



MC Legal Report
Summary of Significant Filings, Legal Activity and
Federal Energy Regulatory Commission (Commission) and Court Orders
(December 4 – January 7, 2021)

ORDERS

On December 22, 2021, the Commission issued an Order on Voluntary Remand, affirming in part and reversing in part the determinations made in its prior orders in the PJM reserve price formation proceeding. Specifically, the Commission affirmed its prior findings that PJM satisfied its burden under section 206 of the Federal Power Act (FPA) to show that the bifurcation of Tier 1 and Tier 2 Synchronized Reserve products, misalignment of the day-ahead and real-time reserve markets, and the provisions regarding resources' reserve capability and offer rules are unjust and unreasonable. However, the Commission reversed its prior determination and found that PJM failed to meet its burden to show that the currently effective Reserve Penalty Factors and two-step Operating Reserve Demand Curves (ORDCs) are unjust and unreasonable. The Commission also reversed its prior determination that the backward-looking energy and ancillary services offset (E&AS Offset) is unjust and unreasonable. The Commission directed PJM to submit a compliance filing within 60 days of the date of the order to revise its Tariff and Operating Agreement records previously accepted in the proceeding to reflect the currently effective Reserve Penalty Factors and the ORDCs and restore its Tariff provisions related to its prior backward-looking E&AS Offset. The Commission also directed PJM to submit a compliance filing within 30 days of the date of the order proposing a new schedule for the Base Residual Auction (BRA) for the 2023/2024 delivery year and subsequent BRAs. (EL19-58-006 and ER19-1486-003)

On December 16, 2021, the Commission issued Order No. 881 relating to Managing Transmission Line Ratings (the Final Rule). The Final Rule revises both the pro forma Open Access Transmission Tariff (pro forma OATT) and the Commission's regulations to improve the accuracy and transparency of electric transmission line ratings. The Commission directed PJM to submit a compliance filing within 120 days of the Final Rule's effective date. This compliance deadline requires PJM to revise its Tariff to incorporate the pro forma OATT Attachment M approved in the Final Rule. Further, the Commission is requiring that all requirements adopted in the Final Rule be implemented no later than three years from the compliance filing due date. (RM20-16-000)

On December 16, 2021, the Commission accepted compliance revisions to the PJM Tariff, Schedule 6A, to (1) correct typographical errors in the statement of the Maximum Tank Suction Level calculation and (2) set forth details concerning the formulaic Capital Recovery Factor (CRF) that the Commission found to be essential to the rates, terms, and conditions of Black Start Service, effective June 6, 2021, and directed further compliance to revise the CRF definition. (ER21-1635-002)

On December 16, 2021, the Commission issued an order accepting the September 29, 2021 filing by PJM on behalf of Atlantic City Electric Company (ACE), Delmarva Power & Light Company (Delmarva), and PECO Energy Company (PECO) of revisions to Attachments H-1A (ACE), H-3D (Delmarva), and H-7A (PECO) to the PJM Open Access Transmission Tariff (OATT). The amendments modify the respective ACE, Delmarva, and PECO formulas rates to revise the Transmission Wages and Salary (W&S) Allocator to include labor costs for transmission-related services performed by their affiliated Exelon utility services companies. The Commission suspended the revisions for a nominal period, to become effective as of January 1, 2022, subject to refund, and established hearing and settlement judge procedures. (ER21-2965-000, and ER21-2965-001)



On December 15, 2021, the Commission issued a letter order accepting the November 4, 2021 filing by PJM of revisions to Tariff, Attachment Q to consolidate the definition of Working Credit Limit to correct, clarify and/or make consistent certain provisions contained within PJM's Tariff. The tariff revisions become effective as of January 4, 2022. (ER22-342-000)

On December 14, 2021, the Commission issued a letter order accepting the filing by PJM of proposed revisions to PJM Tariff, Schedule 12-Appendix A to incorporate cost responsibility assignments for 25 baseline upgrades included in the recent update to the Regional Transmission Expansion Plan approved by the PJM Board of Managers on September 22, 2021. The revisions become effective as of January 16, 2022. (ER22-135-000)

On December 6, 2021, the Commission issued an order accepting PJM's Tariff, section 7.3, amendment filing. The changes align the cure periods applicable to Transmission Customers' payment and credit defaults in Tariff, section 7.3 with the parallel provisions in Operating Agreement, section 15.1.5, applicable to PJM Members' defaults. The effective date is December 21, 2021. (ER22-172-000)

