

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

PJM Interconnection, L.L.C.

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**Docket No. EL19-100-000
ER20-584-000**

**MOTION OF PJM INTERCONNECTION, L.L.C.
TO HOLD PROCEEDINGS IN ABEYANCE
AND FOR SHORTENED COMMENT PERIOD AND EXPEDITED ACTION**

Pursuant to Rule 212 of the Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) Rules of Practice and Procedure,¹ PJM Interconnection, L.L.C. (“PJM”) hereby submits this Motion to Hold Proceedings in Abeyance and for Shortened Comment Period and Expedited Action (the “Motion”), and respectfully requests that the Commission hold the above-captioned proceedings in abeyance until January 29, 2021. PJM is submitting this Motion in order to pursue an Effective Load Carrying Capability (“ELCC”) construct with PJM stakeholders for calculating the capability of resources (such as Energy Storage Resources²) in the PJM Reliability Pricing Model (“RPM”). As described herein, holding these proceedings in abeyance will provide the requisite time for a PJM stakeholder process to develop an ELCC construct, which could potentially address the issues identified by the Commission in the October 17 Order initiating these proceedings.³

¹ 18 C.F.R. § 385.212 (2020).

² Terms not otherwise defined herein shall have the same meaning as set forth in the PJM Open Access Transmission Tariff (“Tariff”), the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”), and the Reliability Assurance Agreement Among Load-Serving Entities in the PJM Region (the “RAA”). The Tariff, Operating Agreement, and the RAA are currently located under PJM’s “Intra-PJM Tariffs” eTariff title, available here: <https://etariff.ferc.gov/TariffBrowser.aspx?tid=1731>.

³ *PJM Interconnection, L.L.C.*, 169 FERC ¶ 61,049 at P 141 (2019) (the “October 17 Order”) (“Further, the record in this proceeding raises concerns that PJM’s application of its minimum run-time rules and procedures to Capacity Storage Resources may be unjust, unreasonable, unduly discriminatory or preferential. For example, commenters argue that: (1) it is unduly discriminatory to apply a 10-hour minimum run-time requirement to Capacity Storage Resources, while only applying a 4-hour minimum run-time requirement to intermittent resources; (2) PJM’s 10-hour minimum run-time requirement is not based on a sound consideration of physical and operational characteristics of Capacity Storage Resources; and (3) multiple PJM Tariff provisions differ in the treatment of Capacity Storage

Given that the Commission has invited the submission of initial briefs in the paper hearing in Docket No. EL19-100-000 by March 11, 2020, PJM respectfully requests a shortened comment period of four (4) days, and expedited action by the Commission on this procedural Motion by no later than March 9, 2020.

I. BACKGROUND

In the October 17 Order, the Commission accepted PJM's Order No. 841⁴-related revisions to the PJM Tariff and Operating Agreement. As relevant here, the Commission also: (i) initiated a separate Federal Power Act ("FPA") Section 206⁵ proceeding in Docket No. EL19-100-000 and directed PJM to submit Tariff provisions reflecting its "minimum run-time"⁶ rules and procedures for every resource type; and (ii) initiated a paper hearing in Docket No. EL19-100-000 to investigate whether PJM's "minimum run-time" rules and procedures are unjust, unreasonable, unduly discriminatory or preferential as applied to Capacity Storage Resources.⁷

On December 12, 2019, PJM submitted a compliance filing addressing the Commission's first directive in Docket No. ER20-584-000, and proposed to incorporate PJM's rules for determining capacity values of all resource types into RAA, Schedule 9.⁸

Resources and Generation Capacity Resources, even though PJM contends in its Data Request Response that Capacity Storage Resources are Generation Capacity Resources.").

⁴ *Electric Storage Participation in Markets Operated by Regional Transmission Organizations and Independent System Operators*, 162 FERC ¶ 61,127 (2018) ("Order No. 841"), *order on reh'g*, 167 FERC ¶ 61,154 (2019) ("Order No. 841-A").

⁵ 16 U.S.C. § 824e (2018).

