

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

PJM Interconnection, L.L.C.

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Docket No. EL18-34-000

**MOTION OF PJM INTERCONNECTION, L.L.C.
FOR EXTENSION OF TIME AND
REQUEST FOR SHORTENED ANSWER PERIOD**

PJM Interconnection, L.L.C. (“PJM”) hereby submits this Motion for Extension of Time pursuant to Rule 212 of the Federal Energy Regulatory Commission’s (“Commission”) Rules of Practice and Procedure.¹ PJM seeks an extension of time to submit its compliance filing and informational report in compliance with the Commission’s Order on Paper Hearing² concerning the pricing of fast-start resources in PJM’s energy market. The Commission ordered PJM to submit a compliance filing by July 31, 2019 and to submit an informational report responding to several questions around the issue of market power by August 30, 2019.³ In this Motion for Extension of Time, PJM seeks a one-month extension of each of those dates to submit its compliance filing by August 30, 2019 and its informational report by September 27, 2019. PJM has worked diligently since the Commission issued the Fast-Start Order to develop its approach and tariff language to comply with the Commission’s, order but has identified several details concerning market and settlements design about which PJM would benefit from additional time to address to ensure it is meeting the directives of the Fast-Start Order.

Given the current July 31, 2019 deadline and the implementation details that are still under development as explained herein, expedited action is needed to address this request for an

¹ 18 C.F.R. sec. 385.212.

² *PJM Interconnection, L.L.C.*, 167 FERC 61,058 (2019) (“Fast-Start Order”)

³ Fast-Start Order at P 18.

extension of time to submit the compliance filing. Therefore, PJM requests that the Commission issue its an order on this motion on or before July 19, 2019. To allow for a Commission decision by July 19, 2019, PJM requests that the Commission shorten the period for responses to this motion to July 15, 2019.

In support of this motion, PJM states as follows:

I. BACKGROUND

In the Fast Start Order, the Commission found PJM's fast-start pricing practices which do not allow prices to reflect the marginal cost of serving load are unjust and unreasonable. To address this, the Commission ordered PJM to submit a compliance filing by July 31, 2019 to modify its tariff to allow fast-start resources that have a minimum start up time and minimum run time of one hour or less to be able to set the Locational Marginal Price ("LMP") and to address several related issues as follows:

- A. Implement software changes so that fast-start resources are considered dispatchable from zero to their economic maximum operating limits for the purpose of setting prices;
- B. Apply fast-state pricing to all fast-start resources instead of only block loaded resources;
- C. Alter its real-time energy market clearing process to consider fast-start resources in a way that is consistent with minimizing production costs;
- D. Include fast-start resources commitment costs in energy offers by implementing PJM's propose integer relaxation approach;

- E. Restrict eligibility for fast-start pricing to fast-start resources that have a start-up time (including notification time) of one hour or less and a minimum run time of one hour or less;
- F. Include its fast-start pricing practices in its Tariff;
- G. Include commitment costs in energy prices for fast-start resources in both the day-ahead and real-time markets, and include in its compliance filing a proposal to withhold uplift payments in excess of a fast-start resource's commitment costs;
- H. Implement PJM's proposal to use lost opportunity cost payments to offset the incentive for over-generation or price chasing.⁴

The Commission also required PJM to submit a one-time informational report by August 30, 2019 explaining how the proposed fast-start tariff revisions would not raise new market power concerns.⁵

II. A MODEST EXTENSION OF TIME IS NEEDED TO COMPLETE THE DESIGN DETAILS OF THE PACKAGE IN COMPLIANCE WITH THE COMMISSION'S FAST-START ORDER

Since the issuance of the Fast-Start Order, PJM has been working towards meeting the Commission's compliance directive, including previewing its proposed market and settlements design with stakeholders as it progresses.⁶ But, as explained below, there are some design details around items related to implementation of the lost opportunity cost determinations and ensuring there is no double payment between the day-ahead and real-time markets which PJM continues to work through. Ensuring smooth implementation would be greatly enhanced through

⁴ *Id.* at P 17.