FILINGS

On January 7, 2022, PJM submitted on behalf of Atlantic City Electric Company and Delmarva Power and Light Company an Errata (Modification) to the Settlement Agreement and related documents as filed on December 13, 2021. The Errata includes corrected versions of exhibits to the Settlement Agreement. (ER20-2197-001 and ER20-2198-001) (Consolidated)

On January 7, 2022, PJM submitted proposed revisions to PJM Tariff, Schedule 12-Appendix A to incorporate cost responsibility assignments for 30 baseline upgrades included in the recent update to the Regional Transmission Expansion Plan approved by the PJM Board of Managers on December 8, 2021. PJM requested an effective date of April 7, 2022, which is 90 days after the date of this filing, to allow a 30 day comment period. (ER22-788-000)

On December 30, 2021, PJM submitted an amendment to its December 21, 2021 filing of proposed revisions to the calculation of the Financial Transmission Right Credit Requirement. The amendment corrects two errors to the revised language in Tariff, Attachment Q, to conform to the language endorsed by the PJM Members Committee. (ER22-703-001)

On December 22, 2021, PJM submitted comments pursuant to the notice issued on November 22, 2021 inviting post-meeting comments of the Joint Federal-State Task Force on Electric Transmission. PJM's comments describe how states provide input into the PJM planning process. (AD21-15-000)

On December 21, 2021, PJM submitted for filing revisions to the PJM Tariff, Schedule 12 – Appendix and Schedule 12 – Appendix A to update annual cost responsibility assignments for Regional Facilities, Necessary Lower Voltage Facilities and Lower Voltage Facilities consistent with PJM Tariff, Schedule 12. PJM requested the revisions be effective as of January 1, 2022. (ER22-702-000)

On December 21, 2021, PJM filed changes to Tariff, Attachment Q to revise the calculation of the Financial Transmission Right (FTR) Credit Requirement, which sets the Collateral that FTR Participants are required to provide in order to participate in PJM's FTR market. PJM requested an effective date of April 1, 2022, for the Tariff changes. PJM also requested that the Commission enter an order on or before February 26, 2022, and to extend the deadline for comments on this filing to 28 days. (ER22-703-000)



On December 20, 2021, PJM submitted a limited answer to the December 7, 2021 Supplemental/Renewed Protest, Motion for Order on Remand, and Motion to Lodge of the Joint Movants in the Reserve Price Formation proceeding. (ER19-1486-000 and EL19-58-000)

On December 13, 2021, PJM submitted on behalf of Atlantic City Electric Company (ACE) and Delmarva Power and Light Company (DPL) a settlement agreement to resolve all issues in those dockets. In accordance with Section 3.1 of the Settlement Agreement, the Settlement Agreement will have an effective date of September 1, 2020 upon issuance of an order approving the Settlement Agreement without modification or condition, or if the Commission issues an order conditioning or modifying the Settlement Agreement, sixteen days after such order if no Party gives notice of objection pursuant to Section 3.1 of the Settlement Agreement. (ER20-2197-001 and ER20-2198-001) (Consolidated)

On December 9, 2021, PJM submitted for filing on behalf of American Electric Power Service Corporation (AEPSC), on behalf of its affiliates, Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, and Wheeling Power Company (together, the AEP East Operating Companies), an informational filing to update the base Post-employment Benefits Other than Pensions (PBOP) expense as contemplated in PJM Tariff, Attachment H-14. The requested effective date for AEPSC's informational filing is February 8, 2022. (ER22-600-000)

On December 8, 2021, PJM submitted, consistent with PJM Open Access Transmission Tariff, Schedule 7, section 11(E), its 2022 Informational Filing together with the 2022 Border Yearly Charge (BYC) Workbook as part of the annual updating process for the BYC. (ER19-2105-000 and ER19-2105-001)

On December 8, 2021, PJM submitted an Answer to the complaint filed by Wabash Valley Power Association, Inc. (Wabash). In this complaint, filed December 3, 2021, Wabash requested that the Commission reject or otherwise declare invalid the two revised default MSOCs for Wabash Valley's ownership share of the Gibson 5 Capacity Resource that the Market Monitor published well after the October 1, 2021 deadline. In this Answer, PJM urges the Commission to expeditiously grant the Market Monitor's modified waiver request while denying Wabash's Complaint. (EL22-19-000)