

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

PJM Interconnection, L.L.C.

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Docket No. ER25-712-000

**COMMENTS OF  
AMERICAN MUNICIPAL POWER, INC.**

American Municipal Power, Inc. (“AMP”) hereby files its comments on the December 13, 2024 filing by PJM Interconnection, L.L.C. (“PJM”) in the above-captioned docket,<sup>1</sup> in which PJM seeks Federal Energy Regulatory Commission (“Commission” or “FERC”) approval pursuant to Federal Power Act (“FPA”) section 205<sup>2</sup> to revise the PJM Open Access Transmission Tariff (“Tariff”) “to add provisions enabling a one-time reliability-based expansion of the eligibility criteria for Transition Cycle #2 [for] a very limited number of additional resources needed to rapidly address PJM’s near-term reliability challenge . . . .”<sup>3</sup> PJM requests an effective date of December 14, 2024.<sup>4</sup>

AMP supports the concept behind PJM’s RRI Filing, which is expediting the interconnection of certain generating facilities based on the ability to mitigate identified shortfalls in near-term resource adequacy.<sup>5</sup> While the RRI Filing has potential merit, the filing weights project eligibility criteria toward Unforced Capacity (“UCAP”) and Effective Load Carrying Capability (“ELCC”), when commercial operation date viability and location

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<sup>1</sup> PJM, Tariff Revisions for Reliability Resource Initiative, Docket No. ER25-712-000 (December 13, 2024) (“RRI Filing”).

<sup>2</sup> 16 U.S.C. § 824d.

<sup>3</sup> RRI Filing, Transmittal Letter at 1.

<sup>4</sup> *Id.* at 5.

<sup>5</sup> *See id.* at 3.

are fundamentally more critical to curing in a timely manner the reliability challenges identified by PJM as necessitating the filing in the first place.

Further, PJM's proposal of its RRI Filing only emphasizes the failures of PJM's Reliability Pricing Model ("RPM"). To ensure resource adequacy within the PJM region, RPM erroneously focuses on capacity as a fungible product, as opposed to resource attributes. Similarly, PJM's RRI Filing effectively seeks to expedite the interconnection of allegedly "fungible" capacity, rather than resources with the specific needed attributes. Between this filing and two other recent PJM filings proposing piecemeal changes to the RPM construct,<sup>6</sup> it is clearer than ever that RPM is failing to meet its stated goal of "ensur[ing] the adequate availability of necessary resources that can be called upon to ensure the reliability of the grid."<sup>7</sup>

Although AMP does not ask the Commission to reject the RRI Filing, these comments identify concerns with PJM's proposal and highlight the need for more tailored reforms to PJM's interconnection process. PJM states that, "[t]o facilitate the Commission's acceptance of this filing without delay, PJM consents to the Commission's exercise of authority to modify the proposed Tariff language to the extent necessary and permitted under section 205 of the FPA and *NRG Power Marketing, LLC v. FERC*, where such modification is consistent with PJM's overarching objective in this filing . . . ."<sup>8</sup> Accordingly, the Commission should issue an order accepting PJM's RRI Filing, subject

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<sup>6</sup> PJM, Revisions to Reliability Pricing Model, Docket No. ER25-682-000 (December 9, 2024); PJM, Extending the Capacity Must-Offer Requirement to All Generation Capacity Resources, Docket No. ER25-785-000 (December 20, 2024).

<sup>7</sup> PJM, Manual 18 – Capacity Market (Rev. 59), at 12 (June 27, 2024).

<sup>8</sup> RRI Filing, Transmittal Letter at 6 (citing *NRG Power Marketing, LLC v. FERC*, 862 F.3d 108, 114-15 (D.C. Cir. 2017)) (additional citations omitted).

to the condition of PJM making the revisions proposed herein in a future compliance filing. As explained below, the proposed Tariff eligibility criteria should be revised, and certain commitments should be required of the selected projects to further PJM's overarching objective of expediting the timely interconnection of substantial quantities of reliable resources in areas where they are most needed.

