

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

PJM Interconnection, L.L.C.

)

Docket No. ER24-2045-000

**MOTION FOR LEAVE TO ANSWER AND ANSWER
OF PJM INTERCONNECTION, L.L.C.**

Pursuant to Rules 212 and 213 of the Federal Energy Regulatory Commission (“Commission” or “FERC”) Rules of Practice and Procedure,¹ PJM Interconnection, L.L.C. (“PJM”) submits this Motion for Leave to Answer and Answer to the protests and comment filed by various parties² in response to PJM’s May 16, 2024 filing in compliance with Order Nos. 2023 and 2023-A.³ PJM demonstrated in the May 16 Filing that its Open Access Transmission Tariff (“Tariff”) already substantially complies with the Final Rule, as the Final Rule directs many reforms PJM already has implemented.

¹ 18 C.F.R. §§ 385.212, 385.213.

² PJM seeks leave to respond to the following pleadings: *PJM Interconnection, L.L.C.*, Motion to Intervene and Limited Protest of Longroad Energy Holdings, LLC (“Longroad”), Docket No. ER24-2045-000 (June 20, 2024) (“Longroad Protest”); *PJM Interconnection, L.L.C.*, Protest of EDP Renewables North America LLC (“EDPR”), Docket No. ER24-2045-000 (June 20, 2024) (“EDPR Protest”); *PJM Interconnection, L.L.C.*, Protest of the New Jersey Board of Public Utilities (“NJBP”), Docket No. ER24-2045-000 (June 20, 2024) (“NJBP Protest”); *PJM Interconnection, L.L.C.*, Protest of Public Interest Organizations (“PIO”), Docket No. ER24-2045-000 (June 20, 2024) (“PIO Protest”); *PJM Interconnection, L.L.C.*, Protest of Shell Energy North America (US), L.P., Shell New Energies US, LLC, and Savion, LLC (“Shell”), Docket No. ER24-2045-000 (June 20, 2024) (“Shell Protest”); *PJM Interconnection, L.L.C.*, Comments of EDF Renewables, Inc. (“EDFR”) to PJM’s Order Nos. 2023 and 2023-A Compliance Filing, Docket No. ER24-2045-000 (June 20, 2024) (“EDFR Comments”); *PJM Interconnection, L.L.C.*, Protest of the Clean Energy Associations (“CEA”), Docket No. ER24-2045-000 (June 20, 2024) (“CEA Protest”); *PJM Interconnection, L.L.C.*, Protest of the WATT Coalition (“WATT”), Docket No. ER24-2045-000 (June 20, 2024) (“WATT Protest”); *PJM Interconnection, L.L.C.*, Protest of Leeward Renewable Energy, LLC and RWE Clean Energy, LLC (collectively, “Leeward”) to PJM’s Order No. 2023 Compliance Filing, Docket No. ER24-2045-000 (June 20, 2024) (“Leeward Protest”).

³ *PJM Interconnection, L.L.C.*, Order Nos. 2023 and 2023-A Compliance Filing of PJM Interconnection, L.L.C., Docket No. ER24-2045-000 (May 16, 2024) (“May 16 Filing”). The full cite for Order Nos. 2023 and 2023-A is *Improvements to Generator Interconnection Procedures and Agreements*, Order No. 2023, 184 FERC ¶ 61,054, *limited order on reh’g*, 185 FERC ¶ 61,063 (2023), *order on reh’g and clarification*, Order No. 2023-A, 186 FERC ¶ 61,199 (2024), *appeals pending*, Petition for Review, *Advanced Energy United v. FERC*, Nos. 23-1282, et al. (D.C. Cir. Oct. 6, 2023). For purposes of the May 16 Filing and this Answer, PJM refers to Order No. 2023, as modified by Order No. 2023-A, as the “Final Rule.”

PJM urges the Commission to not lose the forest from the trees. Although there are instances where the IPTRF Tariff may technically depart from the strictures of the Final Rule⁴, the IPRTF Tariff meets the goals of the Final Rule to facilitate a more efficient and transparent interconnection process. Moreover, the IPRTF Tariff was developed with stakeholders and received overwhelming stakeholder support.⁵ For these reasons, PJM has sought an independent entity variation.

In considering this request, PJM urges the Commission to keep in mind that PJM is in the midst of implementing the interconnection reforms previously approved by the Commission. In the Final Rule, the Commission indicated its intention not “to interfere with the timely completion of . . . in-progress cluster studies and transition processes.”⁶ It would be counterproductive to the fundamental goal of the Final Rule if the existing process were halted and restarted or settled expectations changed as a result of restudies that are triggered as a result of an overly narrow approach to compliance ordered by the Commission.⁷ PJM also indicated that it would address certain discrete Final Rule requirements in a supplemental compliance filing to be submitted later.

While the protestors and EDFR raise a number of criticisms of the May 16 Filing, their assertions lack support and evidence of a misunderstanding of either or both of the Final Rule and PJM’s reformed interconnection process. Protestors’ claims represent, in many cases, a new “second bite at the apple” on matters that were previously settled as part of the negotiation of the

⁴ For instance, Tariff, Part VIII, Subpart E, section 431 substantially complies with the requirements to post metrics for cluster study and cluster restudy processing times, but uses different timeframes and terminology than set forth in the Final Rule.

⁵ See May 16 Filing at 3-4 (describing stakeholder process and development of the IPRTF Tariff).

⁶ Order No. 2023 at P 861.

⁷ For example, requiring PJM to perform Material Modification analyses at multiple points in a Cycle would result in cascading retooled analyses that could grind the study process to a halt. See *infra* section III(C).

PJM interconnection reforms. Although Protestors have this right to so request, they have not wrestled with the disruptive effect of changing the interconnection process reforms in mid-stream nor have they demonstrated that an independent entity variation, given PJM’s unique circumstances, is unjustified. The Commission therefore should accept the May 16 Filing without modification or condition and provide the guidance requested herein on the penalty proposal PJM set forth in its compliance filing.

I. MOTION FOR LEAVE TO ANSWER

While an answer to a protest is not a matter of right under the Commission’s regulations,⁸ the Commission routinely permits such answers when the answer provides useful and relevant information that will assist the Commission in its decision-making process.⁹ This answer satisfies these criteria, and PJM therefore respectfully requests that the Commission accept this pleading.

II. APPLICATION OF THE INDEPENDENT ENTITY STANDARD

PJM highlighted in the May 16 Filing that because PJM is an independent Regional Transmission Organization (“RTO”), any departures of the Tariff from the Final Rule should be evaluated under the independent entity variation standard.¹⁰ This standard requires only a showing that an independent entity’s variations from a Commission order or final rule are “(1) . . . just, reasonable, and not unduly discriminatory or preferential; and (2) accomplish[] the purposes of the order from which a variation is sought.”¹¹ This showing contrasts with the “consistent with or superior to” showing for departures from a Commission order or final rule, which requires a non-

⁸ 18 C.F.R. § 385.213(a)(2).

⁹ See, e.g., *Energy Harbor Corp.*, 186 FERC ¶ 61,129, at P 38 (2024); *Grand River Dam Auth.*, 186 FERC ¶ 61,045, at P 30, *order on reh’g*, 187 FERC ¶ 61,211 (2024).

¹⁰ *Id.* at 5.

¹¹ IPRTF Order at P 2; see *Midcontinent Indep. Sys. Operator, Inc.*, 185 FERC ¶ 61,231, at P 9 (2023); *ISO New England, Inc.*, 170 FERC ¶ 61,218, at P 26 (2020).

