



PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, PA 19403

Steven R. Pincus
Associate General Counsel
T: (610) 666-4438 | F: (610) 666-8211
steven.pincus@pjm.com

April 30, 2018

The Honorable James Richard Perry
Secretary of the Energy
United States Department of Energy
1000 Independence Ave, SW
Washington, DC 20585

Re: First Energy Solutions, Corp. Request for Emergency Order Pursuant to Federal Power Act Section 202(c) Submitted March 29, 2018

Dear Secretary Perry:

PJM Interconnection, L.L.C. (“PJM”) respectfully submits to the Secretary of Energy (the “Secretary”) additional new information to enhance the record and contribute the Secretary’s understanding of the issues. This information supplements the Motion to Intervene and Limited Response filed by PJM on April 13, 2018 (the “Response”).¹ PJM recognizes that fuel security raises questions about electric system resilience which go beyond reliability. Fuel security focuses on the risks of fuel supply and delivery to generators.

On April 30, 2018, PJM published “Valuing Fuel Security,” setting forth the next steps of PJM’s resilience initiative which is attached hereto and incorporated herein.² PJM is initiating a

¹ The Response included an attached report (“PJM’s Report”) giving PJM’s perspective and response to a report issued by the National Energy Technology Laboratories (“NETL”) on March 13, 2018 (the “NETL Report”). The PJM Report concluded that performance during the 2017/2018 cold snap is “evidence that the grid in the PJM service area remains strong, diverse and reliable.” PJM Report page 10.

² *Valuing Fuel Security* found at: <http://www.pjm.com/-/media/library/reports-notice/special-reports/2018/20180430-valuing-fuel-security.ashx?la=en> (“Fuel Security Initiative”).

process, starting immediately, to analyze fuel security vulnerabilities in an evolving generation fleet. The process will involve three phases:

- Identify system vulnerabilities and determine attributes such as on-site fuel requirements, dual fuel capability or others that ensure that peak demands can be met during extreme scenarios.
- Model those vulnerabilities as constraints in PJM's capacity market, similar to existing transmission constraints, allowing for proper valuation of needed attributes in the market.
- PJM would work with the U.S. Department of Homeland Security, the U.S. Department of Energy, the Federal Energy Regulatory Commission, states, stakeholders and others to ensure that the results are consistent with identified security needs in the PJM footprint, including service to key military installations and other identified security concerns.

PJM actively participated in the proceedings before the Federal Energy Regulatory Commission (the "Commission") on grid resilience. In response to the Secretary's proposed rule for final action,³ PJM submitted initial comments on October 23, 2017,⁴ and reply comments on November 7, 2017,⁵ in Commission Docket No. RM18-1-000 regarding the Secretary's proposal, both of which are incorporated herein by reference.

Then in response to the Commission's January 8, 2018, Order Terminating Rulemaking Proceeding, Initiating New Proceeding, and Establishing Additional Procedures,⁶ PJM submitted comments in response to the Grid Resilience Order which are incorporated by reference herein.⁷

³ The full text of the Secretary's proposal can be found at: <https://energy.gov/downloads/notice-proposed-rulemaking-grid-resiliency-pricing-rule>.

⁴ *Initial Comments of PJM Interconnection, L.L.C. on the United States Department of Energy Proposed Rule* found at: https://elibrary.ferc.gov/idmws/file_list.asp?document_id=14612546 ("Initial Comments").

⁵ *Reply Comments of PJM Interconnection, L.L.C. on the United States Department of Energy Proposed Rule* found at: https://elibrary.ferc.gov/idmws/file_list.asp?document_id=14617934 ("Reply Comments").

⁶ *Grid Resilience in Regional Transmission Organizations and Independent System Operators*, 162 FERC ¶ 61,012 (2018) ("Grid Resilience Order"). In the Grid Resilience Order the Commission (1) terminated the proceeding regarding the proposed rule on Grid Reliability and Resilience Pricing submitted to the Commission by the Secretary that was focused on providing cost-of-service compensation to generators with on-site fuel capability, and (2) initiated a new proceeding under Docket No. AD-7-000 on Grid Resilience in Regional Transmission Organizations and Independent System Operators. The Grid Resilience Order directed each Regional Transmission

The Fuel Security Initiative builds off of PJM's published analysis of the reliability attributes associated with various potential future resource mixes.⁸ In the Fuel Report, PJM's analysis concluded that its bulk electric system could be operated reliably under an array of future supply portfolios. PJM is continuing now expeditiously to ensure fuel security as outlined in the Fuel Security Initiative.

