

BERMAN AND TODDERUD LLP

3502 FREMONT AVENUE N., SUITE 1
SEATTLE, WASHINGTON 98103

Stan Berman
Direct Dial (206) 279-3193
stan@btlawllp.com

August 28, 2024

**Re: Potomac Electric Power Company Tariff Filing Modifying PJM OATT
Attachment H-9**

Docket No. ER24-2894-000

Honorable Debbie-Anne A. Reese
Acting Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, D.C. 20426

Dear Secretary Reese:

Pursuant to Section 205 of the Federal Power Act (“FPA”)¹ and Part 35 of the regulations of the Federal Energy Regulatory Commission (“FERC” or “Commission”), Potomac Electric Power Company (“Pepco”) hereby submits revised rate schedules reflecting updates to Attachment H-9 of the PJM Interconnection LLC Open Access Transmission Tariff (“PJM OATT”) governing transmission service to an emerging subset of Network Integration Transmission Service, hereinafter referred to as “co-located load,” interconnected with the Pepco transmission system.²

As further discussed below, Pepco respectfully requests that the Commission accept, without condition or modification, the proposed Tariff sheets to be effective December 2, 2024, without further suspension or hearing. Good cause exists to grant a

¹ 16 U.S.C. § 824d.

² Pursuant to Order No. 714, this filing is submitted by PJM Interconnection, L.L.C. (“PJM”) on behalf of Pepco as part of an XML filing package that conforms with the Commission’s regulations. PJM has agreed to make all filings on behalf of the PJM Transmission Owners in order to retain administrative control over the PJM Tariff. Thus, Pepco has requested that PJM submit this revision to Attachment H-9 in the eTariff system as part of PJM’s electronic Intra PJM Tariff.

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December 2, 2024 effective date without further suspension, because this amendment does not alter rate levels and instead merely clarifies obligations.

I DESCRIPTION OF APPLICANT

Pepco, a District of Columbia and Virginia Corporation, is a wholly owned subsidiary of Pepco Holdings, LLC, a public utility holding company. Pepco Holdings, LLC is a wholly owned subsidiary of Exelon. Pepco owns approximately 12,000 miles of transmission and distribution facilities and provides delivered electric power to approximately 943,000 customers in the District of Columbia and Maryland. Pepco's retail electric service is regulated by the Maryland Public Service Commission and the Public Service Commission of the District of Columbia, while PJM's provision of transmission service over Pepco's transmission facilities and sales for resale of electric energy in interstate commerce are regulated by this Commission. Pepco is a transmission-owning member of PJM.

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II PERSONS TO WHOM CORRESPONDENCE SHOULD BE ADDRESSED

<p>Stan Berman Eric Todderud Berman and Todderud LLP 3502 Fremont Avenue N. Seattle, WA 98103 (206) 279-3193 stan@btlawllp.com</p>	<p>E. Glenn Rippie Senior Vice President and Deputy General Counsel, Exelon Corporation, and General Counsel, Commonwealth Edison Company 10 S. Dearborn St., Ste. 4900 Chicago, IL 60603 Phone: (779) 231-0107 Email: glenn.rippie@exeloncorp.com</p> <p>Max Minzner Vice President and Deputy General Counsel Exelon Corporation 701 Ninth Street N.W. Washington, D.C. 20001 Phone: (202) 934-4740 Email: Max.Minzner@exeloncorp.com</p> <p>William Sauer Vice President, Federal Regulatory Affairs Exelon Corporation 701 Ninth Street N.W. Washington, D.C. 20001 Phone: (202) 868-7499 Email: William.Sauer@exeloncorp.com</p> <p>Sharon Midgley Vice President, Federal Regulatory Affairs Exelon Corporation 701 Ninth St. N.W. Washington, DC 20001 Phone: (410) 470-2625 Email: sharon.midgley@exeloncorp.com</p> <p>Gary E. Guy Assistant General Counsel Exelon Corporation 701 Ninth Street N.W. Washington, D.C. 20001 Phone: (301) 956-6754 Email: gary.guy@exeloncorp.com</p>
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III STATEMENT OF, REASONS, AND BASIS FOR FILING

A. Introduction

Data centers are proliferating in the United States and will be substantial contributors to electric load growth for the foreseeable future.³ Energy demand from data centers is expected to double by 2030.⁴

Recently end-use customers including but not limited to data centers have been exploring arrangements where they are “co-located” adjacent to large electric power generators, such as nuclear power plants, and interconnect with the grid through the same interconnection as the generator uses to inject power. Often, the generator is described as serving that load through facilities located on the “generator side of the meter” or the “fence,” meaning that both the load and the generation will be interconnected to the grid using, at least in part, the pre-existing interconnection facilities for the generator.