RTO transmission provider to demonstrate why its proposal is consistent with or superior to the applicable pro forma requirements.¹² The independent entity variation recognizes that RTOs and independent system operators (“ISOs”) have “different operating characteristics depending on . . . size and location” that necessitate varied approaches to compliance based on regional differences.¹³ The Commission has indicated that the independent entity variation standard “is ‘more flexible’ than the ‘consistent with or superior to’ standard”¹⁴ and expressly stated in Order No. 2023-A it would “continue to use the ‘independent entity variation’ standard when considering . . . proposals [to deviate from the requirements of the Final Rule] from RTOs/ISOs.”¹⁵

III. THE PROTESTS AND EDFR COMMENTS PROVIDE AN INSUFFICIENT BASIS FOR REJECTING OR CONDITIONING THE MAY 16 FILING

A. As PJM Demonstrated in the May 16 Filing, the Commission Should Accept the IPRTF Tariff as Compliant with the Final Rule Under the Independent Entity Standard.

PJM demonstrated in the May 16 Filing that the IPRTF Tariff is generally compliant with the Final Rule, and contended that, to the extent the Commission finds portions of the IPRTF Tariff do not conform to the Final Rule, the Commission should accept those portions under the independent entity variation standard.¹⁶ A number of parties take issue with PJM’s showings,

¹² See *Ariz. Pub. Serv. Co.*, 186 FERC ¶ 61,201, at P 13 (2024); Order No. 2023-A at PP 47, 53.

¹³ See Order No. 2023 at P 1764 n.3346 (citing *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, 104 FERC ¶ 61,103, at P 826 (2003), *order on reh’g*, Order No. 2003-A, 106 FERC ¶ 61,220, *order on reh’g*, Order No. 2003-B, 109 FERC ¶ 61,287 (2004), *order on reh’g*, Order No. 2003-C, 111 FERC ¶ 61,401 (2005), *aff’d sub nom. Nat’l Ass’n of Regul. Util. Comm’rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007), *cert. denied*, 552 U.S. 1230 (2008)).

¹⁴ *Midcontinent Indep. Sys. Operator, Inc.*, 187 FERC ¶ 61,031, at P 24 n.65 (2024) (citing Order No. 2003 at P 26); IPRTF Order at P 2; *PJM Interconnection, L.L.C.*, 116 FERC ¶ 61,021, at P 8 (2006).

¹⁵ Order No. 2023 at P 1764; see Order No. 2023-A at P 53.

¹⁶ See, e.g., May 16 Filing at 3-10 (providing overview of the IPRTF Tariff and explaining why the independent entity standard should apply). Further support for independent entity variations for the IPRTF Tariff is provided throughout the May 16 Filing.

claiming PJM has not demonstrated that the independent entity variation standard should apply.¹⁷ However, as the independent entity variation standard recognizes, RTOs and ISOs have “different operating characteristics depending on . . . size and location” and have developed non-standard processes based on their unique regional differences, making the application of the independent entity variation integral to the timely and efficient processing of PJM’s existing interconnection queue especially given PJM’s progress on addressing the queue backlog under its approved interconnection reforms.

PJM recognizes that the independent entity variation standard still requires an RTO to justify the portions of its tariff that depart from the relevant Final Rule—the RTO cannot simply rest on its RTO status.¹⁸ Arguments that the May 16 Filing does that are simply wrong, as the May 16 Filing addressed the Final Rule’s requirements on a section-by-section basis and explained for each element whether the IPRTF Tariff fully complies with the Final Rule’s requirements, complies under the independent entity variation standard, or will be addressed in a later compliance filing. PJM also included as Attachment A to the May 16 Filing a table summarizing both PJM’s compliance with the Final Rule and its requests for independent entity variations from the Final Rule, along with justifications for such deviations.

The fact of the matter is that the IPRTF Tariff complies with the spirit and intent of the Final Rule by enhancing the speed and efficiency of the PJM interconnection process, reducing speculative projects, and providing more actionable information to Project Developers at earlier points in the process than PJM’s previous process. And unlike the Final Rule, which establishes rules of general applicability to transmission providers regardless of their location, interconnection

¹⁷ See CEA Protest at 1-5; EDFR Comments at 3; Leeward Protest at 7-8, 24; NJBPU Protest at 3-5; PIO Protest at 4-6, 11-12; Shell Protest at 5-8.

¹⁸ *ISO New England*, 170 FERC ¶ 61,218, at P 26 (2020).

process, interconnection queue size, market needs, and degree of independent tariff administration by an RTO or non-RTO, the IPRTF Tariff was developed with a focus on PJM's unique and specific region, interconnection queue, and markets. Moreover, the IPRTF Tariff was developed by PJM in consultation with stakeholders and through a transparent and non-discriminatory process focused on the particular characteristics and needs of the PJM region. The PJM stakeholders had the opportunity to assist in the development of the IPRTF Tariff, to vet its provisions, and to vote on its use, which they supported overwhelmingly.¹⁹ The region-specific development of the IPRTF Tariff demands that it be considered under the independent entity variation standard and afforded the independent entity variations necessary to preserve the special features developed by PJM and its stakeholders and approved by the Commission.

Figure 1 below shows the progress PJM has made to date, and Figure 2 shows a status timeline. In December 2023, PJM completed the Transition Period sorting,²⁰ processing 616 projects of approximately 72,000 megawatts ("MW"). Of these 616 projects, 306 projects totaling approximately 26,000 MW were determined to be eligible for the Expedited Process, which commenced in January 2024.²¹ PJM began issuing Generator Interconnection Agreements ("GIAs") and other interconnection-related service agreements for Project Developers in the Expedited Process in May 2024, and the Commission has begun accepting them.²² PJM also commenced Transition Cycle No. 1, Phase 1, on January 22, 2024. Transition Cycle No. 1 was initially comprised of 310 projects totaling approximately 46,000 MW. Phase 2 of Transition

¹⁹ May 16 Filing at 12; June 14 Filing at 2, 13.

²⁰ The transition sorting determined whether pending projects in the AE1 through AG1 Queue Windows were eligible for the Expedited Process or should be assigned to Transition Cycle No. 1. Tariff, Part VII, Subpart B, sections 304(A)-(B).

²¹ See also *PJM Interconnection, L.L.C.*, Transition Period Status Informational Filing of PJM Interconnection, L.L.C., Docket Nos. ER22-2120-000, et al., at 1 (Jan. 16, 2024).

²² See *PJM Interconnection, L.L.C.*, Letter Order, Docket No. ER24-1992-000 (July 1, 2024).

Cycle No. 1 began on June 21, 2024, with the initial cluster of 310 projects now reduced to 214 projects totaling approximately 32,000 MW. The voluntary withdrawal at Decision Point 1 of nearly one-third of the projects comprising Transition Cycle No. 1 clearly demonstrates that PJM’s “first-ready, first-served” approach is achieving its objective of discouraging non-ready projects from lingering in the queue.

PJM opened Transition Cycle No. 2, composed of 1,143 projects comprising approximately 98,000 MW, for re-application on June 21, 2024. Cycle No. 1, the first full Cycle under the Tariff, Parts VIII and IX New Rules, is scheduled to close in January 2025. PJM began accepting applications for Cycle No. 1 in January 2023, and to date, 942 projects totaling approximately 63,000 MW have submitted applications. PJM expects the number of applicants to increase significantly as the submission deadline approaches.