⁵ *Id.* at P 18.

⁶ *See, e.g.*, presentations to the May and June Market Implementation Committee meetings: <https://www.pjm.com/-/media/committees-groups/committees/mic/20190515/20190515-item-06a-fast-start-pricing-implementation.ashx> and <https://www.pjm.com/-/media/committees-groups/committees/mic/20190612/20190612-item-07a-fast-start-pricing-implementation-updates.ashx>

a modest extension of the Commission's deadlines so as a mod to ensue such details work together as a cohesive package in PJM's compliance with the Fast-Start Order.

One set of design details on which PJM continues to work relates to the lost opportunity cost payments PJM is designing to remove the incentive for over-generation or price chasing. Much of the work for this element of fast-start pricing is nearly finalized, but a few outstanding issues, primarily around how this new lost opportunity cost payment will interact with the existing uplift calculations in PJM in a manner that does not result in a double-payment that the Commission explicitly directed PJM to address. An additional open issue regarding the lost opportunity cost calculation is how it will be determined for resources using the day-ahead energy market pumped-storage optimizer to determine their commitment and dispatch. This scenario is unique because the pumped-storage optimizer will make commitment decisions regarding pumping or generating in the dispatch run using a submitted efficiency factor from the Market Seller that may not be financially supported in the pricing run. Because Market Sellers of such resources do not submit explicit three-part bids as other generators do, determining the appropriate lost opportunity cost for which to compensate them is not straightforward. PJM continues to work through a solution to avoid financial harm to pumped storage hydroelectric resources.

PJM also continues to work on the design details to implement the Commission's directive to allow commitment of fast-start resources be considered in setting LMP in both the day-ahead and real-time markets. Specifically, to ensure resources do not receive a double payment reflecting the same operating reserve credits in both the day-ahead and real-time markets, PJM is designing its settlement provisions to offset credits in day-ahead that it

ultimately earns in real-time. More time to stress test the current design and ensure it fits within the current uplift calculations in PJM is necessary.

Lastly, consistent with the Commission's Fast Start Order,⁷ PJM plans to apply the Commission's offer cap and validation requirements in Order No. 831⁸ to the composite offers of Fast Start resources which exceed \$1,000/MWh due to the inclusion of commitment costs in the offer used in setting LMP. While PJM has developed the basic framework for this offer validation, PJM would benefit from additional time to work through the finer implementation details and ensure the tariff revisions are consistent with the selected implementation approach.

Consistent with its practices to date, PJM will continue to preview its compliance filing with its stakeholders and the IMM. PJM has already incorporated feedback it has received from stakeholders and the IMM in developing the details of the elements contained in the Fast-Start Order and will continue to do so. The additional time PJM seeks in this motion will help in PJM's effort in that regard.

PJM also seeks an additional month to prepare its informational report required in the Fast-Start Order. PJM appreciated the Commission's allowance for an additional month after the compliance filing to make such informational report "so that addressing [the Commission's] questions will not impede PJM's compliance efforts."⁹

III. CONCLUSION

WHEREFORE, PJM respectfully requests the Commission (1) extend the compliance date to August 30, 2019 and the date by which PJM shall submit its informational report to

⁷ Fast Start Order at P 130.

⁸ *Offer Caps in Markets Operated by Regional Transmission Organizations and Independent System Operators*, Order No. 831, 157 FERC ¶ 61,115 (2016).

⁹ Fast-Start Order at P 128.

September 27, 2019, (2) shorten the answer period to this motion to July 15, 2019, and (3) issue an order by July 19, 2019 to extend the due dates.

Respectfully submitted,



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Dated: July 5, 2019

CERTIFICATE OF SERVICE

I hereby certify that I have 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, Pennsylvania, this 5th day of July, 2019.

A handwritten signature in black ink, appearing to read 'JTB', with a long horizontal flourish extending to the right.

Jennifer Tribulski
Attorney for
PJM Interconnection, L.L.C.