Pepco supports the opportunity for end-use load customers to co-locate where it can be done without threatening reliability. Because the new loads are end-use customers, state law, rather than the FPA, determines the retail rate treatment of these arrangements. Pepco has no objection to state law incentives for co-location, including incentives targeted at end uses that achieve state or regional policy goals, where policymakers select that path, and we stand ready, and welcome the opportunity, to work with our state and local regulators to further any policy goal to create appropriate incentives to co-locate load.

But it is likewise important that the load, through its Load Serving Entity (“LSE”), whomever that might be, bear its share of the costs of transmission services it uses and of the transmission facilities that will interconnect the load as well as the generator to the grid. Those costs include the costs of the transmission network itself, as well as other costs that are charged to network users, such as the costs of ancillary services and PJM and FERC administrative charges.

Service to such co-located load is Network Integration Transmission Service (“NITS”) as defined in the PJM OATT.⁵ In general, such loads (or the LSEs that serve

³ See, e.g., 2024 Summer Energy Market and Electric Reliability Assessment, at 8 (May 23, 2024) (presentation of FERC Staff).

⁴ EPRI, *Powering Intelligence: Analyzing Artificial Intelligence and Data Center Energy Consumption*, at 4 (May 2024) (available at <https://www.epri.com/research/products/3002028905>).

⁵ Pepco is aware that, in another docket, another utility has taken the position that this type of load is not network load. *PJM Interconnection, L.L.C.*, Amendment to IS, SA No. 1442; Queue No. NQ-123, Docket No. ER24-2172 (Jun. 3, 2024). On August 2, 2024, the Commission issued a deficiency letter in that docket. *PJM Interconnection*,

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them) should bear responsibility for these services in the same manner and to the same extent as service to any other Network Loads. Indeed, one need only consider two slightly different load situations – one load located at a nuclear site, and one load located a half mile down the road but not quite at the nuclear site – to see that the co-located load does not impose substantially different needs on PJM when it comes to ancillary services and PJM monitoring and administration, justifying comparable treatment of the two situations.

On August 2, 2024, in order to explore issues concerning such co-located load arrangements, the Commission directed a Commissioner-led technical conference to consider the topic, and that conference is now scheduled for November 1, 2024.⁶ That technical conference is welcome and important, to be sure. But the pace of these new arrangements is such that customers are asking questions now, requiring this clarification of the rate treatment.

As a result, these Tariff revisions are designed to:

- Clarify that, consistent with the existing PJM Tariff, load interconnected with the Pepco system must either be designated as Network Load, or appropriate Point-to-Point transmission service must be arranged for the end-use customer.
- Ensure that any otherwise lawful state law rate structures are not federally preempted by this Tariff language;⁷ and
- Provide regulatory certainty for entities to co-locate load.

B. Description of Rate Design and its Implementation in the Tariff Revisions

Pepco proposes a limited addition to Attachment H-9 of the PJM OATT to effect that clarification. The amendment to Attachment H-9 does not change Pepco's formula rate in any respect and no change to Pepco's formula rate is required, requested or

L.L.C., Deficiency Letter, Docket No. ER24-2172 (August 2, 2024). The parties to that docket have yet to submit a response to the deficiency letter.

⁶ *Large Loads Co-Located at Generating Facilities*, Notice of Commissioner-Led Technical Conference, Docket No. AD24-11 (August 2, 2024); *Large Loads Co-Located at Generating Facilities*, Supplemental Notice of Commissioner-Led Technical Conference, Docket No. AD24-11 (August 16, 2024).

⁷ Pepco takes no position in this proceeding on the consistency of such service with state utility regulatory requirements. Pepco reserves the right to take any appropriate position on retail issues relating to such service to co-located loads in state regulatory proceedings.

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envisioned with this filing. The amendment will have no impact on Pepco's revenue requirement, or Pepco's overall collections for transmission service, nor will it affect rates or rate design. It simply confirms that service to co-located load is NITS, and thus the generator or other party allowed to serve retail load under state law) serving co-located load is an LSE under the PJM OATT to be treated as any other LSE under the Tariff, unless the load is designated to receive Point-to-Point service, in which case it would pay charges like any point-to-point customer. The Tariff amendment also preserves, and does not alter, state regulatory jurisdiction, if any, over the end-use aspects of the service.