In addition, PJM organized and sponsored two well-attended Grid 20/20 events, one on fuel diversity and resilience⁹ and the other on grid security and resilience.¹⁰ The April 2017 Grid 20/20 event facilitated a stakeholder discussion on fuel mix diversity and security issues and their intersection with resilience.

Finally, PJM has completed the 30-day analysis of the deactivation notice dated March 28, 2018, which PJM received from FirstEnergy Solutions Corp. on behalf of FirstEnergy Nuclear Generation, LLC (together referred to as "FirstEnergy Solutions") notifying PJM in the intent to deactivate certain nuclear units pursuant to PJM Open Access Transmission Tariff ("PJM Tariff"). In accordance with PJM Tariff, section 113.2, PJM notified FirstEnergy

Organization ("RTO") and Independent System Operator ("ISO"), including PJM, to submit initial comments and responses to the Commission on resilience in order to enable the Commission to holistically examine the resilience of the bulk power system.

⁷ *Comments and Responses of PJM Interconnection, L.L.C.* incorporated by reference and found at: https://elibrary.ferc.gov/idmws/file_list.asp?document_id=14648921 ("PJM March 9 Comments").

⁸ *PJM's Evolving Resource Mix and System Reliability* (March 30, 2017) incorporated by reference and found at: <http://www.pjm.com/-/media/library/reports-notices/special-reports/20170330-pjms-evolving-resource-mix-and-system-reliability.Ashx?la=en> ("Fuel Report"); PJM, *Appendix to PJM's Evolving Resource Mix and System Reliability* (March 30, 2017), <http://www.pjm.com/-/media/library/reports-notices/special-reports/20170330-appendix-to-pjms-evolving-resource-mix-and-system-reliability.ashx?la=en>.

⁹ See Grid 20/20: Focus on Resilience (Fuel Mix Diversity & Security), April 19, 2017 ("April 2017 Grid 20/20"), <http://www.pjm.com/committees-and-groups/stakeholder-meetings/symposiums-forums/grid-2020-focus-on-resilience-part-1-fuel-mix-diversity-and-security.aspx>.

¹⁰ See Grid 20/20: Focus on Security & Resilience, September 19, 2017 ("September 2017 Grid 20/20") incorporated by reference and found at: <http://www.pjm.com/committees-and-groups/stakeholder-meetings/symposiums-forums/grid-2020-focus-on-security-and-resilience.aspx>.

Solutions that the deactivation of these generating units is not expected to adversely affect the reliability of the PJM Transmission System due to a combination of remedial measures, including (i) accelerating the completion of existing baseline upgrades included in the Regional Transmission Expansion Plan (“RTEP upgrades”), (ii) timely completion of new RTEP upgrades, and (iii) implementing system redispatch measures. With these measures, the PJM Transmission system will remain reliable, and therefore the generating units listed above may plan to deactivate as scheduled, based upon the identified remedial measures. PJM posted additional information on the deactivation analysis for the subject nuclear generator units for the May 3, 2018 Transmission Expansion Advisory Committee which are incorporated herein by reference.¹¹

PJM respectfully submits that the forgoing information and documents incorporated by reference will help clarify the record in this proceeding and contribute the Secretary’s understanding of the issues.

Respectfully submitted,

/s/ Steven R. Pincus

Steven R. Pincus
Associate General Counsel
PJM Interconnection, L.L.C.

Craig Glazer
VP, Federal Government Policy
PJM Interconnection, L.L.C.

.Cc: Pat Hoffman, U.S. Department of Energy
Catherine Jereza, U.S. Department of Energy
Rakesh Batra, U.S. Department of Energy
Katherine Konieczny, U.S. Department of Energy

¹¹ *Generation Deactivation Notification Update*, May 3, 2018, <http://pjm.com/-/media/committees-groups/committees/teac/20180503/20180503-teac-generation-deactivation-notification.ashx>

CERTIFICATE OF SERVICE

I hereby certify that I this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Audubon, PA this 30th day of April, 2018

/s/ Steven R. Pincus
Steven R. Pincus
Associate General Counsel
PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403
(610) 666-4370
steven.pincus@pjm.com