## I. INTRODUCTION

As the second of four filings<sup>9</sup> that PJM has rushed through the stakeholder process without affording the PJM Members an opportunity to vote and submitted for Commission approval just before consecutive weeks each containing federal holidays—periods that are well known to correspond with widespread employee absences in both the federal and private sectors—PJM requests that the Commission act on this FPA section 205 filing by February 11, 2025.<sup>10</sup> It appears that the Commission may be intent on doing so, given that PJM proposed in the RRI Filing a twenty-eight day comment period, but the Commission first established a twenty-four day comment period<sup>11</sup> and then extended this by only an additional two days in response to a motion seeking a modest one-week extension.<sup>12</sup> PJM may have triggered the Commission's haste by insisting that, "[i]f the Commission does not act by [February 11] but instead issues a deficiency letter, PJM will not be able to commence the RRI process without delaying Transition Cycle #2 and will

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<sup>9</sup> In addition to PJM's filings in Docket Nos. ER25-682-000 and ER25-785-000, *see supra* note 6, PJM also recently submitted proposed Tariff changes in Docket No. ER25-778-000 relating to Surplus Interconnection Service, "to facilitate the rapid expansion of existing and planned generating facilities on PJM's system." PJM, Proposed Tariff Amendments for Surplus Interconnection Service, Docket No. ER25-778-000, at 1 (December 20, 2024).

<sup>10</sup> RRI Filing, Transmittal Letter at 5.

<sup>11</sup> Combined Notice of Filings No. 1 (December 16, 2024).

<sup>12</sup> Notice of Extension of Time, Docket No. ER25-712-000 (December 23, 2024).

be forced to withdraw this filing.”<sup>13</sup>

The Commission should not yield to PJM’s efforts to hamstring its analysis and railroad the RRI Filing through the statutorily mandated notice and comment process, just as PJM has rammed its proposal through a truncated and at best marginally Tariff-compliant stakeholder process. PJM seeks waiver of the FPA’s prior notice requirements, and the Commission may therefore find that additional information is needed from PJM to support its proposed December 14, 2024 effective date, if not the RRI Filing itself. To address the possibility that PJM may act on its threat and seek to withdraw its filing, the Commission has multiple options, including accepting and suspending the proposed Tariff revisions and refusing to permit withdrawal for failure to demonstrate good cause,<sup>14</sup> along with institution of a FPA section 206 proceeding on its own initiative.<sup>15</sup> In any case, the Commission should not deprive PJM stakeholders of their rights to due process or the potential benefits of tailored revisions to PJM’s interconnection process that may result in expedited mitigation of known resource adequacy deficiencies.

PJM cites its February 2023 Four Rs Report<sup>16</sup> as “indicat[ing] that PJM faced up to 40 gigawatts (‘GW’) of existing generating retirements by 2030.”<sup>17</sup> PJM asserts that

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<sup>13</sup> RRI Filing, Transmittal Letter at 5.

<sup>14</sup> See 18 C.F.R. § 385.216(a) (“tariff or rate filings . . . may be withdrawn only as provided in the regulations under this chapter.”); 18 C.F.R. § 35.17(c) (“Where a rate schedule, tariff, or service agreement, or part thereof has been suspended by the Commission, it may be withdrawn during the period of suspension only by special permission of the Commission granted upon application therefor and for good cause shown.”).

<sup>15</sup> 18 U.S.C. § 824e(a) (“Whenever the Commission, after *a hearing held upon its own motion . . .*”) (emphasis added).

<sup>16</sup> PJM, *Energy Transition in PJM: Resource Retirements, Replacements & Risks* (Feb. 24, 2023), <https://www.pjm.com/-/media/library/reports-notice/special-reports/2023/energy-transition-in-pjm-resource-retirements-replacements-and-risks.ashx> (“Four Rs Report”).