Figure 1

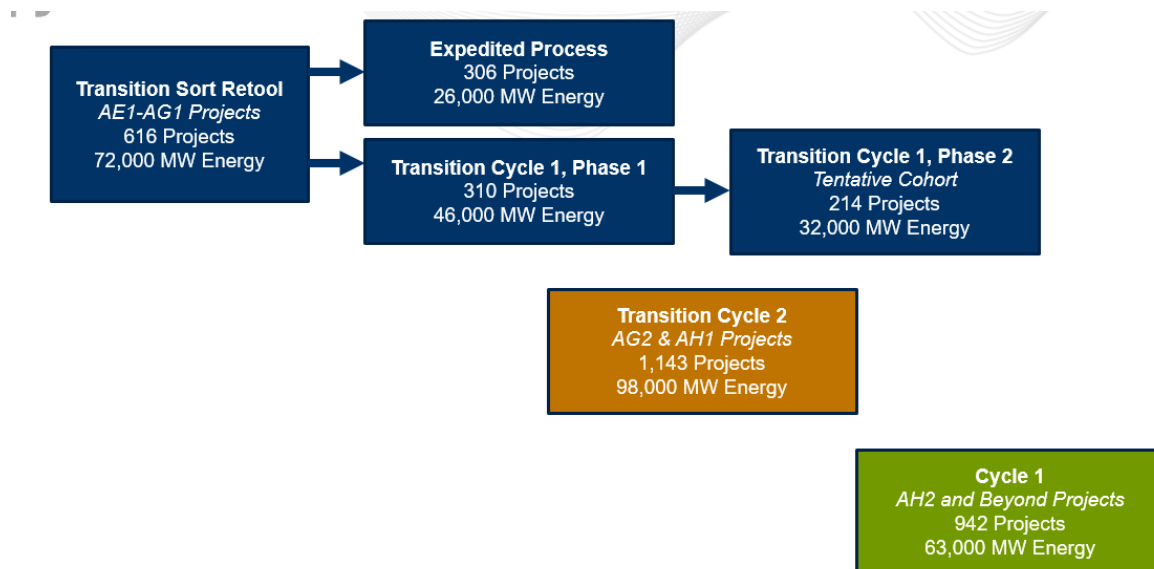
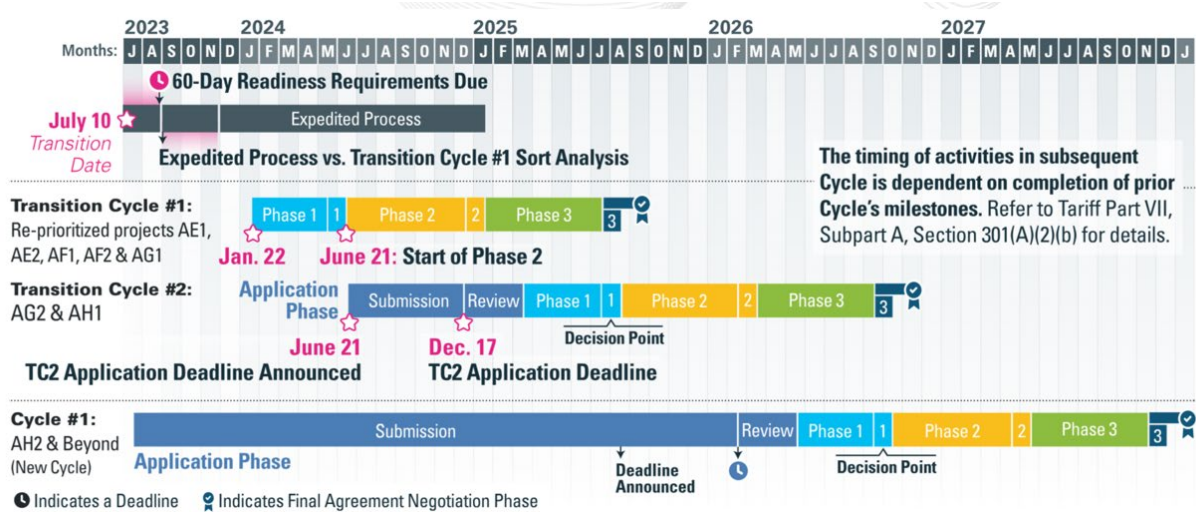


Figure 2



The Final Rule states that it is not intended to affect transition processes that are underway,²³ but this assurance rings hollow when the reformed process toward which the transition is working is subject to being upended by the Final Rule. Absent the requested independent entity variations, the Final Rule would have PJM working to complete the Transition Period under its reformed process at the same time it prepares to change its process and the associated underlying software, procedures, and timelines as required by the Final Rule. And if the Commission applies the Final Rule inflexibly to PJM’s process, the result will be one-off restudies of individual projects, which will slow down the study, or require restudy, of entire Cycles, or possibly even the later reinsertion of Transition Period projects to later Cycles, slowing down the overall process and upsetting the determinations PJM and its stakeholders made under the reformed interconnection process.

²³ See Order No. 2023 at P 861 (“We recognize that some transmission providers have existing cluster studies in progress and others have Commission-approved transition plans in progress. We emphasize that the provisions of this final rule are not intended to interfere with the timely completion of those in-progress cluster studies and transition processes.”).

Requiring PJM to discard elements of the IPRTF Tariff in favor of the Final Rule’s generic requirements, and the disruption to PJM’s interconnection process that will result, may also negatively impact reliability. If PJM is forced to implement the Final Rule’s requirements in place of all or a substantial portion of the IPRTF Tariff’s provisions, it will take time for PJM to develop new procedures and timelines to replace the procedures and timelines it has been developing for the last several years which specifically address the needs and concerns of PJM and its stakeholders. This replacement process will cause delays and limit PJM’s ability to interconnect needed generating resources, potentially impacting reliability.²⁴

B. PJM’s Guidance Request Concerning the Design of a Penalties Proposal Is a Reasonable Approach to Developing a Compliance Proposal Concerning Penalties.

PJM in the May 16 Filing proposed to address issues related to the elimination of the Reasonable Efforts standard and the adoption of study delay penalties, Affected Systems coordination, and Surplus Interconnection Service in a phase 2 compliance filing to be submitted later. A number of parties object to this approach.²⁵ Their objections ignore the fact that a second phase of Order No. 2023 compliance will allow PJM to develop Tariff provisions that are better tailored to the PJM region and its markets. The Commission therefore should accept PJM’s proposed phased approach to Order No. 2023 compliance.

The Commission determined that no study delay penalties will be assessed until the third cluster study cycle after the effective date established by the Commission for a transmission

²⁴ PIO asserts that PJM’s queue is “among the longest in the nation” and that the Commission should reject PJM’s requested independent entity variation to, in PIO’s words, “accelerate interconnection.” PIO Protest at 6-7, 15. PJM is working diligently to clear its queue backlog and implement its new Tariff procedures. Requiring PJM to scrap its existing procedures in favor of provisions of the Final Rule that are less suited to PJM will have the opposite effect of the acceleration PIO claims to want, and will delay PJM’s ability to clear the backlog of projects in its queue and process new Interconnection Requests.

²⁵ CEA Protest at 13-16; EDPR Comments at 4, 6-7; Leeward Protest at 11-13; PIO Protest at 18-24; Shell Protest at 2, 9-12.

provider's compliance filing.²⁶ Even using conservative assumptions on the timing of Commission acceptance of this filing and the time needed for two cluster study cycles to be completed, there will be no need for several years for Tariff revisions to eliminate the Reasonable Efforts standard and to establish a study delay penalty regime. Thus, there is time to allow PJM and other interested parties to determine the success of the IPRTF Tariff in terms of speed and efficiency, to determine whether study delay penalties are even necessary under PJM's reformed interconnection process, and, if so, to develop a penalty regime that is appropriate for the PJM region. Given the substantial time and financial investments in developing the IPRTF Tariff over several years, not only by PJM but also by its stakeholders, evaluating the IPRTF Tariff's efficacy is a more efficient use of resources than returning to the drawing board to develop a process that may not be required to achieve the Commission's objectives.

Moreover, implementation of a study delay penalty regime will be complex, as it will involve issues of cost recovery, fault determination, and reconciling the penalty process with PJM's three-phase study process.²⁷ A number of parties have filed petitions for review of the Final Rule, asking the courts to determine the validity of the Final Rule's elimination of the Reasonable Efforts standard and study delay penalty provisions. While petitions for review on their own do not act as a stay of a Commission order or rule, there is no reason to rush implementation of Tariff revisions that will not go into effect for several years, and which are the subject of appeals and administrative efficiency reasons to hold off on such implementation; thus, there is no harm in addressing the elimination of the Reasonable Efforts standard and study delay penalty provisions

²⁶ Order No. 2023 at P 979.