⁶ PJM interprets the Commission's directive to incorporate the "minimum run-time" rules for all resources in the Tariff to mean the PJM Manual provisions that the current RAA, Schedule 9 refers to as the "rules and procedures [that] recognize the difference in types of generating units and the relative ability of units to maintain output at stated capability over a specified period of time."

⁷ October 17 Order at PP 140-143.

⁸ *PJM Interconnection, L.L.C.*, Compliance Filing of PJM Interconnection, L.L.C., Docket No. ER20-584-000 (Dec. 12, 2019).

On November 26, 2019, PJM moved in Docket No. EL19-100-000 for a ninety-day extension of time to file its initial brief in the paper hearing contemplated by the Commission's second directive.⁹ In its November 26 Motion, PJM expressed its belief that "it is prudent to re-engage with the storage community, along with any other interested stakeholders, on these questions prior to filing the initial brief on the application of the minimum duration rules to Capacity Storage Resources," and that "[s]uch dialogue will allow PJM to explore potential alternative approaches, as well as to ensure that all sides better understand each other's respective positions."¹⁰ Those conversations undertaken during this period have proven fruitful, and provide a basis for PJM to seek to pursue an ELCC-type solution to the issue of determining the appropriate capacity value of Energy Storage Resources.¹¹

II. MOTION TO HOLD PROCEEDINGS IN ABEYANCE

Since its November 26 Motion, PJM has issued an open invitation to directly engage stakeholders so as to better understand their perspectives regarding the existing qualification requirements for Capacity Resources. Based on the robust engagement and dialogue thus far, it has become clear that a spectrum of opinion exists regarding the effectiveness of PJM's existing construct, with some stakeholders strongly in support, others in opposition, and others somewhere in the middle.

In an effort to forge a broader consensus within this spectrum, PJM intends to initiate a new stakeholder process via a new problem statement and issue charge that will be considered at

⁹ *PJM Interconnection, L.L.C.*, Motion for Extension of Time of PJM Interconnection, L.L.C., Docket Nos. EL19-100-000, ER19-469-000, ER19-469-001 (Nov. 26, 2019) (the "November 26 Motion"). On December 6, 2019, the Commission granted PJM's November 26 Motion, and extended the deadline to file initial briefs in Docket No. EL19-100-000 to and including March 11, 2020.

¹⁰ November 26 Motion at 3.

¹¹ While not directly the subject of this proceeding, the above-referenced stakeholder process would also examine an ELCC construct in the context of wind, solar, and other classes of Capacity Resources.

the March 26, 2020 meeting of the PJM Markets and Reliability Committee (“MRC”). The primary objective of this new stakeholder process will be to develop a capability construct for certain Capacity Resources (including limited energy resources, such as Energy Storage Resources, and Intermittent Resources, such as wind, solar, hydroelectric power with and without storage reservoirs, and other renewable resources) in the RPM using ELCC—a concept that is currently used to varying extents in the Midcontinent Independent System Operator, Inc. (“MISO”),¹² the New York Independent System Operator, Inc. (“NYISO”),¹³ and the California Independent System Operator Corporation (“CAISO”).¹⁴ ELCC is a methodology based on loss-of-load probability designed to determine a resource’s effective contribution to resource adequacy.¹⁵ ELCC represents the amount of incremental load that a resource can dependably and reliably serve, while also considering load uncertainty and the probabilistic nature of generation shortfalls and random forced outages as driving factors to load not being served. Practically speaking, ELCC breaks down an individual generator’s contribution to system reliability—meaning it can distinguish among generators with differing levels of reliability, size, and on-peak vs. off-peak delivery. Resources that are able to deliver during periods of high risk have a high ELCC, and resources less able to do so consistently have a lower ELCC. Under an ELCC construct, the capacity value will be adjusted in response to resource penetration levels. At the

¹² See, e.g., MISO Business Practice Manual 11, Section 4.2.3.2; MISO Report for Planning Year 2019-2020, Wind and Solar Capacity Credit (December 2018), available here: <https://cdn.misoenergy.org/2019%20Wind%20and%20Solar%20Capacity%20Credit%20Report303063.pdf>;

¹³ See, e.g., *N.Y. Indep. Sys. Operator, Inc.*, 170 FERC ¶ 61,033 at PP 80, 113-17 (2020).

