



PJM Interconnection, L.L.C.  
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August 24, 2018

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E. Room 1A  
Washington, D.C. 20426

*Re: PJM Interconnection L.L.C., Docket No. ER18-2068-000*

Dear Secretary Bose:

PJM Interconnection, L.L.C. (“PJM”) files this letter to clarify the relationship between the pending Waiver Request<sup>1</sup> in this docket and the Federal Power Act (“FPA”) section 205<sup>2</sup> filing PJM made on August 23, 2018 (“August Filing”),<sup>3</sup> both of which address PJM’s Financial Transmission Rights<sup>4</sup> (“FTR”) liquidation process. As explained in PJM’s August Filing and further noted below, PJM continues to seek Commission action on this pending Waiver Request to cover the monthly FTR auction conducted in July, 2018. In addition, should the Commission reject the August Filing, PJM’s Waiver Request would remain as filed and PJM would liquidate only the prompt month portion of GreenHat Energy, LLC’s FTR portfolio until the completion of the monthly FTR auction to be conducted in October.

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<sup>1</sup> Request of PJM Interconnection, L.L.C. for Grant of Tariff Waiver, Docket No. ER18-2068-000 (July 26, 2018) (“Waiver Request”).

<sup>2</sup> 16 U.S.C. § 824d.

<sup>3</sup> See PJM Interconnection, L.L.C., Docket No. ER18-2289-000 (Aug. 23, 2018).

<sup>4</sup> All capitalized terms that are not otherwise defined herein shall have the same meaning as they are defined in the Tariff, Operating Agreement, or the Reliability Assurance Agreement among Load Serving Entities in the PJM Region.

On July 26, 2018, PJM filed in this proceeding a request for a temporary waiver of certain FTR liquidation rules in the PJM Open Access Transmission Tariff (“Tariff”), Attachment K-Appendix, section 7.3.9, and the identical provisions of Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”), Schedule 1, section 7.3.9.<sup>5</sup> Specifically, PJM asked the Commission to waive certain FTR liquidation requirements and permit PJM to sell in the monthly FTR auctions conducted in July, August, September, and October only the prompt-month portion of the defaulting Member’s FTR 2018/2019 planning period portfolio.<sup>6</sup>

Since PJM filed this Waiver Request, PJM Members voted to amend PJM’s existing FTR liquidation provisions to effectively suspend all FTR liquidation from August 24, 2018, through November 30, 2018. Therefore, on August 23, 2018, PJM made the August Filing to amend PJM’s existing FTR liquidation rules contained in Tariff, Attachment K-Appendix, section 7.3.9, in order to implement the stakeholder-approved interim rule modification. In that filing, PJM advised the Commission that PJM Members were considering longer term modifications to the FTR liquidation rules and that, should such modifications gain stakeholder approval, PJM anticipated making a subsequent FPA section 205 filing by October 1, 2018.

As noted, the purpose of this letter is to clarify and explain the relationship between the Waiver Request pending in this docket, the August Filing, and a possible future section 205 filing. Specifically, PJM clarifies that should the Commission accept the August Filing – suspending FTR liquidation rules for the period from August 24, 2018 through November 30,

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<sup>5</sup> All references herein to the Tariff, Attachment K-Appendix, section 7.3.9 also are intended to encompass the identical, parallel provisions in the Operating Agreement, Schedule 1, section 7.3.9. PJM will refer generally to the Tariff throughout this letter to also include the Operating Agreement.

<sup>6</sup> *Id.* at 4.

2018 – the Waiver Request would become limited exclusively to the monthly FTR auction conducted in July and the remaining months sought in the waiver would become moot. As a result, in accordance with the terms of the August Filing, the Commission’s acceptance of the August Filing would confine the scope and duration of the Waiver Request to the time period from July 27, 2018, through August 24, 2018 (the effective date of the August Filing). Granting PJM’s Waiver Request and accepting the August Filing will provide maximum relief to PJM Market Participants while also providing efficiency benefits by avoiding monthly liquidations of GreenHat’s FTR positions.

On the other hand, if the proposed Tariff changes in the August Filing are to be rejected, PJM’s Waiver Request would remain as filed. In that case, if granted, the waiver would govern FTR liquidation through the monthly FTR auction to be conducted in October 2018. After that auction, (i) the existing liquidation procedures would become effective again; or (ii) if a longer term FTR liquidation process is submitted, approved, and made effective, then the terms of that filing would control.<sup>7</sup>

Respectfully submitted,

/s/ Chen Lu

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<sup>7</sup> As explained in the Docket No. ER18-2289-000, the time-limited nature of the proposed modification of PJM’s Tariff and Operating Agreement is designed to provide PJM stakeholders with additional time to consider the challenges of liquidating a large FTR portfolio and to develop possible long-term alternatives that may be filed in a subsequent section 205 filing.

## 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 these proceedings.

Dated at Audubon, Pennsylvania, 24<sup>th</sup> day of August, 2018

/s/ Chen Lu

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