²⁷ PJM's phased System Impact Studies and Facilities Studies are components of a single study that are subject to a single study deposit. Treating these phased studies as parts of a single study for purposes of establishing the study deadlines is more appropriate than treating them as discrete studies subject to penalties for each phase, which could create multiple penalties for what is essentially one study.

in a phase 2 compliance filing. Moreover, PJM's request is not simply to defer compliance on this issue. Rather, PJM set forth in its filing a conceptual approach and seeks Commission guidance on such an approach before stakeholder and PJM resources are expended on further designing that proposal.²⁸ Such an approach is reasonable and allows the development of a far more informed penalties regime than would be attainable without such guidance.

The Commission also should accept PJM's proposal to address Affected System issues in a phase 2 compliance filing. The IPRTF Tariff's Affected Systems coordination procedures generally comply with the Final Rule when evaluated under the independent entity variation standard, but PJM is considering additional revisions to these procedures to align them more closely with the Final Rule's goals. Developing these additional revisions to its Affected Systems procedures will be a complex process, which will require coordination with neighboring transmission providers and consideration of their reforms, as well as consideration of revisions to PJM's joint operating agreements with neighboring systems. Deferring these issues to a phase 2 compliance filing will allow for a more complete and collaborative (with both its own stakeholders and with neighboring transmission providers) consideration of these issues.

Finally, with regard to Surplus Interconnection Service, PJM committed to submitting Tariff revisions in a phase 2 compliance filing to make clear that Surplus Interconnection Service is available to Project Developers with an executed GIA or that have requested filing of an unexecuted GIA, in addition to Project Developers with projects already in service.²⁹

²⁸ May 16 Filing at 2-3; *see id.* at 13, 56 (stating that "PJM's future actions [e.g., the phase 2 compliance filing] will be affected by the guidance provided by the Commission in its response to this filing").

²⁹ May 16 Filing at 65.

C. PJM’s Determination That Any Change to a Point of Interconnection Is Automatically a Material Modification Is Just and Reasonable.

While the Final Rule directs transmission providers to adopt language providing that “moving a [P]oint of [I]nterconnection [will] result in a loss of queue position if it is deemed a [M]aterial [M]odification by the transmission provider,”³⁰ PJM in the May 16 Filing sought to retain its existing rules for such changes, which permit changes to a project’s Point of Interconnection only at Decision Point I.³¹ Other modifications to a project’s Point of Interconnection are not allowed and, if made, require a new Interconnection Request to be submitted.³² PJM explained that the IRTF Tariff provides Project Developers with clear guidance as to what types of changes to a project’s Point of Interconnection are permissible, while the Final Rule’s Point of Interconnection change provisions lack this clarity and could undermine the efficiencies of PJM’s Cycle process.³³ Leeward objects to PJM retaining the IPRTF Tariff provisions that allow changes to a project’s Point of Interconnection only at Decision Point I.³⁴

The Commission should reject Leeward’s protest and approve under the independent entity variation standard the May 16 Filing’s request to retain the IPRTF Tariff’s limits on Point of Interconnection changes. The IPRTF Tariff’s limitations, which were the product of significant stakeholder negotiations, promote more efficient use of limited engineering resources and a more timely study process. Allowing Project Developers to make changes to the Point of Interconnection at later points in the study process undermines the IPRTF Tariff’s objective to move ready projects to the front of the queue. Further, the IPRTF Tariff provisions are better

³⁰ Order No. 2023 at P 283.

³¹ See May 16 Filing at 29; Tariff, Part VIII, Subpart C, section 408(B)(4).

³² Tariff, Part VIII, Subpart C, section 408(B)(4).

³³ May 16 Filing at 19-20.

³⁴ Leeward Protest at 27-29.

suited for the PJM Region. Specifically, the PJM region is continuing to face an extraordinary number of Interconnection Requests. Project modifications at any point in the process affect not just the specific developer seeking the modification but all other projects within a given cluster, as such modifications can drive restudies for the entire cluster. Although regions with far fewer interconnection requests may be able to allow for modifications at any point in the process, in PJM such modifications occurring at any point in the process have a significant ripple effect on the entire cluster.

For example, if PJM were to receive a Material Modification request during the study phase of a Cycle (i.e., outside of the Decision Points), PJM would need to check for load flow, short circuit, and stability analysis impacts to the Cycle. It could take up to two months to determine if a project's proposed Point of Interconnection move would be material to the Cycle. Then, if the project subsequently withdraws due to a Material Modification, it could take another two months to rerun the Cycle studies again with the project removed.

Subsequently, if another project were to request a Material Modification for a POI move, then PJM would need another two months for that review to determine materiality plus another two months to rerun the Cycle studies again if the project withdrew due to being deemed a Material Modification. This pattern could continue on and on such that other projects in the Cycle are held up due to waiting on the Material Modification assessments and subsequent retools before PJM can close out the study phase and enter the Decision Point. If this delays the current Cycle, subsequent Cycles will also be impacted. From a resource point of view, a specific time window for consideration of projects modifications will ensure that limited staff resources can maintain their focus on completing Cycle studies, which is in the interest of Project Developers and other stakeholders, as opposed to redirecting skilled engineers to assess a virtually unbounded number

of single project Point of Interconnection modification requests that can impact all other projects in an already backlogged queue.

Moreover, inefficiencies will result absent clear guidance as to what types of changes to a project's Point of Interconnection are permissible because Project Developers will inevitably challenge the results of PJM's Material Modification analysis when the results are unfavorable. By providing Project Developers notice as to the exact conditions under which they may modify their projects' Points of Interconnection, PJM has provided firm guidelines to keep the Cycle study moving forward without diversion into *ad hoc* studies pertaining only to individual projects or allowing those individual studies to hold up the Cycle studies. Thus, the IPRTF Tariff is consistent with the Final Rule's objectives of promoting more efficient interconnection and provides needed clarity for developers, a standard of review and timing parameters that further the Commission's goals of clarity and efficiency in queue processing.³⁵

