

164 FERC ¶ 61,224
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Kevin J. McIntyre, Chairman;
Cheryl A. LaFleur, Neil Chatterjee,
and Richard Glick.

PJM Interconnection, L.L.C.

Docket No. ER18-1629-000

ORDER ACCEPTING COMPLIANCE FILING

(Issued September 28, 2018)

1. On May 15, 2018, PJM Interconnection, L.L.C. (PJM) submitted tariff revisions¹ to its interconnection service agreement and interconnection procedures in its Open Access Transmission Tariff (Tariff), in compliance with Order No. 842.² In this order, we accept PJM's proposed Tariff revisions to be effective October 1, 2018.

I. Background

2. In Order No. 842, issued on February 15, 2018, the Commission modified the *pro forma* Large Generator Interconnection Agreement (LGIA) and the *pro forma* Small Generator Interconnection Agreement (SGIA), as well as the *pro forma* Large Generator Interconnection Procedures (LGIP) and the *pro forma* Small Generator Interconnection Procedures (SGIP), to require newly interconnecting large and small generating facilities, both synchronous and non-synchronous, to install, maintain, and operate equipment

¹ PJM Interconnection, L.L.C., Intra-PJM Tariffs, [OATT Table of Contents, PJM OATT Table of Contents, 34.0.0, 36.1, OATT 36.1 General, 7.0.0, OATT 110.1, OATT 110.1 Application, 8.0.0, OATT 111.1, OATT 111.1 Application, 7.0.0, OATT 112.1, OATT 112.1 Application, 6.0.0, OATT 112A.1, OATT 112A.1 Application, 8.0.0, ATTACHMENT N, OATT ATTACHMENT N, 4.0.0, ATTACHMENT O FORM, OATT ATTACHMENT O-FORM OF INTERCONNECTION SERVICE AGREEMENT, 8.0.0, ATTACHMENT O.A2.4.7, OATT ATTACHMENT O.A2.4.7 Reactive Power, 3.0.0, ATTACHMENT O. SCHEDULE I, OATT ATTACHMENT O SCHEDULE I, 0.0.0, Attachment Y, OATT ATTACHMENT Y, 3.0.0.](#)

² *Essential Reliability Services and the Evolving Bulk-Power System – Primary Frequency Response*, Order No. 842, 83 Fed. Reg. 9636 (Mar. 6, 2018), 162 ¶ FERC 61,128, *order on clarification and reh'g*, 164 FERC ¶ 61,135 (2018).

capable of providing primary frequency response as a condition of interconnection. The Commission found that imposing this requirement on all new generating facilities³ would “help to ensure adequate primary frequency response capability as the generation resource mix continues to evolve, ensure fair and consistent treatment for all types of generation facilities, help balancing authorities meet their frequency response obligations pursuant to Reliability Standard BAL-003-1.1, and help improve reliability, particularly during system restoration and islanding situations.”⁴

3. PJM states that its Tariff contains a single interconnection service agreement for both large and small generation, which is Attachment O of the PJM Tariff (PJM ISA). PJM proposes to add new sections 4.7.2, 4.7.2.1, 4.7.2.2, 4.7.2.3, and 4.7.2.4 to Appendix 2 of the PJM ISA. PJM states that aside from the relatively minor variances requested below, these new PJM Tariff sections contain language that is identical to the new sections of the *pro forma* LGIA and *pro forma* SGIA in Order No. 842. PJM states that, with regard to the *pro forma* LGIP and SGIP, it is revising Sections 36.1, 110.1, 111.1, 112.1, and 112A.1 of the interconnection procedures in PJM’s Tariff to require that generation interconnection requests provide the primary frequency operating response for electric storage resources. In addition, PJM is revising Attachment N (Generation Interconnection Feasibility Study Agreement) and Attachment Y (Forms of Screens Process Interconnection Request (For Generation Facilities of 2 MW or Less)) to include the “Minimum State of Charge” and “Maximum State of Charge” fields that the Commission added in the LGIP and SGIP. PJM states that these revisions are identical to the corresponding revisions added to the LGIP and SGIP in Order No. 842 and will apply to both large and small generator interconnections.⁵

4. PJM notes that Order No. 842 requires that independent system operators (ISOs) and regional transmission organizations (RTOs) demonstrate that relevant new and previously approved independent entity variations from the *pro forma* LGIA and *pro forma* SGIA as modified by the Commission are justifiable. PJM states that it proposes five independent entity variations to the PJM Tariff. First, instead of revising a

³ Order No. 842 states that the requirements apply to newly interconnecting generation facilities that execute, or request the unexecuted filing of, an LGIA or SGIA on or after the effective date of this Final Rule. These requirements also apply to existing large and small generating facilities that take any action that requires the submission of a new interconnection request that results in the filing of an executed or unexecuted interconnection agreement on or after the effective date of this Final Rule. *Id.* P 2.

