



PJM Interconnection, L.L.C.
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May 5, 2021

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

*Re: PJM Interconnection, L.L.C., Docket No. ER21-972-000
Informational Filing - Waiver of PJM Operating Agreement, Section 15.1.5 to
Allow Limited Market Participation of Panda Stonewall LLC*

Dear Secretary Bose:

Pursuant to the Federal Energy Regulatory Commission's ("Commission") Order Granting Waiver Subject to Condition issued on February 5, 2021 in this docket,¹ PJM Interconnection, L.L.C. ("PJM"), together with PJM Settlement, Inc. ("PJM Settlement") (collectively hereafter referred to as PJM), hereby submit this third informational filing to provide the Commission with additional information regarding Panda Stonewall, LLC's ("Panda Stonewall") progress toward satisfying PJM's January 21, 2021 Collateral Call,² and provide PJM's final determination concerning whether Panda Stonewall presents an unreasonable credit risk to the PJM Markets.

I. BACKGROUND

On January 28, 2021, PJM filed a limited waiver of Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. ("Operating Agreement"), Section 15.1.5(i) in order to allow Panda Stonewall a limited ability to continue to sell capacity,

¹ *PJM Interconnection, L.L.C.*, 174 FERC ¶ 61,083, at P 16 (2021) ("February Order").

² Terms capitalized and not otherwise defined herein have the meanings set forth for them in the Operating Agreement or the PJM Open Access Transmission Tariff ("Tariff").

energy, and ancillary services in the PJM Markets, despite the fact that Panda Stonewall had only partially satisfied the referenced Collateral Call. The requested waiver was sought to support PJM's efforts to secure the additional Collateral requested from Panda Stonewall, through Panda Stonewall's continuing market participation, for the protection of customers.

The Commission granted the waiver in its February Order, effective January 22, 2021, as requested, subject to the condition that PJM continue collecting some or all of the weekly settlement amounts otherwise payable to Panda Stonewall, and transferring those funds to Panda Stonewall's Collateral account held by PJM to address the referenced Collateral Call.³ The Commission further directed PJM to submit an informational filing within 30 days of the February Order, and every 30 days thereafter, until Panda Stonewall satisfies that 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."⁴

On March 5, 2021, PJM filed its first informational filing, advising that PJM made its final determination that Panda Stonewall presents an unreasonable credit risk posed by its refund obligation that remains pending final resolution by the Commission in Docket No. ER17-1821, and that Panda Stonewall satisfied the referenced PJM Collateral Call. PJM further advised that it will withhold an additional amount each month as

³ February Order at P 16.

⁴ *Id.*

Collateral until Panda Stonewall's reactive rate proceeding is resolved and any refund obligation is satisfied.

PJM filed its second informational filing on April 6, 2021, advising that consistent with PJM's March 5, 2021 informational filing, PJM has retained the amount of Collateral that was necessary to satisfy PJM's January 21, 2021 Collateral Call, and will continue to withhold an additional amount each month as Collateral until Panda Stonewall's reactive rate proceeding is resolved and any refund obligation is satisfied, or, Panda Stonewall directs any collateral that is in excess of any other collateral obligation of Panda Stonewall (i.e., the collateral held for the purpose of satisfying the reactive rate refund obligation) to be used to satisfy the refund obligation.

II. PJM'S THIRD INFORMATIONAL FILING

On March 31, 2021, the Commission issued its Opinion No. 574, Order on Initial Decision and Contested Offer of Settlement, in Docket No. ER17-1821-002.⁵ In Opinion No. 574, the Commission affirmed in part and reversed in part the Initial Decision of the Administrative Law Judge, rejected Panda Stonewall's unilateral offer of settlement filed on July 10, 2019, on various grounds, and directed Panda Stonewall to submit a compliance filing within 30 days "to reflect adjustments to its reactive power rate as required by this order."⁶

Since the issuance of Opinion No. 574, PJM has made two additional collateral calls to further supplement Collateral collected in accordance with the January 21, 2021

⁵ *Panda Stonewall LLC*, Opinion No. 574, 174 FERC ¶ 61,266 (2021).

