

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

PJM Interconnection, L.L.C.)	Docket Nos.	EL19-100-000
)		ER20-584-000

COMMENTS OF PUBLIC INTEREST ORGANIZATIONS

Pursuant to Rule 212 of the Federal Energy Regulatory Commission’s (the “Commission”) Rules of Practice and Procedure,¹ the undersigned Public Interest Organizations (“PIOs”) respectfully submit these comments² in conditional opposition to the Motion to Hold Proceedings in Abeyance filed by PJM Interconnection, L.L.C. (“PJM”) in the above-captioned dockets. In its Motion, PJM requests that the Commission hold these proceedings in abeyance to give it time to pursue with stakeholders a new Effective Load Carrying Capacity (“ELCC”) construct for determining the capacity value of Capacity Storage Resources (“CSRs”).

PIOs support PJM’s proposed approach of developing an ELCC approach for determining the capacity value of CSRs. However, we have several concerns with PJM’s proposed procedural approach, which we believe would best be resolved by the Commission ordering PJM to file a proposed rate by January 29, 2021.

Our first concern with PJM’s approach is the potential for additional delay. PIOs fully support a stakeholder process as the preferred method of developing new rules. Unfortunately, however, recent history has demonstrated that PJM stakeholders are often unable to reach the

¹ 18 C.F.R. § 385.212 (2020).

² Because PIOs are providing their comments on PJM’s Motion herein, PIOs hereby withdraw their motion filed February 27, 2020 in the above-captioned dockets to extend the comment period on PJM’s Motion until March 11, 2020.

required two-thirds supermajority needed to approve tariff changes on issues with significant financial stakes.³ If the Commission grants PJM’s motion for abeyance without also ordering a proposed rate by a date certain, it would create a very real risk of simply delaying these proceedings for nearly a full year.

Our second concern is that holding this proceeding in abeyance with no guidance from the Commission would prolong damaging market uncertainty that has resulted from the proceedings thus far. In the order instituting these proceedings, the Commission set a refund effective date of October 28, 2019.⁴ It is likely that PJM will hold Reliability Pricing Market (“RPM”) auctions for three delivery years over the course of 2021. This means that if these proceedings remain open significantly beyond January 29, 2021, three additional RPM auctions and additional interconnection queues may be held under threat of refund. Beyond the regulatory uncertainty this situation presents, it also raises the prospect of PJM markets operating for nearly half a decade under rules that, as PIOs and others have argued, significantly undervalue CSRs.

³ See, e.g., Energy Price Formation Senior Task Force Report (Feb 19, 2019), documenting a 13 month, 25 meeting stakeholder process that, despite an ultimatum from the PJM board, failed to reach consensus on energy market reforms. Available at <https://www.pjm.com/-/media/committees-groups/committees/mc/20190219-webinar/20190219-item-09e-epfstf-report.ashx>. See also Capacity Construct / Public Policy Senior Task Force Final Report (December 2018) documenting a 9 month, 22 meeting stakeholder process that failed to reach consensus on conflicts between public policy initiatives and capacity market objectives. See also Rory D. Sweeney, *PJM Stakeholders End TX Replacement Task Force* (July 2018) reporting “no hope to resolve a nearly two-year standoff on supplemental projects for replacing end-of-life transmission...” Available at <https://rtoinsider.com/pjm-transmission-replacement-process-senior-task-force-trpstf-97186/>. See also PJM Interconnection, L.L.C., Periodic Review of Variable Resource Requirement Curve Shape and Key Parameters, filed October 12, 2018 in Docket No. ER19-105-000 at 3-4, describing how “numerous stakeholder meetings” failed to reach consensus on required reviews of key RPM parameters.

⁴ PJM Interconnection, L.L.C.; Notice of Institution of Section 206 Proceeding and Refund Effective Date, 84 FR 57725-02.

Given the rapid growth of storage technology,⁵ such an outcome could lead to significant unnecessary costs to ratepayers and unjustly low revenues for the storage industry.

Finally, PIOs maintain our position⁶ that PJM's approach to determining the capacity value of CSRs based on the level of output that a CSR can continuously sustain for 10 hours (the "10 Hour Rule") is fatally flawed both procedurally and substantively. A just and reasonable rate filed on January 29, 2021 would moot those issues, but PIOs cannot endorse the indeterminate delay that PJM's abeyance request would make possible.

For the aforementioned reasons, PIOs respectfully object to PJM's abeyance request, with the condition that our objections would be resolved if the Commission were to also order PJM to file a proposed replacement rate by January 29, 2021, and clarify that this replacement rate must be reasonably consistent with FERC's previous rulings discussing the appropriate treatment of CSRs in the market. Such an order would not foreclose an inclusive stakeholder process, but would protect PJM markets, ratepayers, and market participants from a potentially open-ended period of uncertainty and ensure that this process results in a just and reasonable rule that is consistent with the Commission's previous guidance.

Additionally, in the event that the Commission does not grant PJM's abeyance request, PIOs respectfully request that the Commission extend the deadline for initial briefs in the paper hearing in Docket No. EL19-100-000 by 30 days. This will help ensure that the parties have

⁵ PJM has recently reported that storage projects currently in the interconnection queue total 4GW of capacity under the 10 Hour Rule. Updated storage rules could easily result in those same resources having several GW additional capacity, a value that is material in the context of PJM market results. See Andrew Levitt, *Energy Storage Resources in the Queue* (January 2020) page 2, available at <https://www.pjm.com/-/media/committees-groups/committees/mic/2020/20200130-capacity-market/20200130-item-04-energy-storage-resources-in-the-pjm-queue.ashx>

⁶ See Protest and Comments of Public Interest Organizations, Filed Feb. 7, 2019 in Docket No. ER-19-469.

sufficient time to clarify the numerous issues implicated in that hearing, which will ultimately assist the Commission in reaching a sound decision.

Dated: March 2, 2020.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing has been served in accordance with 18 C.F.R. § 385.2010 upon each party designated on the official service list in this proceeding, by email.

Dated: March 2, 2020.

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