



MC Legal Report
Summary of Significant Filings, Legal Activity
and
Federal Energy Regulatory Commission (Commission) and Court Orders
(January 16, 2021 – February 9, 2021)

ORDERS

On February 5, 2021, the Commission issued an order granting PJM's limited waiver of PJM Operating Agreement, section 15.1.5 to allow PJM to permit Panda Stonewall LLC (Panda Stonewall) a limited ability to continue to sell energy, capacity, and ancillary services in the PJM markets, effective January 22, 2021, as requested. The Commission directed PJM to submit an informational filing within 30 days of the date of the order, **March 5, 2021**, and **every 30 days thereafter** until Panda Stonewall has satisfied its Collateral Call, to provide the Commission with information on Panda Stonewall's progress toward satisfying PJM's Collateral Call and PJM's final determination concerning whether Panda Stonewall presents an unreasonable credit risk. (ER21-972)

On January 29, 2021, the Commission issued an order accepting revisions to the PJM Tariff and Operating Agreement that will enhance PJM's flexibility to resolve FTR defaults, effective February 1, 2021. The Commission directed PJM to submit a compliance filing, within thirty days (**March 1, 2021**), to remove a few words that were inadvertently included in the revisions. The Commission also directed PJM to submit an informational filing whenever PJM acts under new PJM Operating Agreement, Schedule 1, section 7.3.9(b)(4), which allows PJM to determine and execute "another course of action" that PJM deems appropriate under the circumstances to minimize potential losses to PJM members. PJM must submit this informational filing within one week of such action, describing: (1) the specific circumstances of the default; (2) the action PJM has taken; and (3) how such action minimizes losses to PJM members, including how it addresses the six criteria in new Operating Agreement, Schedule 1, section 7.3.9(c). (ER21-520)

On January 19, 2021, the Commission issued an order directing each RTO/ISO to submit an informational report related to hybrid resources, within 180 days from the date of the order. The order requires PJM to submit an informational report addressing the following four categories of hybrid resource issues: (i) terminology; (ii) interconnection; (iii) market participation; and (iv) capacity valuation. The order further requires that PJM provide a description of PJM's current practices related to each of these four issues, an update on the status of any ongoing efforts to develop reforms related to each of the four issues, and responses to the specific requests for information contained within the order. PJM's informational report is due **July 19, 2021**. (AD20-9)

On January 19, 2021, the Commission issued an order denying Lawrenceburg Power LLC's request for rehearing of the Commission's September 17, 2020 order concerning the station power self-supply monthly netting provision of the PJM Tariff. (EL20-30-001 and EL20-56-001)

On January 19, 2021, the Commission issued a procedural (non-substantive) notice denying, by operation of law, GreenHat Energy, LLC's request for clarification or rehearing of the Commission's November 19, 2020 order on Shell Energy North America's petition for declaratory order concerning the use of FTR Center for FTR bilateral transactions. The Commission advised that the request for clarification or rehearing will be addressed in a future substantive order. (EL20-49-001)

On January 19, 2021, the Commission issued an order on compliance and clarification accepting, in part, and denying, in part, PJM's November 13, 2020 MOPR compliance filing and denying the Market Monitor's requested clarifications. In the order, the Commission also granted PJM's motion to reinstate the pre-auction activity deadline for Demand Resource sell offer plans to be submitted 30 days prior to the start of the Base Residual Auction. The order directs PJM to make an additional compliance filing, within 15 days, **February 15, 2021**, to remove one sentence requiring the use of a resource-specific offer price when the floor price is greater than the offer cap. (EL16-49-004)

FILINGS

On February 9, 2021, PJM submitted an answer to the December 31, 2020 Complaint filed by Neptune Regional Transmission System and the Long Island Power Authority (collectively, “Complainants”) in the captioned docket. The PJM answer responds to Complainants’ challenge to the cost allocations resulting from the continued use of the netting procedure and the one percent de minimis rule as applied to the results of the solution-based distribution factor analysis. (EL21-39)

On February 5, 2021, PJM submitted a compliance filing with revisions to PJM Tariff, Attachment K-Appendix, section 7.3.9(b)(4), and the identical provisions of PJM Operating Agreement, Schedule 1, section 7.3.9(b)(4) to remove the words “and its” that PJM inadvertently included in its FTR default disposition revisions thereto, as directed by the Commission. PJM requested an effective date of February 1, 2021. (ER21-520-001)

On February 4, 2021, PJM filed a motion to leave to answer and limited answer to the Neptune/LIPA protest of PJM’s annual cost allocation filing. Protestors allege that PJM’s application of the Commission-accepted netting procedure and 1 % de minimis rule to the results of the solution-based DFAX analyses is unjust and unreasonable. (ER21-726)

On February 3, 2021, PJM submitted, in accordance with the Commission’s January 19, 2021 order, a compliance filing removing the sentence in Tariff, Attachment DD, section 5.14(h-1)(2) that specifies that the Sell Offer for a Capacity Resource with State Subsidy should be the resource-specific floor price in the event the MOPR Floor Offer Price is greater than the applicable Market Seller Offer Cap. An effective date of October 15, 2020 was requested. In preparing this filing, PJM considered the input received from stakeholders at the January 27, 2021 Markets and Reliability Committee and is moving forward with the approach that was outlined at that meeting. (EL16-49, ER18-1314, and EL18-178)

On January 29, 2021, PJM filed a request for a limited-time waiver (on a sliding scale) of certain PJM deadlines in PJM Tariff, Part IV, that apply to New Service Requests received during the last month of the AG2 New Services Queue and the first month of the AH1 New Services Queue, each of which establishes an initial five Business Day period for PJM to: (i) acknowledge receipt of a New Service Request; (2) undertake a deficiency review of a New Service Request; and/or (3) review the information provided by an Interconnection Customer (IC) in response to the initial deficiency notice. PJM is seeking this waiver because of the expected high volume of new Interconnection Requests (based upon past queue window trends). (ER21-1016)

On January 29, 2021, PJM submitted for filing the 2021 informational report that includes: (i) Appendix A - a list of two Immediate-need Reliability projects consisting of four baseline upgrades approved by the PJM Board of Managers in 2020 for which an existing incumbent transmission owner was selected as the designated entity; and (ii) Appendix B - a status update listing the Immediate-need Reliability projects included in prior reports. (ER13-198)

On January 28, 2021, PJM filed for limited waiver of PJM Operating Agreement, section 15.1.1(i) to allow Panda Stonewall LLC to continue participating in the PJM capacity, energy, and ancillary service markets in order to produce revenue that can be used to satisfy an outstanding Collateral Call. The Collateral Call was precipitated by Panda Stonewall’s contingent refund liability stemming from its 2017 reactive supply cost-of-service rate case, which is still awaiting final resolution from the Commission. (ER21-972)