¹⁴ See, e.g., California Public Utilities Commission Qualifying Capacity Methodology Manual Adopted 2017, available here: <https://www.cpuc.ca.gov/WorkArea/DownloadAsset.aspx?id=6442455533>

¹⁵ Garver, L.L.; “Effective Load Carrying Capability of Generating Units,” *Power Apparatus and Systems*, IEEE Transactions on, vol.PAS-85, no.8, pp.910-919, Aug. 1966.

current level of market penetration, shorter duration Energy Storage Resources would be expected to receive higher capacity value than under the current framework.¹⁶

In order to provide the requisite time for the aforementioned new stakeholder initiative to consider whether to develop an ELCC construct in PJM and if so, the details of such a construct, PJM respectfully requests that the Commission hold the above-captioned proceedings (EL19-100-000 and ER20-584-000) in abeyance until January 29, 2021. Based on its preliminary discussions with stakeholders and the prior ELCC-related work and education that has already occurred in the PJM Planning Committee,¹⁷ PJM believes that January 29, 2021 is a reasonable date by which it could submit an FPA Section 205 filing with proposed governing document revisions to establish the new ELCC framework applicable to Capacity Storage Resources. In the event that PJM is unable to submit such a filing by January 29, 2021, PJM proposes as part of this Motion that the ‘abeyance period’ requested herein would end in Docket Nos. EL19-100-000 and ER20-584-000, with the Commission then timely establishing a new briefing schedule for the associated paper hearing pursuant to which parties (including PJM) could submit initial and reply briefs in due course. Additionally, in the event that PJM is unable to submit a substantive FPA Section 205 filing by January 29, 2021, PJM proposes to submit an informational filing on that date in Docket Nos. EL19-100-000 and ER20-584-000 providing the Commission with a procedural update

¹⁶ Several recent ELCC analyses for storage resources that are expected to be comparable to PJM conditions show this feature, including among them Potomac Economics, “Alternative ELR Capacity Value Study: Methodology and Results” (2019), available here <https://www.nyiso.com/documents/20142/4615689/MMU+ELR+Capacity+Value+Study+012419.pdf> and Southwest Power Pool, Inc. “Energy Storage Accreditation Methodology” (2020), designated as Item 04 in the following folder: <https://www.spp.org/Documents/61378/SAWG%20Agenda%20and%20Background%20Materials%2020200129.zip>

¹⁷ See, e.g., October 17, 2019 Planning Committee presentation of PJM Resource Adequacy Planning Economist Dr. Patricio Rocha Garrido, available here <https://www.pjm.com/-/media/committees-groups/committees/pc/20191017/20191017-item-18-elcc-review.ashx>

regarding the status of its stakeholder process, which could help inform the Commission as it establishes a revised briefing schedule in this proceeding.

The Commission has clarified that “[w]hether to hold a matter in abeyance is a matter for the Commission’s discretion,”¹⁸ and has previously found it appropriate to hold FPA Section 206 proceedings in abeyance to allow time for stakeholders to resolve underlying issues that may directly impact those proceedings.¹⁹ As applicable here, an ELCC framework established in PJM’s governing documents could potentially address the issues identified by the Commission in its October 17 Order regarding PJM’s existing rules for Capacity Storage Resources,²⁰ thereby eliminating the need for these proceedings.

¹⁸ *Chevron Products Co. v. SFPP, L.P.*, 154 FERC ¶ 61,231 at P 6 (2016).