Including this clarification in the Tariff removes any doubt that co-located end-use load will bear its share of the costs of the transmission system it uses and from which it benefits. Co-located load will be responsible for paying a share of the cost of transmission services as well as ancillary services, and other PJM charges (such as the administrative costs of PJM) just as any other load must do.

Finally, as would be the case with other load, the distribution utility or the LSE serving co-located load will be required to install metering to measure the gross load of the end use customer. Transmission and ancillary service charges will be based on metered deliveries to the co-located load.

IV COMPLIANCE WITH COMMISSION REQUIREMENTS

A. List of Documents Submitted

Pepco submits the following documents:

1. This transmittal letter;
2. Marked Tariff sheets – PJM OATT Attachment H-9 (Attachment 1);
3. Clean Tariff sheets – PJM OATT Attachment H-9 (Attachment 2).

B. Proposed Effective Date

Pepco respectfully requests that the Commission accept, without condition or modification, the proposed Tariff sheets to be effective December 2, 2024, without suspension (other than a nominal period of one day) or hearing. Good cause exists to permit the requested effective date without further suspension because the amendment

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does not actually increase rates for anybody, and it is likely that generators that are interconnected with Pepco transmission facilities will soon be seeking to provide energy and capacity to co-located loads and such customers will benefit from prompt clarification of their obligations.

C. Service of Filing

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,⁸ 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/library/filing-order> 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 Region⁹ 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 Commission's eLibrary website located at the following link: <http://elibrary.ferc.gov> in accordance with the Commission's regulations and Order No. 714.

D. Description of Filing

A description of the filing is set forth above.

E. Statement of the Reasons for the Tariff Change

This transmittal letter and enclosed materials explain the reasons for the proposed changes to Pepco's Attachment H-9.

F. Requisite Agreement

No agreement is required by contract for the filing of proposed changes.

⁸ See 18 C.F.R. §§ 35.2(e) and 385.2010(f)(3).

⁹ PJM already maintains, updates, and regularly uses e-mail lists for all PJM members and affected state commissions.

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G. Statement Regarding Inclusion of Any Expense or Costs in Cost of Service Statements that Have Been Alleged or Adjudged Illegal, Duplicative, or Unnecessary Costs that are Demonstrably the Product of Discriminatory Employment Practices

There are no costs included in this filing that have been alleged or adjudged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs, nor has any expense or cost been demonstrated to be the product of discriminatory employment practices, within the meaning of Section 35.13(d)(3) of the Commission's regulations.

H. Cost of Service and Revenue Information to Support Filing and Request for Waiver

The filing does not alter rate levels. The cost of service and rate design information for the Pepco rate are set forth in PJM OATT Attachment H-9A. This amendment to Attachment H-9 merely clarifies that co-located load, like other load on the Pepco system, will pay that rate. Pepco believes that it has provided sufficient information for the Commission to determine the reasonableness of the proposed changes, which will have no impact on revenue requirements. To the extent that this filing requires waivers of Section 35.13 or other provisions of the Commission's regulations, Pepco respectfully requests such waivers, including waivers of Section 35.13(c), (d), (e), and (h) of the Commission's regulations, 18 C.F.R. §§ 35.13(c), (d), (e), and (h). To the extent that this filing fails to contain any information otherwise required for technical compliance with the Commission's regulations, Pepco respectfully requests that compliance with such regulations be waived.

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V CONCLUSION

WHEREFORE, for the foregoing reasons, Pepco respectfully requests the Commission accept its revised Attachment H-9, effective December 2, 2024.

Respectfully submitted,

/s/ Stan Berman

Stan Berman
Berman and Todderud LLP
3502 Fremont Ave N, #1
Seattle, WA 98103
(206) 279-3193
stan@btlawllp.com

On behalf of Potomac Electric Power
Company

ATTACHMENT 1
MARKED TARIFF SHEETS

ATTACHMENT H-9
Annual Transmission Rates – Potomac Electric Power Company Zone
for Network Integration Transmission Service