⁴ *Id.* P 27.

⁵ PJM Transmittal at 2-3.

pro forma LGIA and *pro forma* SGIA, PJM proposes a variation to include the primary frequency response requirements in only the PJM ISA, which it uses for both large and small generator interconnections. PJM states that the PJM Tariff does not contain a *pro forma* LGIA and *pro forma* SGIA because it received an independent entity variation to Order No. 2006 compliance to allow PJM to use a single interconnection service agreement for both small and large generators to permit continuity among PJM's large and small generation interconnection procedures and to facilitate efficient administration of the agreements.⁶ PJM asserts that continuing to use a single interconnection agreement satisfies the Commission's standard for an independent entity variation by meeting the Commission's goal in Order No. 842 of ensuring that the primary frequency response requirements in the PJM Tariff apply to both large and small generators interconnecting within PJM. PJM states that the Commission's primary frequency response requirements and the associated revisions to the *pro forma* SGIA and *pro forma* LGIA are nearly identical. Therefore, PJM claims that including the Commission's requirements in the PJM ISA will ensure such requirements are applied to both large and small generators.

5. Second, PJM proposes a variance to replace each instance of "Interconnection Customer" in the *pro forma* LGIA and *pro forma* SGIA with "Generation Interconnection Customer" in new sections 4.7.2, 4.7.2.1, 4.7.2.2, 4.7.2.3, and 4.7.2.4 in Appendix 2 of the PJM ISA. PJM states that, under the PJM Tariff, an interconnection customer can be either a transmission or generation interconnection customer. However, because the Commission's requirements in Order No. 842 apply only to generation interconnection customers, PJM contends that it is appropriate to use the term "Generation Interconnection Customers" consistent with Order No. 842.⁷

6. Third, PJM proposes a variance to replace references to "Small Generating Facility" in the Commission's *pro forma* SGIA and "Large Generating Facility" in the Commission's *pro forma* LGIA with "Customer Facility." PJM states that the PJM Tariff contains one interconnection service agreement (i.e., Attachment O) that applies to both large and small generators as approved by the Commission pursuant to independent entity variations. As such, the currently-effective provisions in Section 4.7 of Attachment O, Appendix 2, of the PJM Tariff, where PJM proposes to add the primary frequency response requirements, also applies to both large and small generator interconnections.

⁶ *Id.* at 3-4 (citing *PJM Interconnection, L.L.C.*, 116 FERC ¶ 61,021, at P 11 (2006)).

⁷ PJM Transmittal at 4-5.

Therefore, PJM proposes to use “Customer Facility,” which refers to both large and small generation facilities in the PJM Tariff.⁸

7. Fourth, PJM proposes to create new Schedule 1 in the PJM ISA and replace references to “Appendix C” required in the *pro forma* LGIA and “Attachment 5” in the *pro forma* SGIA with references to “Schedule 1” in the PJM ISA. PJM states that Schedule 1 will contain the additional operating range details pertaining to primary frequency response for energy storage resources. PJM contends that this variation is appropriate because the PJM ISA does not currently contain either an “Appendix C,” “Attachment 5,” or similar attachment in which to place the primary frequency response details for energy storage resources.⁹

8. Finally, PJM states that it is not eliminating references to “speed governors” or making any other changes required by the Commission to Article 9.6.2.1 because the PJM Tariff and ISA do not contain Article 9.6.2.1 or a similar section.¹⁰