<sup>17</sup> RRI Filing, Transmittal Letter at 8.

retirements and additional unprecedented load growth identified since the Four Rs Report was issued will cause an anticipated 10 GW to 26 GW capacity shortfall by the 2030/2031 Delivery Year.<sup>18</sup> Further, PJM notes that:

the low amount of new generation capacity entering commercial operation this year is among the lowest annual amounts in PJM's experience in terms of adding new generation, with slightly less than 3 GW constructed and placed into operation as of the time of this filing, representing 1.5 GW of Capacity Interconnection Rights and only approximately 230 megawatts ("MW") of Unforced Capacity when applying the preliminary 2028/2029 ELCC Class Ratings.<sup>19</sup>

While there may be room to debate the most likely levels of new generation expected to come online at particular times and load forecasts may vary, there should be no serious dispute regarding the existence of these grossly unfavorable resource adequacy trends. PJM must take action. But that action requires careful oversight by the Commission, which means accepting PJM's proposal subject to the tailored revisions discussed below.

## II. COMMENTS

### A. **PJM's RRI Filing eligibility criteria are inappropriately weighted toward UCAP and ELCC over in-service date viability and location.**

PJM proposes a points system for evaluating projects seeking to be included in Transition Cycle #2 under the RRI Filing. PJM will score projects based on certain criteria and categories. Specifically, PJM proposes to establish two overarching sets of criteria – "Market Impact criteria" and "Commercial Operation Date Viability criteria" – each of which

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<sup>18</sup> *Id.* at 13.

<sup>19</sup> *Id.* at 13-14.

would include several scoring categories.<sup>20</sup> For example, UCAP, ELCC, and location are categories under the Market Impact criteria,<sup>21</sup> while anticipated commercial operation date and evidence of project support are categories within the Commercial Operation Date Viability criteria.<sup>22</sup>

The RRI Filing itself demonstrates the criticality of commercial operation date and location, but, unfortunately, PJM's proposed scoring system gives these factors insufficient weight. PJM emphasizes throughout the filing that timing is essential, beginning with the proposed effective date requiring waiver of prior notice and the request for prompt Commission action. The data provided by PJM on resource adequacy shortfalls document the need for interconnection of projects sooner rather than later. Yet PJM's 100-point scoring system awards a *maximum* of 35 points to the Commercial Operation Date Viability criteria across all categories,<sup>23</sup> and a *maximum* of a mere 10 points to the location category, while offering a majority (55 points) to a combination of the UCAP and ELCC categories, the variables that together focus on the *quantity* and *availability* of accredited capacity from a particular resource (or class of resources) that PJM can rely on.

To be sure, quantity and availability are important, but only to the extent that resources will be in *commercial operation* on time in the locations where they are needed most. PJM's proposed location metrics, while not appropriately weighted in relation to UCAP and ELCC, demonstrate location's overall importance. PJM proposes that

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<sup>20</sup> See *id.* at 28-33, 56.

<sup>21</sup> *Id.* at 30-32, 56.

<sup>22</sup> *Id.* at 32-33, 56.

<sup>23</sup> See *id.* at 56.

resources interconnecting in the Baltimore Gas and Electric (“BG&E”) and Dominion Locational Delivery Areas (“LDA”) will receive 100% of the 10 points available under the location category, but that resources in other zones will receive 0 points under the location criteria.<sup>24</sup> This proposal suggests a dramatic need for capacity in the BG&E and Dominion LDAs, and essentially no need for new resources in other zones. That being the case, PJM has failed to explain why it proposes giving so little weight (10%) to the location metric. Similarly, while PJM emphasizes the dire need for projects that will interconnect in the near-term as the basis for expediting projects under its RRI Filing, PJM fails to explain the relatively low emphasis on timing in its scoring metrics.

**B. The Commission should require PJM to use location and timing metrics as higher-level threshold screening criteria for inclusion of projects in Transition Cycle #2 under the RRI Filing.**

As proposed, the RRI Filing does not address the possibility that it will expedite the interconnection of resources that may be located in areas where they are least needed, or will be interconnected in out years, rather than the near-term when and where needed most, simply because they are large. PJM proposes a 10 MW threshold as a screening criterion for size, in order “to eliminate from consideration for the RRI process any projects that would have minimal impact on PJM’s resource adequacy needs.”<sup>25</sup> The RRI Filing, however, fails to include similar screening criteria under the location and timing metrics. This failure is critical because it may result in expediting projects that have minimal, or at least suboptimal, resource adequacy benefits, over projects with more desirable resource adequacy characteristics. The Commission should therefore order PJM on compliance to

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<sup>24</sup> *Id.* at 61-62.