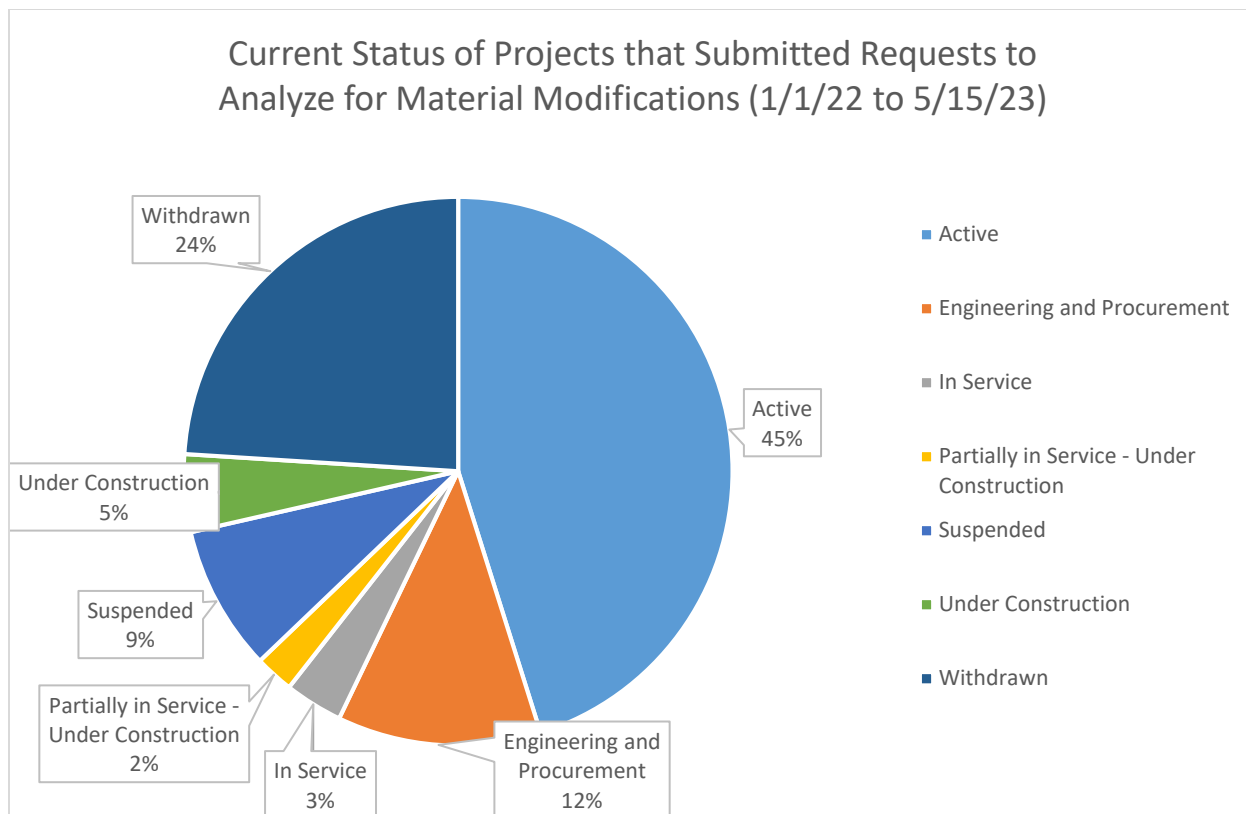
As Figure 3 demonstrates, PJM receives a high number of requests to perform Material Modification analyses of project changes and a substantial number of those projects—almost a quarter of the total—subsequently withdraw from the interconnection process. Figure 3 shows that of the 175 projects that requested a Material Modification analysis during the period from January 1, 2022 through May 5, 2023, forty-two projects, or 24% of the total number of projects requesting a Material Modification analysis, withdrew from the interconnection process. Six of these projects, or 3%, are now fully in service, while the remaining projects are in the study (active) phase, in suspension, or under construction. The changes to be analyzed to determine if they constitute Material Modifications include requests to: (a) move a project's Point of Interconnection due to permitting or site control issues; (b) removal of a fuel, such as the removal of a battery from

³⁵ Order No. 2023 at PP 45-56; Order No. 2023-A at PP 10, 45-46.

hybrid (solar/battery) projects; and (c) MW reductions to a project's capacity because the Project Developer may not be able to build out to the full capacity in the original Interconnection Request. Diverting resources to studies of requests to analyze changes to determine whether they constitute a Material Modification when so many of the projects requesting these one-off analyses (24%) withdraw from the queue, and so few of these projects (3%) are in service, is an uneconomic use of resources that provides little gain to the goal of quickly and efficiently interconnecting generating facilities to the PJM Transmission System. This is precisely the type of inefficiency the IPRTF Tariff is designed to avoid.

Figure 3

Status of Project	Number of Requesting Projects
Active	79
Engineering and Procurement	21
In Service	6
Partially in Service - Under Construction	4
Suspended	15
Under Construction	8
Withdrawn	42
Grand Total	175



Requiring this change at this critical point in time given the interconnection reforms underway would be ill-timed and counterproductive. For this reason, an independent entity variation should be granted relative to this requirement.

D. Issues Related to Withdrawal Penalties.

As part of its compliance filing, PJM proposed to retain the provisions of the IPRTF Tariff under which, rather than imposing a “no-harm” test as set forth in Order No. 2023-A, PJM does not analyze whether a withdrawal has a material impact on the cost or timing of Interconnection Requests with an equal or lower queue priority but applies the same consequence to all withdrawing projects.³⁶ CEA objects to this aspect of the May 16 Filing.³⁷ EDFR argues the

³⁶ May 16 Filing at 55; Order No. 2023-A at P 233.

³⁷ CEA Protest at 12-13.

Commission should direct PJM to clarify in its Tariff that it will release GIA security when a project's termination does not directly impact other interconnection projects.³⁸ Leeward contends that PJM's proposal to adopt "automatic withdrawal penalties" is not just and reasonable and PJM has failed to explain how requiring such forfeit of deposits would achieve the goal of discouraging speculative projects.³⁹

The Commission should reject these protests. As PJM pointed out in the May 16 Filing,⁴⁰ the use of a bright line standard whereby all withdrawn projects are subject to the forfeiture of their Readiness Deposits reduces uncertainty and disputes as to whether a withdrawal has a material impact on other projects and, at the same time, more consistently accomplishes the Final Rule's goal of preventing disruptive late-stage withdrawals.⁴¹ Moreover, the Final Rule's no-harm test as applied within PJM would require additional studies, creates the need to establish what constitutes a "material impact," and raises concerns about whether a no-harm test will accurately identify all impacts. Because there is no standard of what constitutes a "material" impact, the no-harm test likely will lead to disputes about whether the impact of a project's withdrawal is indeed material and about how many other projects in the Cycle are material, especially if a given Cycle includes a large number of Interconnection Requests, as is the case in PJM. Using a bright line standard for withdrawing projects rather than a no-harm test also is consistent with the Commission's recent decision approving such a mechanism, addressing similar concerns, as proposed by the Midcontinent Independent System Operator, Inc.⁴²

³⁸ EDFR Comments at 12-14.

³⁹ Leeward Protest at 19-23.

⁴⁰ May 16 Filing at 55.

⁴¹ Order No. 2023 at PP 781, 790.

⁴² See *Midcontinent Indep. Sys. Operator, Inc.*, 186 FERC ¶ 61,054, at PP 32, 71, 78, *order on reh'g*, 187 FERC ¶ 61,031 (2024) ("MISO Rehearing Order").

Finally, Leeward complains that PJM has failed to show that applying an automatic withdrawal penalty will discourage speculative projects.⁴³ There is little doubt, however, that an at-risk Readiness Deposit regime in which a developer has some “skin in the game” and will experience a monetary loss if it withdraws, will discourage speculative entry. As the Commission stated in the MISO Rehearing Order, “Automatic Withdrawal Penalty provisions reasonably impose costs caused by withdrawing interconnection customers. It is well-understood that withdrawals from the interconnection queue cause delays and increase costs for remaining interconnection customers.”⁴⁴ The Commission also recognized that “the harm associated with a particular withdrawal is not readily calculable or may not directly correspond to increases in network upgrade cost,”⁴⁵ which reinforces PJM’s concerns about the difficulty in implementing the Final Rule’s no-harm test.

E. Milestone Extensions and Suspension Issues.

PJM in the May 16 Filing sought an independent entity variation to retain the provisions of the IPRTF Tariff that provide a Project Developer that has executed a GIA with a unilateral right to extend milestone dates (other than Site Control) by one year for any reason, while also eliminating Order No. 2023’s three-year suspension option.⁴⁶ PJM explained that this part of the

⁴³ Leeward Protest at 11, 13-16.

⁴⁴ MISO Rehearing Order at P 34.

⁴⁵ *MISO Rehearing Order* at P 36. Leeward also complains that the withdrawal penalty amounts set forth in PJM’s Tariff are different from those used by MISO. However, this does not mean the use of an automatic withdrawal penalty is not just and reasonable. PJM has already demonstrated that its Readiness Deposits and withdrawal penalty structure approved in the IPRTF Order are consistent with the Final Rule; it is not required to adopt measures that are identical to those of another RTO. May 16 Filing at 53-54; *Midcontinent Indep. Sys. Operator, Inc.*, 173 FERC ¶ 61,035, at P 23 (2020) (finding MISO and PJM are not required to adopt identical provisions regarding Affected System generator interconnection coordination procedures); *see also Reform of Generator Interconnection Procedures and Agreements*, Order No. 845, 163 FERC ¶ 61,043, at P 43 (2018) (stating Commission will continue to allow RTOs to rely on regional differences as justification from departing from pro forma provisions), *order on reh’g & clarification*, Order No. 845-A, 166 FERC ¶ 61,137, *order on reh’g & clarification*, Order No. 845-B, 168 FERC ¶ 61,092 (2019).