¹⁹ See, e.g., *Midcontinent Indep. Sys. Operator, Inc.*, 161 FERC ¶ 61,057 at P 44 (2017) (“Accordingly, to allow such discussions between MISO and stakeholders, we will hold the section 206 paper hearing in abeyance.”); *Sw. Power Pool, Inc.*, 161 FERC ¶ 61,062 at P 33 (2017) (“Accordingly, to allow this stakeholder process to continue its discussions, we will hold the FPA section 206 paper hearing in abeyance.”); *Ameren Servs. Co. v. Midwest Indep. Trans. Sys. Operator, Inc.*, 121 FERC ¶ 61,205 at P 94 (2007) (“However, to allow the stakeholder process an opportunity to complete negotiations, the paper hearing procedures established herein will be held in abeyance pending conclusion of the stakeholder proceeding and the Midwest ISO’s submittal of a revised cost allocation methodology, or February 1, 2008, whichever is earlier.”); *Md. Pub. Serv. Comm’n v. PJM Interconnection, L.L.C.*, 123 FERC ¶ 61,169 at P 61 (2008) (“To allow the stakeholder process a continued opportunity to complete discussions, the paper hearing procedures established herein will be held in abeyance until September 2, 2008.”); *Braintree Elec. Light Dep’t. v. ISO New England Inc.*, 124 FERC ¶ 61,061 at P 30 (2008) (“However, we will hold the hearing in abeyance because we conclude at this point that the issues set for hearing and raised in the responses regarding SEMA are more appropriately addressed in the ISO-NE stakeholder process.”); *Pepco Energy Servs., Inc. v. PJM Interconnection, L.L.C.*, 124 FERC ¶ 61,008 at P 24 (2008) (“To allow this stakeholder process to continue its discussions, the Commission will hold PES’ Complaint in abeyance pending a report on the disposition of the stakeholder discussions.”); *PJM Interconnection, L.L.C.*, 170 FERC ¶ 61,018 at P 32 (2020) (“Therefore, we will hold PJM’s fast-start pricing compliance filing in abeyance until July 31, 2020, to allow PJM and its stakeholders the opportunity to fully consider necessary changes to address PJM’s pricing and dispatch misalignment issue in conjunction with the compliance directives of the Order on Paper Hearing.”).

²⁰ Specifically, in the October 17 Order, the Commission predicated its initiating of the paper hearing in Docket No. EL19-100-000 on arguments raised by commenters that “(1) it is unduly discriminatory to apply a 10-hour minimum run-time requirement to Capacity Storage Resources, while only applying a 4-hour minimum run-time requirement to intermittent resources; (2) PJM’s 10-hour minimum run-time requirement is not based on a sound consideration of physical and operational characteristics of Capacity Storage Resources; and (3) multiple PJM Tariff provisions differ in the treatment of Capacity Storage Resources and Generation Capacity Resources, even though PJM contends in its Data Request Response that Capacity Storage Resources are Generation Capacity Resources.” October 17 Order at P 141.

Accordingly, PJM respectfully requests that the Commission hold the above-captioned proceedings (EL19-100-000 and ER20-584-000) in abeyance until January 29, 2021.

III. REQUEST FOR SHORTENED COMMENT PERIOD AND EXPEDITED ACTION

In order to provide PJM and its stakeholders with clarity regarding the applicability of the current March 11, 2020 deadline for the submission of initial briefs in Docket No. EL19-100-000, PJM respectfully requests a shortened comment period of four (4) days, and expedited action on this Motion by the Commission by no later than March 9, 2020. In the interest of transparency, PJM outlined and obtained stakeholder feedback on this Motion at the February 24, 2020 Special Session of the Market Implementation Committee (“MIC”).

IV. CONCLUSION

In accordance with the foregoing, PJM respectfully requests that the Commission grant this Motion, hold the above-captioned proceedings (EL19-100-000 and ER20-584-000) in abeyance until January 29, 2021, permit a shortened comment period of four (4) days, and act on this Motion by no later than March 9, 2020.

Respectfully submitted,

/s/ Thomas DeVita

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*On behalf of
PJM Interconnection, L.L.C.*

February 27, 2020

CERTIFICATE OF SERVICE

I hereby certify that I have this 27th day of February, 2020 caused a copy of the foregoing document to be served upon each person designated on the official service list compiled by the Secretary in this proceeding.

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