9. PJM requests a variance from the compliance date of Order No. 842 to allow a compliance date of October 1, 2018. PJM contends that an October 1, 2018 compliance date will allow the proposed revisions to coincide with the beginning of a new interconnection queue. PJM states that it recognizes that this compliance date is later than the compliance date of Order No. 842, but believes that good cause exists for allowing the proposed revisions to take effect on October 1, 2018. PJM states that implementing the revised procedures on the compliance date for Order No. 842, i.e., May 15, 2018, would subject some current PJM interconnection queue projects to the new procedures, while those in the same queue prior to May 15, 2018, would be subject to the prior procedures. PJM submits that moving the compliance date to coincide with the beginning of a new interconnection queue would not only be administratively easier for PJM to implement, but would also ensure that all prospective customers within their respective interconnection queues are treated similarly. PJM notes that the Commission granted similar requests to variances in the past to allow the proposed PJM compliance filings to coincide with the beginning of a new interconnection queue.¹¹

⁸ *Id.* at 5.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.* at 6 (citing *PJM Interconnection, L.L.C.*, 149 FERC ¶ 61,265 (2014) and *PJM Interconnection, L.L.C.*, Docket No. ER17-108-000 (Jan. 5, 2017) (delegated order).

II. Notice of Filing

10. Notice of PJM's proposed Tariff revisions was published in the *Federal Register*, 83 Fed. Reg. 23,664 (2018) with interventions and protests due on or before June 5, 2018. Dominion Energy Services, Inc., NRG Power Marketing LLC and GenOn Energy Management, LLC, PPL Electric Utilities Corporation, Ameren Services Company, and Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM, filed timely motions to intervene. No comments or protests were filed.

III. Discussion

A. Procedural Matters

11. Pursuant to 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2018), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

B. Standard of Review

12. Order No. 842 allowed transmission providers to propose variations to the requirements adopted in the final rule by filing independent entity variations, consistent with the approach of Order No. 2003.¹² Under that standard, independent entities, such as RTOs and ISOs are afforded more flexibility in proposing variations than are non-independent entities, primarily because they do not have affiliated generation and thus are less likely than non-independent entities to favor one generator over another.¹³ The Commission grants an RTO/ISO an independent entity variation from an order allowing for such variations where the RTO/ISO demonstrates that the proposed variation: (1) is just and reasonable, and not unduly discriminatory or preferential; and (2) accomplishes the purposes of the order.¹⁴

¹² Order No. 842, 162 ¶ FERC 61,128 at P 234.

¹³ *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146, at PP 58, 822-827 (2003), *order on reh'g*, Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160, *order on reh'g*, Order No. 2003-B, FERC Stats. & Regs. ¶ 31,171 (2004), *order on reh'g*, Order No. 2003-C, FERC Stats. & Regs. ¶ 31,190 (2005), *aff'd sub nom. Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007), *cert. denied*, 552 U.S. 1230 (2008).

¹⁴ *See* Order No. 2003, FERC Stats. & Regs. ¶ 31,146 at PP 26, 827; *see also* *Midcontinent Indep. Sys. Operator, Inc.*, 154 FERC ¶ 61,247, at P 20 (2016); *California Indep. Sys. Operator Corp.*, 140 FERC ¶ 61,070, at P 44 (2012).

C. Substantive Matters

13. We find that PJM's proposed Tariff revisions provide a just and reasonable and not unduly discriminatory or preferential method of requiring newly interconnecting generating facilities to install, maintain, and operate equipment capable of providing primary frequency response. PJM's proposed Tariff revisions are substantively identical to the tariff provisions required by Order No. 842, with minor modifications that appropriately reflect the differences between the Commission's *pro forma* LGIA and *pro forma* SGIA and PJM's ISA and the *pro forma* LGIP and *pro forma* SGIP and PJM's interconnection procedures. We find that PJM's proposed variations are just and reasonable because they will: (1) minimize risks to prospective Interconnection Customers in the queue prior to October 1, 2018, by reducing the risk of late-stage restudies; and (2) prevent imposing unforeseen compliance costs on those customers, while still ensuring that primary frequency response equipment will be required for any Interconnection Request submitted at the beginning of PJM's new interconnection queue. We grant PJM's requests for independent entity variations because PJM has demonstrated that its proposed revisions: (1) are just and reasonable, and not unduly discriminatory or preferential; and (2) accomplish the purposes of Order No. 842. We also find good cause to grant PJM's request to delay the effective date to coincide with the beginning of a new interconnection queue. Accordingly, we accept PJM's Tariff revisions, effective October 1, 2018.

The Commission orders:

PJM's proposed Tariff revisions are hereby accepted, to be effective October 1, 2018, as requested, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.