⁴⁶ May 16 Filing at 31-33.

IPRTF Tariff was specifically authorized by the Commission, on the basis that allowing Project Developers to extend their commercial operations dates a full three years may cause uncertainty and delays for lower queued projects.⁴⁷ CEA, EDFR, and Shell oppose PJM’s proposal to limit milestone extensions to one year, arguing that this departure from the Final Rule is unjustified.⁴⁸

The Commission should reject these arguments seeking to maintain the three-year suspension option. PJM’s elimination of the three-year suspension option was specifically accepted by the Commission as part of the IPRTF compromise package submitted to the Commission, and was designed, in negotiation with stakeholders, to further the “first ready, first served” construct by preventing non-ready projects from languishing in the queue. Also, Project Developers still have a unilateral one-year extension option and may be able to extend further milestone dates in the event of delays they did not cause and could not have remedied through the exercise of due diligence.⁴⁹

Moreover, PJM’s interconnection queue currently contains roughly 38.7 gigawatts of generating facilities that have been studied and have service agreements in effect, but are not proceeding to construction and commercial operation. Because these projects have service agreements in effect, PJM models their MWs in its Regional Transmission Expansion Plan (“RTEP”) as though they are in service. When those MWs are not actually on the system because the facilities have not been built or are not in service, reliability issues that would otherwise be apparent in the RTEP analysis may be masked, resulting in increased Network Upgrade costs for

⁴⁷ May 16 Filing at 31-32 (citing IPRTF Order at PP 111, 113 (finding “that PJM’s proposal to eliminate suspension rights and instead allow developers to extend milestones (other than Site Control) for up to one year for any reason meets the independent entity variation standard;” also finding that “[g]iven the specific conditions facing PJM, allowing project developers to continue to extend their timelines to commercial operation even further through a full three-year suspension period may cause uncertainty and delays for lower-queued generators”).

⁴⁸ CEA Protest at 19-20; EDFR Comments at 3-8; Shell Protest at 12-14.

⁴⁹ Tariff, Part VIII, Subpart E, section 429(B)(3); *id.*, Part IX, Subpart B (Form of GIA), section 6.4.

some customers. PJM’s ability to manage these projects is complicated when Project Developers have three years to achieve commercial operation of their generating facilities under the milestones in their service agreements and then are allowed an additional three years of no-questions-asked delay through the right to suspend their service agreements. The automatic three-year suspension period already has caused problems for PJM under its pre-IPRTF Tariff rules, as PJM has difficulty in forecasting future capacity when projects with service agreements cease making progress and are not built.⁵⁰ Re-imposing the three-year suspension option in PJM, just as PJM is transitioning to its new process and attempting to address the premature retirement of existing generation, will only exacerbate the challenges PJM presently has in forecasting future capacity needs to ensure reliability into the future.

EDFR asserts that allowing a three-year extension of the commercial operations date for projects in the PJM footprint “creates no more burden or uncertainty” for PJM than it does in any of the other transmission provider regions.⁵¹ This is not true. Other transmission providers have different size interconnection queues with different resource mixes, altering the impact of suspended projects on the transmission providers’ planning efforts. Moreover, unlike a number of other regions, PJM has an annual forward capacity market in which it needs to establish specific planning parameters that drive the capacity procurement targets to be satisfied through the auction. If PJM is not able to clearly establish what generation is likely to be operating in a future period, the modeled system topology will be skewed leading to inaccuracies as to the availability of generation within specific zones in PJM. Providing for a three-year automatic extension of

⁵⁰ See, e.g., *PJM Interconnection, L.L.C.*, 182 FERC ¶ 61,109, at P 135 (approving Tariff revisions to address capacity shortfall in Delmarva South Locational Deliverability Area after planned generation with signed interconnection service agreements did not offer into 2024/2025 Delivery Year auction), *order on reh’g*, 184 FERC ¶ 61,055 (2023), *vacated in part by sub. nom. PJM Power Providers Grp. v. FERC*, 96 F.4th 390 (3d Cir. 2024), *order on remand*, 187 FERC ¶ 61,065, *reh’g denied*, 187 FERC ¶ 61,107 (2024).

⁵¹ EDFR Comments at 6.

commercial operation will only add to the uncertainty as to the level of capacity needed on the PJM system and lead to either over-procurement or under-procurement, neither of which is in the best interest of retail customers.

The independent entity variation standard, which recognizes that RTOs have “different operating characteristics depending on . . . size and location” that necessitate varied approaches to compliance based on regional differences,⁵² explicitly accounts for the fact that different RTOs face different circumstances and have different needs, and therefore are not obliged to adopt generic solutions or the same solution as another RTO.

EDFR also claims to have “observed that PJM has increasingly narrowed the types of issues and events it considers to be beyond a developer's control.”⁵³ EDFR provides no support for this assertion. This claim provides no basis for reinstating the extension periods previously eliminated from the Tariff – if a Project Developer thinks it has been unfairly denied a milestone extension to which it is entitled, it can request relief under the Tariff’s dispute resolution procedures⁵⁴ or from the Commission. Further, the Commission has found that transmission providers have discretion in deciding whether to extend milestones, and there is no evidence that PJM has abused that discretion.⁵⁵

⁵² See *supra* n.11.

⁵³ EDFR Comments at 6.

⁵⁴ Tariff, Part VIII, Subpart E, section 419.

⁵⁵ See *PJM Interconnection, L.L.C.*, 178 FERC ¶ 61,089, at P 43 (2022) (finding that PJM reasonably exercised its discretion when project was “too thin, aspirational, and speculative” and “require[ed] a new dedicated natural gas pipeline covering some 80 miles across several Virginia counties and impacting hundreds of landowners”); *PJM Interconnection, L.L.C.*, 170 FERC ¶ 61,087, at P 33 (2020) (finding that PJM reasonably exercised its discretion in declining to extend milestones where the project’s inability to obtain financing was the result of the facility’s action (or inaction) alone). See also *PJM Interconnection, L.L.C.*, 187 FERC ¶ 61,118, at P 82 (“PJM [is] under no obligation to extend . . . milestones under the [T]ariff, as the provision for allowing these extensions is wholly within PJM’s discretion.”).

F. Site Control Issues.

As part of the May 16 Filing, PJM proposed to maintain the IPRTF Tariff's Site Control provisions, stating that one of the concerns driving the choice of strong Site Control provisions in the IPRTF Tariff was the concern that highly capitalized organizations would be able to flood a Cycle with speculative Interconnection Requests and simply pay or post additional money rather than actually securing Site Control for their projects. In contrast, strong Site Control requirements ensure Project Developers have proved their readiness to construct their facilities.⁵⁶ EDFR and Leeward raise a number of concerns about what they perceive as conflicting provisions in the Tariff and in PJM's manuals as to the ability of a Project Developer to add or drop land or land rights for which they have demonstrated Site Control, and argue PJM's Site Control are overly restrictive.⁵⁷ Leeward and EDPR's concerns appear to be about the interpretation of provisions already in the Tariff, rather than about whether new or additional provisions are needed in the Tariff to comply with Order No. 2023. The Commission need not wade into the merits of Leeward and EDPR's concerns as they relate to Tariff interpretation rather than a specific objection as to PJM's compliance filing at issue in this proceeding. PJM understands Leeward and EDPR's issues concerning application of this provision and notes that PJM is undertaking a further review of this issue in the Interconnection Process Subcommittee stakeholder process and will continue to address these issues there.⁵⁸ This already complex compliance process should not be further complicated by out-of-scope disputes as to Tariff interpretations rather than the instant issues

⁵⁶ May 16 Filing at 47.

