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August 28, 2024

Re: PECO Energy Company Tariff Filing Modifying PJM OATT Attachment H-7

Docket No. ER24-2893-000

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”), PECO Energy Company (“PECO”) hereby submits revised rate schedules reflecting updates to Attachment H-7 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 PECO transmission system.²

As further discussed below, PECO 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 PECO 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, PECO has requested that PJM submit this revision to Attachment H-7 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

PECO, a Pennsylvania corporation based in Philadelphia, is an energy delivery company in Pennsylvania. PECO is engaged in the purchase, transmission, distribution, and sale of electricity to residential, commercial, and industrial customers in southeastern Pennsylvania and in the purchase, transmission, distribution, and sale of natural gas to residential, commercial, and industrial customers in the Pennsylvania counties surrounding Philadelphia. PECO is regulated by this Commission and the Pennsylvania Public Utility Commission. PECO has over 1.7 million electric customers; a 1,900-square mile service territory; 1,050 miles of transmission lines; and approximately 22,000 miles of electric distribution facilities.

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II PERSONS TO WHOM CORRESPONDENCE SHOULD BE ADDRESSED

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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.

PECO 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. PECO 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 PECO 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 PECO 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

PECO proposes a limited addition to Attachment H-7 of the PJM OATT to effect that clarification. The amendment to Attachment H-7 does not change PECO's formula rate in any respect and no change to PECO'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 PECO takes no position in this proceeding on the consistency of such service with state utility regulatory requirements. PECO 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 PECO's revenue requirement, or PECO'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

PECO submits the following documents:

1. This transmittal letter;
2. Marked Tariff sheets – PJM OATT Attachment H-7 (Attachment 1);
3. Clean Tariff sheets – PJM OATT Attachment H-7 (Attachment 2).

B. Proposed Effective Date

PECO 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 PECO 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 PECO's Attachment H-7.

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 PECO rate are set forth in PJM OATT Attachment H-7A. This amendment to Attachment H-7 merely clarifies that co-located load, like other load on the PECO system, will pay that rate. PECO 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, PECO 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, PECO respectfully requests that compliance with such regulations be waived.

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V CONCLUSION

WHEREFORE, for the foregoing reasons, PECO respectfully requests the Commission accept its revised Attachment H-7, effective December 2, 2024.

Respectfully submitted,

/s/ Stan Berman

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On behalf of PECO Energy Company

ATTACHMENT 1
MARKED TARIFF SHEETS

ATTACHMENT H-7

Annual Transmission Rates -- PECO Energy Company for Network Integration Transmission Service

1. The annual transmission revenue requirement and the rate for Network Integration Transmission Service are equal to the results of the formula shown in Attachment H-7A posted on the PJM Internet site, which reflects the facilities recorded in FERC Form 1, as transmission for PECO Energy Company and its subsidiaries. The rate determined pursuant to Attachment H-7A shall be implemented pursuant to the Formula Rate Implementation Protocols set forth in Attachment H-7C. In addition, each Network Customer that serves one or more end-use customers taking distribution service from PECO Energy Company under its applicable tariff on file with the Pennsylvania Public Utility Commission shall pay the Monthly Deferred Tax Adjustment Charge shown in Attachment H-7B. Service utilizing other facilities will be provided at rates determined on a case-by-case basis.
2. The rates in (1) shall be effective until amended by the Transmission Owner(s) within the Zone or modified by the Commission.
3. In addition to the rates set forth in paragraph 1 above, 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.
4. For avoidance of doubt and to ensure compliance with the definition of "Network Load," all load in the PECO Energy Company Zone that is electrically connected and synchronized when consuming power, regardless of the location of the physical interconnection to PECO Energy Company 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-7

Annual Transmission Rates -- PECO Energy Company for Network Integration Transmission Service

1. The annual transmission revenue requirement and the rate for Network Integration Transmission Service are equal to the results of the formula shown in Attachment H-7A posted on the PJM Internet site, which reflects the facilities recorded in FERC Form 1, as transmission for PECO Energy Company and its subsidiaries. The rate determined pursuant to Attachment H-7A shall be implemented pursuant to the Formula Rate Implementation Protocols set forth in Attachment H-7C. In addition, each Network Customer that serves one or more end-use customers taking distribution service from PECO Energy Company under its applicable tariff on file with the Pennsylvania Public Utility Commission shall pay the Monthly Deferred Tax Adjustment Charge shown in Attachment H-7B. Service utilizing other facilities will be provided at rates determined on a case-by-case basis.
2. The rates in (1) shall be effective until amended by the Transmission Owner(s) within the Zone or modified by the Commission.
3. In addition to the rates set forth in paragraph 1 above, 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.
4. For avoidance of doubt and to ensure compliance with the definition of "Network Load," all load in the PECO Energy Company Zone that is electrically connected and synchronized when consuming power, regardless of the location of the physical interconnection to PECO Energy Company 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.