

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:
PJM Interconnection, L.L.C.
Docket No. ER12-2262-000

Issued: 10/1/12

PJM Interconnection, L.L.C.
955 Jefferson Avenue
Norristown, Pennsylvania 19403

Attention: Jacquelynn B. Hugee
Assistant General Counsel

Reference: Revisions to the Open Access Transmission Tariff and the Amended
and Restated Operating Agreement

Dear Ms. Hugee:

On July 18, 2012, you filed on behalf PJM Interconnection, L.L.C. (PJM), a compliance filing in PJM's Open Access Transmission Tariff (OATT) and Amended and Restated Operating Agreement (Operating Agreement),¹ in accordance with the Commission's directives in the April 19 Order² and Order No. 719.³ Revisions to the OATT and Operating Agreement, *inter alia*, detail how

¹ OATT Table of Contents, Definitions 3.0.0, Schedule 5 2.0.0, Sections 1.3, 1.7, 1.10, 1.11, 2.1, 2.2, 2.3, 2.5, 3.2, 3.3 and Emergency Load Response Program. Operating Agreement Table of Contents, Definitions 3.0.0, 2.0.0, Operating Agreement Schedule 1 Sections 1.3, 1.7, 1.10, 1.11, 2.1, 2.2, 2.5, 3.2 and Emergency Load Response Program.

² *PJM Interconnection, L.L.C.*, 139 FERC ¶ 61,057 (April 19, 2012) (April 19 Order).

³ *Wholesale Competition in Regions with Organized Electric Markets*, Order No. 719, 73 Fed. Reg. 64,100 (Oct. 28, 2008), FERC Stats. & Regs. ¶ 31,281, at P 165, *et seq.* (2008), *order on reh'g*, Order No. 719-A, FERC Stats. & Reg. ¶ 31,292 (2009), FERC Stats. & Regs. ¶ 31,292 (2009), *order on reh'g*, Order No. 719-B, 129 FERC ¶ 61,252 (2009).

PJM will dispatch emergency load response resources by offer price and removes the \$1,000/megawatt-hour offer cap for demand resources that are committed as capacity resources.

Pursuant to the authority delegated to the Director, Division of Electric Power Regulation-East under 18 C.F.R. §375.307, your submittal is conditionally accepted for filing, effective on the date requested.

This acceptance is conditioned upon PJM submitting revisions, within 15 days of the date of this order, to its OATT and Operating Agreement to reflect the following : (i) include the phrase “dispatch price” in the Emergency Operation section of the Emergency Load Response Program as stated in the transmittal letter;⁴ and (ii) incorporate into its tariff an explanation of least cost dispatch as it explained in its transmittal letter.⁵

In addition, PJM’s tariff revised language is not in compliance with P 128, P 130 and P 131 of the April 19 Order. PJM’s initial filing provided that energy only and economic demand resources would not be subject to the \$1,000 bid cap, while capacity demand resources would be. The April 19 Order required PJM to remove the \$1,000 bid cap for capacity demand resources. However, it appears that in complying with the April 19 Order, PJM’s revision would subject energy-only and economic demand resources to the bid cap. By inserting the word “not” in section 1.10.1A(d)(viii), PJM seemingly imposes the \$1,000 bid cap on energy-only and economic demand resources⁶ in contravention of the April 19 Order. PJM must therefore submit a tariff revision to comply with the April 19 Order.⁷

⁴ PJM Transmittal Letter filed in Docket No. ER12-2262-000 on July 18, 2012, at page 13.

⁵ “PJM cannot always dispatch the least-cost generation resources in the PJM Region. PJM must dispatch the least-cost set of resources such that transmission limits are not exceeded, and will do the same in emergency conditions with respect to emergency demand response resources;” PJM Transmittal Letter at page 15.

⁶ The revised tariff reads as follows: “Shall not exceed an energy offer price of \$1,000/megawatt-hour for all generation resources, and for all Demand Resources that have not cleared a Base Residual Auction or an Incremental Auction.” (revisions marked in red and underlined). Since energy-only and economic demand resources have not cleared a base residual or incremental auction, the revision incorrectly makes it appear as if these resources are subject to

The filing was noticed on July 19, 2012, with comments, interventions and protests due on or before August 8, 2012. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2012)), to the extent that any timely filed motions to intervene and any motion to intervene out-of-time were filed before the issuance date of this order, such interventions are granted. Granting late interventions at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties.

This action does not constitute approval of any service, rate, charge, classification, or any rule, regulation, contract, or practice affecting such rate or service provided for in the filed documents; nor shall such action be deemed as recognition of any claimed contractual right or obligation affecting or relating to such service or rate; and such action is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against PJM.

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713.

Sincerely,

Jignasa Gadani, Director
Division of Electric Power
Regulation – East

cc: All Parties

the \$1,000 bid cap.

⁷ It would appear that revising the section to read “Shall not exceed an energy offer price of \$1,000/megawatt-hour for all generation resources” would correct the problem, but PJM can propose an alternative solution.

Document Content(s)

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