⁵⁷ EDFR Comments at 9-12; Leeward Protest at 18-19; *see* Shell Protest at 15.

⁵⁸ Information on the Interconnection Process Subcommittee can be found at: *Interconnection Process Subcommittee*, PJM Interconnection, L.L.C., <https://pjm.com/committees-and-groups/subcommittees/ips> (last visited July 9, 2024).

concerning the proposed Tariff language itself, PJM's independent entity variation and its relationship to the Final Rule's provisions.

Leeward and Shell complain that PJM has a 100% Site Control requirement, rather than a 90% Site Control requirement, at the time an application for interconnection service is submitted.⁵⁹ As PJM explained in the May 16 Filing, the 100% Site Control Requirement was adopted during the IPRTF process, in which stakeholders *specifically rejected* proposals to adopt a lesser showing of Site Control.⁶⁰ While lesser showings of Site Control might be appropriate in other regions, experience in the PJM Region has shown that a project that has less than 100% Site Control at the time it submits its Interconnection Request may not be a viable project. Allowing such a project a position in the interconnection queue would tie up existing capacity (often referred to as "headroom") on the Transmission System and thereby harm other projects that have done their due diligence to procure the necessary land to build their facility. The Commission specifically recognized the need for stringent Site Control requirements in the IPRTF Order, stating:

We find PJM's proposed Site Control requirements to be just and reasonable. The Commission has previously recognized that, as a general matter, more stringent Site Control requirements may help reduce the number of speculative, duplicative, and non-ready projects entering the interconnection queue. The proposed Site Control requirements are intended to help reduce speculative projects entering and progressing through the interconnection process and causing the need for restudies and resulting in delays. We agree with PJM that more stringent Site Control requirements will discourage or prevent project developers from submitting speculative projects. Although the proposed Site Control requirements will add to the burden of prospective interconnection customers, we find that those burdens will be outweighed by the benefits associated with decreasing the number of speculative Interconnection Requests entering the

⁵⁹ Leeward Protest at 19; Shell at 8. Shell's comments focus on the transition period. However, the Commission indicated that "transmission providers that have already adopted a cluster study process or are currently undergoing a transition to a cluster study process will not be required to implement a new transition process." Order No. 2023 at P 861. Therefore, no changes are required.

⁶⁰ May 16 Filing at 45 n.123.

interconnection queue, such as improving PJM’s ability to timely process viable Interconnection Requests.⁶¹

Consistent with the Commission’s statements in the Final Rule that more stringent Site Control provisions will help prevent speculative projects from entering the queue and protect viable projects from “the negative impacts of speculative [I]nterconnection [R]equests,”⁶² the Commission should accept the IPRTF Tariff’s Site Control provisions as compliant with the Final Rule.

Finally, Shell complains that requiring an interconnection customer to demonstrate “identical” Site Control throughout the interconnection process would not allow it to change its Site Control evidence in the event of changes to project size or due to regulatory impediments. To the extent Shell is concerned about the ability to add or drop parcels for which it has demonstrated Site Control, that is an issue of interpretation being addressed in the stakeholder process, as discussed above. To the extent Shell is concerned about other regulatory impediments, PJM notes that the IPRTF Tariff allows changes at Decision Point I but it is still incumbent on Project Developers to exercise due diligence and submit well-developed, complete Interconnection Requests.⁶³

G. Grid-Enhancing Technologies.

PJM in the May 16 Filing stated that the grid enhancing technologies (“GETs”) enumerated in the Final Rule already are considered and studied as necessary, if merit exists in the use of such technologies.⁶⁴ PJM requested an independent entity variation with respect to the Final Rule’s requirement that transmission providers include in interconnection study reports the results of their

⁶¹ IPRTF Order at P 90 (citations omitted).

⁶² Order No. 2023 at P 583.

⁶³ Tariff, Part VIII, Subpart C, section 406(B)(5).

⁶⁴ May 16 Filing at 69-71.

evaluation of the feasibility, cost, and time savings of GETs as an alternative to traditional transmission technologies.⁶⁵ CEA and PIO argue that PJM’s request not to incorporate in its Tariff these requirements relating to consideration of GETs does not comport with the independent entity variation.⁶⁶ WATT raises similar concerns.⁶⁷

The Commission should reject these protests and approve PJM’s request for an independent entity variation. As PJM explained in the May 16 Filing, a broad spectrum of potential solutions, including GETs, are already considered as part of PJM’s interconnection study process, and detailed solution analysis and evaluation is performed to determine the solutions that are effective and the most efficient.⁶⁸ PJM will provide a summary of the GETs evaluations that are a component of the study process and will address its evaluation in the study reports, relying on the parameters set forth in the Technical Reference Guide referenced in the May 16 Filing.⁶⁹ However, requiring PJM to report separately on its evaluation of GETs at the conclusion of each cluster study is unnecessarily burdensome and will offer little benefit.

As an alternative, PJM outlined in Docket No. AD22-5-000 its proposal to develop, with stakeholder review, an “application guide” that would catalog grid enhancing technologies and detail those applications where they would clearly benefit the grid.⁷⁰ This guide would be a living document that would be updated as new technologies are developed and existing technologies

⁶⁵ May 16 Filing at 70-71.

⁶⁶ CEA Protest at 7-9; PIO Protest at 29-34.

⁶⁷ WATT Protest at 2-3.

⁶⁸ May 16 Filing at 69-71.

⁶⁹ May 16 Filing at 70. PJM notes that at present GETs applications are limited and are evaluated by host Transmission Owners, not PJM. More industry education as to GETs applications is needed as (1) GETs are not a substitute for transmission capability; and (2) GETs introduce another layer of risk due to additional cyber security attack vectors and reliability relay protection and control coordination risks. *Id.* n.182.

⁷⁰ *Implementation of Dynamic Line Ratings*, Motion for Leave to Comment and Supplemental Comments of PJM Interconnection, L.L.C., Docket No. AD22-5-000, at 4-5 (Jan. 17, 2024).

further tested in the field. Consistent with its independent entity variation request, PJM believes that this more transparent and generic approach would meet the Commission’s goals of ensuring fair and transparent consideration of GETS without tying up each interconnection request with having to do ‘one-off’ analyses that by definition could lead to inconsistencies and a lack of overall transparency and input from a wide variety of stakeholders. For these reasons, PJM requests the Commission allow PJM to continue the development of its application guide for GETS, a process which is already underway as part of this requested independent entity variation.

H. Additional Issues.

1. Study issues

CEA argues that PJM’s proposed study process timeline is unduly lengthy and is not justified under the independent entity variation standard.⁷¹ PIO also opposes PJM’s proposal to retain the study deadlines set forth in the IPRTF Tariff, stating PJM should adopt the 150-calendar day period set forth in the Final Rule.⁷²

PJM explained in the May 16 Filing that the IPRTF Tariff’s study timeline is appropriate for a large RTO such as PJM, given the complexity and number of Interconnection Requests PJM receives and expects to continue receiving, as well as the number of Transmission Owners with which PJM must coordinate to study Interconnection Requests.⁷³ The IPRTF Tariff’s study timeline is the product of robust stakeholder negotiations and appropriately balances the need for expedient queue processing with realistic completion deadlines. PJM’s request is also consistent with the Final Rule, in which the Commission stated the Final Rule “does not preempt transmission

⁷¹ CEA Protest at 6-7; *see* NJBPU at 3-7.

⁷² PIO Protest at 24-25 (citing Order No. 2023 at P 324).

