 003, July 31, 2012.