<sup>25</sup> *Id.* at 31.

implement a simple fix that retains all the basic elements of the RRI Filing and is better suited to achieving PJM's "overarching objective";<sup>26</sup> namely, PJM should implement its scoring system in three steps.

First, PJM should consider location. Projects that lie outside areas with the most critical resource adequacy needs should be eliminated, or at least discounted in proportion to the value provided. PJM's current proposal takes a binary approach to scoring location and provides little emphasis on this category. To the extent there are varying degrees of resource adequacy available depending on location, PJM could propose an alternative that ranks projects on that more granular basis, as it has for ELCC, for example. But there must be a threshold for project eligibility, and PJM's current proposal suggests that projects outside the BG&E and Dominion LDAs should not be expedited over projects within those LDAs.

Step two would consider time to completion. Projects receiving "zero" points for the "Project Support" category should be eliminated as there is no indication that these projects will be timely completed,<sup>27</sup> and therefore no reason they should be advanced to Transition Cycle #2. The scores from the anticipated Commercial Operation Date, RRI Uprates, and Headroom categories would be used to further rank within the Commercial Operation Date Viability set of criteria projects meeting the Project Support screen, to the extent more than fifty projects have passed the Location and Project Support screens. Projects would then be sorted using PJM's existing proposed UCAP and ELCC categories

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<sup>26</sup> *Id.* at 6.

<sup>27</sup> *See generally, id.* at 64-65.



to ensure that the maximum quantity of timely and locationally appropriate capacity results from this extraordinary process.

**C. The commitments required of RRI projects should be strengthened.**

The proposed Tariff language included in the RRI Filing requires that selected projects “be offered as a Generation Capacity Resource into the [RPM] Auction or committed to a Fixed Resource Requirement [(‘FRR’)] Plan for a minimum of ten consecutive Delivery Years from when such resource is first offered into the PJM capacity market or committed to a [FRR] Plan.”<sup>28</sup> But the proposed Tariff language does not match PJM’s explanation for it, which fails to justify or even mention the FRR Plan alternative to RPM auction participation.<sup>29</sup> Resources seeking to be included in Transition Cycle #2 under the RRI Filing should not be part of any entity’s FRR plan. Capacity from resources interconnected on this expedited basis must be obligated to the RTO, not to an electric distribution company or Load Serving Entity that is carving out its load and resources from RPM via an FRR Plan.

Further, while PJM states that the auction participation requirement will “ensure that projects that are given the opportunity to participate in the RRI process are made available in PJM’s Capacity markets,”<sup>30</sup> PJM fails to provide any compelling rationale for limiting the auction participation requirement to a ten-year term. PJM provides only the

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<sup>28</sup> RRI Filing, Proposed Tariff, Part VII, Subpart C, subsection 306(E)(7).

<sup>29</sup> See RRI Filing, Transmittal Letter at 35.

<sup>30</sup> *Id.*

unsupported assertions that ten years is “a reasonable term”<sup>31</sup> and seems to be something stakeholders are “comfortable” with.<sup>32</sup>

Units advanced to Transition Cycle #2 will enjoy the significant competitive and financial benefits provided by the RRI Filing over the life of those units and should therefore bear an RPM must-offer obligation for the life of the unit, without exception. Units clearing in RPM auctions should have a capacity obligation for the entire Delivery Year (i.e., the resource cannot buy out of its position) so that PJM customers receive the full physical resource adequacy benefits of these specific units.

### III. CONCLUSION

WHEREFORE, for the foregoing reasons, American Municipal Power, Inc. respectfully requests that the Commission: (1) consider these comments in addressing PJM’s filing; and (2) require PJM to make the tailored revisions discussed above in a future compliance filing.

Respectfully submitted,

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<sup>31</sup> *Id.* at 70-71.

<sup>32</sup> *Id.*, Bielak Affidavit at 17 (“Ten years seems to be a commitment period with which stakeholders are comfortable, and this period will get PJM past the impending problem in the near term of the 2028/29 to 2031/32 Delivery Years.”).

**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 8th day of January, 2025.

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