⁷³ *Id.* at 34. PJM also provided as Figure 1 a chart showing the difference in the number of Interconnection Requests PJM receives compared to other RTOs.

providers from proposing tariff-defined study deadlines that may differ from the *pro forma* LGIP's 150-day schedule."⁷⁴ PJM has sought and justified an independent entity variation to continue to use its existing study timeline, and the Commission therefore should disregard the CEA and PIO Protests.

2. *Use of customer-provided operating assumptions*

A number of parties oppose PJM's request to not use customer-provided operating assumptions to reflect the proposed charging behavior of energy storage resources in interconnection studies.⁷⁵ However, the use of customer-provided operating assumptions is not consistent with how PJM performs its planning studies for its annual RTEP process and the manner in which PJM operates the transmission system in real time. In order to plan reliably and in accordance with Good Utility Practice, PJM plans its system based on long-term conditions and assumptions rather than real time operations and customer parameters that are subject to change. PJM's reliance on moderate assumptions and long-term conditions is far more reliable and consistent with PJM's planning requirements than is the use of customer-supplied parameters.

In addition, it is questionable as to how PJM would monitor an energy storage resource's compliance with its operating assumptions. While the Commission indicates that a transmission provider may be able to terminate an interconnection agreement with an energy storage resource that charges from the grid in a manner that is contrary to the operating assumptions it provided to PJM,⁷⁶ the suggested approach does not account for the difficulty or outright inability to police generators' real time actions and prosecute real-time departures from the operating conditions established in the generators' interconnection agreements. And terminating a generator's

⁷⁴ Order No. 2023-A at P 156.

⁷⁵ CEA Protest at 7-9; NJBPU Protest at 1-7; PIO Protest at 44.

⁷⁶ Order No. 2023 at P 1521; Order No. 2023-A at PP 578-79.

interconnection agreement may not be an adequate remedy for adverse reliability or market impacts or for the costs of generating facilities' interconnection being allocated to load, nor does termination address real- and near-time impacts of generator non-compliance with the parameters it supplied.⁷⁷

3. *Scoping meetings*

CEA and Shell argue that PJM's proposal to not adopt the scoping meeting requirements of Order No. 2023 does not satisfy the independent entity variation standard.⁷⁸ As PJM has explained, it is appropriate to allow a scoping meeting to be waived by either the Project Developers or the Transmission Owner, as they are the interested parties. This approach is appropriate for efficiency purposes. In practice, scoping meetings will only be waived in instances where all information needed for the initial study has been garnered from the initial application or through email communications.⁷⁹

4. *Deposit payment mechanisms*

CEA and Longroad object to PJM's proposal to require study deposits to be paid by wire transfer and Readiness Deposits to be paid by wire transfer or letter of credit, rather than allowing the use of surety bonds.⁸⁰ CEA and Longroad ignore PJM's explanation that surety bonds are less liquid than a wire transfer or letter of credit and, as PJM pointed out in the May 16 Filing, can be more difficult to work with and to convert to cash when needed. Longroad acknowledges that

⁷⁷ NJBPU asserts PJM's stance is contrary to New Jersey policies supporting the development of energy storage resources. NJBPU Protest at 6-7. PJM is a fuel-neutral independent entity that has no incentive to favor one type of energy resource over another. However, PJM acts to protect the reliability of the bulk electric system and has determined the Final Rule's generic requirement to use customer-provided operating assumptions is not appropriate for the PJM region.

⁷⁸ CEA Protest at 16-17; Shell Protest at 18-19.

⁷⁹ Compliance Filing at 26.

⁸⁰ CEA Protest at 18-19; Longroad Protest at 3-9.

“surety bonds may not pay as quickly as other instruments, such as a letter of credit, but that is not the same as a risk of non-payment.”⁸¹

Despite Longroad’s arguments, the issue is not whether PJM eventually will be paid by collecting on a surety bond, but the speed and ease by which security can be collected if necessary. Surety bonds require interfacing with insurance providers that are disincentivized to immediately release funds, and who typically mandate periods of time to investigate claims before a release will be considered. Wire transfers and letters of credit have worked well in PJM’s region, as they facilitate the processing of applications and allow sufficient opportunity for Project Developers to submit deposits within the required timeframes. The IPRTF Tariff’s specification of these two types of security provides clear guidance to Project Developers as to what is acceptable, and the Commission should grant PJM an independent entity variation to use these two forms of assurance for deposits and Readiness Payments.

Longroad points to the fact that surety bonds are used for collateral for other purposes under the Tariff.⁸² This does not mean that requiring deposits under Parts VII, VIII, and IX of the Tariff to be made by wire transfer or letter of credit is not just and reasonable, especially under the independent entity variation standard. While surety bonds are an accepted form of collateral in limited circumstances, those opportunities are generally available to PJM Members,⁸³ who are obligated to comply with the requirements of the Amended and Restated Operating Agreement of PJM Interconnection L.L.C. (“Operating Agreement”) and are subject to suspension or termination

⁸¹ Longroad Protest at 8 (footnote omitted). Longroad also states insurance companies cannot meet immediate payment deadlines because of internal processes and that surety bonds are not payable upon demand. *Id.* at 8-9.

⁸² Longroad Protest at 8.

⁸³ *See, e.g., PJM Interconnection, L.L.C.*, 175 FERC ¶ 61,078 (2021) (accepting Tariff revisions incorporating surety bonds as acceptable form of collateral under Credit Risk Management Policy).

for failing to comply with its terms.⁸⁴ Project Developers are not required to be signatories to the Operating Agreement, and therefore the rationale for permitting the use of surety bonds is inapplicable in the interconnection context.

Longroad also requests that the Commission require PJM to modify Tariff, Attachment Q Credit Risk Management Policy, section V.D, to remove the requirement that a surety bond “must be payable immediately upon demand without prior demonstration of the validity of the demand.”⁸⁵ This aspect of Longroad’s protest raises issues that are beyond the scope of this proceeding and therefore, consistent with Commission precedent, should be rejected.⁸⁶

5. *PIO’s claims are outside the scope of this proceeding*

PIO maintains that PJM has acted improperly having “sounded the alarm over federal pollution control regulations” and backing certain reliability must-run agreements.⁸⁷ It also argues that PJM has failed to justify the pause on renewing new Interconnection Requests.⁸⁸ PIO’s arguments raise issues that are not present in the Final Rule and therefore are beyond the scope of this proceeding; the Commission should reject these arguments.⁸⁹

6. *Treatment of multiple projects behind the same Point of Interconnection*

Finally, Shell argues that the Commission “should require PJM to allow a single generation owner to execute multiple interconnection agreements for multiple generation facilities and/or

⁸⁴ See, e.g., Operating Agreement, section 15.1 (setting forth PJM’s right to limit, terminate, or suspend a Market Participant’s right to participate in PJM’s Markets for failing to satisfy creditworthiness requirements).

⁸⁵ Longroad Protest at 8.

⁸⁶ See IPRTF Order at PP 127, 132; see also *PJM Interconnection, L.L.C.*, 187 FERC at P 28 (2024); *ISO New England, Inc.*, 183 FERC ¶ 61,059, at P 18 (2023).

⁸⁷ PIO Protest at 14-15.

⁸⁸ PIO Protest at 17-18.

⁸⁹ See *supra* n.81.

generation types at a single POI (e.g., solar plus storage).”⁹⁰ The IPRTF Tariff already allows for this construct, with the caveat that each generating facility under a GIA must have its own generator step-up transformer, and all GIAs must include nonstandard terms and conditions related to shared facilities.

IV. CONCLUSION

For the reasons stated above and in the May 16 Filing, PJM respectfully requests that the Commission accept the May 16 Filing as compliant with the Final Rule or as permissible and consistent with the Final Rule applying the independent entity variation standard. PJM also requests that the Commission reject the protests and comment addressed herein.

Respectfully submitted,

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⁹⁰ Shell Protest at 17.

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 Washington, D.C., this 12th day of July 2024.

/s/ David S. Berman

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