⁶ *Id.* at P 272.

Collateral Call, and will continue to withhold an additional amount each month pursuant to the January 21, 2021 Collateral Call as Collateral until Panda Stonewall's reactive rate proceeding is resolved and any refund obligation is satisfied, or Panda Stonewall directs any collateral that is in excess of any other collateral obligation of Panda Stonewall (i.e., the collateral held for the purpose of satisfying the reactive rate refund obligation) to be used to satisfy the refund obligation, or the withholding of additional funds is modified by the Commission based upon Panda Stonewall's compliance filing as set forth below.

Additionally, on April 30, 2021, Panda Stonewall submitted its compliance filing with the Commission as required by Opinion No. 574.⁷ In its compliance filing, Panda Stonewall indicated that it "has calculated that the appropriate level of the refund is \$17,653,909.36," assuming the Commission issues its order approving the filing on June 29, 2021.⁸ Panda Stonewall also requested "that the Commission permit it to distribute refunds using the following payment schedule: (1) \$12,860,000 payment to PJM within 14 days of the Commission's order on compliance; and (2) remaining balance paid, *pro rata*, once monthly for nine months beginning July 2021, with interest."⁹

Finally, Panda Stonewall indicated that due to "the scale of its refund obligations and the length of time between the initial filing and final resolution of this case, Stonewall

⁷ *Panda Stonewall LLC*, Reactive Services Compliance Filing, Docket No. ER17-1821-004 (Apr. 30, 2021).

⁸ *Id.* at 5 & n.33. The compliance filing also calculated both an annual and monthly reactive services revenue requirement to incorporate the results of Opinion No. 574. *Id.*, at Attachment A, p. 1. PJM will employ that monthly amount as the monthly reactive service revenue requirement due Panda Stonewall, beginning with the credit PJM will provide Panda Stonewall this month for reactive service provided in April. These monthly amounts will be subject to any further changes the Commission may make in its order on the compliance filing.

⁹ *Id.* at 5.

is proposing to make a substantial initial payment of the refund balance and to make subsequent payments over time for the remaining amounts owed in order to minimize the near term cash flow burden,” since “a shorter refund payment period would create immediate financial stress on cash balances and liquidity that could threaten Stonewall’s ability to meet the requirements of its financial covenants.”¹⁰ Panda Stonewall also proposed that the referenced \$12,860,000 portion of its refund payment be paid out of funds that PJM is retaining as Collateral to satisfy the refund obligation. It is not clear whether Panda Stonewall seeks the return of any Collateral in excess of the \$12.8 million or whether it proposes that PJM hold collateral for the future refund obligation. PJM will be filing comments in Docket No. ER17-1821-002 to further clarify those issues.

As PJM has indicated in its prior informational filings, notwithstanding the foregoing, should PJM determine that additional Collateral is appropriate, PJM will communicate its concerns to Panda Stonewall, consistent with the requirements of Tariff, Attachment Q, and work with Panda Stonewall to determine an acceptable means by which Panda Stonewall may satisfy PJM’s concerns including but not limited to requesting additional Collateral.

Because the waiver is no longer needed, and the Commission has ruled in Docket No. ER17-1821-002, and the remaining issues can be addressed therein in the context of the proposed refund report and compliance plan, this is the last informational report that PJM intends to file in this proceeding. Any further filings by PJM related to the refund obligation will be filed in Docket No. ER17-1821, unless further directed by the Commission.

¹⁰ *Id.*

III. COMMUNICATIONS

Correspondence and communications related to this filing should be sent to the following individuals:

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IV. CONCLUSION

PJM respectfully requests that the Commission accept this informational filing effective as responsive to its reporting requirement as set forth in the February Order.

Respectfully submitted,

/s/ Jacquelyn B. Hugee

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CERTIFICATE OF SERVICE

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

Dated at Audubon, PA, this 5th day of May 2021.

/s/ Jacquelynn B. Hugee
Jacquelynn B. Hugee

**Attorney for
PJM Interconnection, L.L.C.**