1. Potomac Electric Power Company's (Pepco's) annual transmission revenue requirement and the associated rate for Network Integration Transmission Service are equal to the results of the formula shown in Attachment H-9A posted on the PJM Internet site which reflects the facilities of Pepco within the Zone of 115 kV and higher voltage. The rate determined pursuant to Attachment H-9A shall be implemented pursuant to the Formula Rate Implementation Protocols set forth in Attachment H-9B. Service utilizing facilities at voltages below 115 kV will be provided at rates determined on a case-by-case basis.
2. In the event that any other entity in the Zone becomes a signatory to the Transmission Owners Agreement, and adopts an annual transmission revenue requirement (established in accordance with applicable requirements, including those of the FERC to the extent applicable) for inclusion in the Tariff, such revenue requirement and associated rate for Network Integration Transmission Service shall be stated in an appendix to this Attachment H-9 and added to the annual transmission revenue requirement and rate for Network Integration Transmission Service for the Zone. The foregoing shall not affect such rights as any entity may have under Section 30.9 of the Tariff, provided that no such entity may recover more than its annual transmission revenue requirement through the combination of any rights exercised pursuant to this Attachment H-9 and Section 30.9 of the Tariff.
3. The rate derived pursuant to Sections 1 and 2 above shall be effective until amended by the applicable Transmission Owner(s) within the Zone or modified by the Commission. No filing by a Transmission Owner with respect to its revenue requirement or rate shall be deemed a basis for examining the revenue requirement or rate (or methodology for determining the revenue requirement or rate) of any other Transmission Owner within the Zone.
4. In addition to the rate set forth in Sections 1 and 2 of this Attachment, the Network Customer purchasing Network Integration Transmission Service shall pay for transmission congestion charges, in accordance with the provisions of the Tariff, and any amounts necessary to reimburse the Transmission Owners for any amounts payable by them as sales, excise, "Btu," carbon, value-added or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.
5. Other Supporting Facilities Charge. In accordance with (1) above, the Zone rate for Network Integration Transmission Service for the delivery of all capacity and energy to the electric system of Southern Maryland Electric Cooperative, Inc. is increased by \$3,350 per megawatt per year to reflect the use of facilities at voltages below 115kV.
6. For avoidance of doubt and to ensure compliance with the definition of "Network Load," all load in the Pepco Zone that is electrically connected and synchronized when consuming power, regardless of the location of the physical interconnection to Pepco

Transmission Facilities or whether that connection also uses facilities owned by a third party, shall either (a) be designated as Network Load by a Network Customer under Tariff, Part III, and subject to all associated charges and services; or (b) where an Eligible Customer has elected not to designate a particular load at a discrete point of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Tariff, Part II for Point-To-Point Transmission Service for such non-designated load. For further avoidance of doubt, the Network Customer Facilities required by Section 29.4 includes metering measuring the gross load of the Network Customer consistent with the Tariff and any state retail access program. Nothing in this paragraph alters the transmission revenue requirement for Network Integration Transmission Service under the Tariff nor preempts any otherwise lawful state jurisdictional rate, incentive, subsidy, or other similar provision for the benefit of load.

ATTACHMENT 2
CLEAN TARIFF SHEETS

ATTACHMENT H-9
Annual Transmission Rates – Potomac Electric Power Company Zone
for Network Integration Transmission Service

1. Potomac Electric Power Company's (Pepco's) annual transmission revenue requirement and the associated rate for Network Integration Transmission Service are equal to the results of the formula shown in Attachment H-9A posted on the PJM Internet site which reflects the facilities of Pepco within the Zone of 115 kV and higher voltage. The rate determined pursuant to Attachment H-9A shall be implemented pursuant to the Formula Rate Implementation Protocols set forth in Attachment H-9B. Service utilizing facilities at voltages below 115 kV will be provided at rates determined on a case-by-case basis.
2. In the event that any other entity in the Zone becomes a signatory to the Transmission Owners Agreement, and adopts an annual transmission revenue requirement (established in accordance with applicable requirements, including those of the FERC to the extent applicable) for inclusion in the Tariff, such revenue requirement and associated rate for Network Integration Transmission Service shall be stated in an appendix to this Attachment H-9 and added to the annual transmission revenue requirement and rate for Network Integration Transmission Service for the Zone. The foregoing shall not affect such rights as any entity may have under Section 30.9 of the Tariff, provided that no such entity may recover more than its annual transmission revenue requirement through the combination of any rights exercised pursuant to this Attachment H-9 and Section 30.9 of the Tariff.
3. The rate derived pursuant to Sections 1 and 2 above shall be effective until amended by the applicable Transmission Owner(s) within the Zone or modified by the Commission. No filing by a Transmission Owner with respect to its revenue requirement or rate shall be deemed a basis for examining the revenue requirement or rate (or methodology for determining the revenue requirement or rate) of any other Transmission Owner within the Zone.
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