UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

PJM Interconnection, L.L.C.	**)**	**Docket No. ER21-278-000**

MOTION FOR LEAVE TO ANSWER AND ANSWER OF THE CLEAN ENERGY ASSOCIATIONS

Pursuant to Rules 212 and 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (the "Commission"), 18 C.F.R. §§ 385.212, 213 (2020), the American Wind Energy Association ("AWEA"),[1] Solar Energy Industries Association ("SEIA"),[2] the Energy Storage Association ("ESA"),[3] Advanced Energy Economy ("AEE")[4] and the Solar Council[5] (collectively, the "Clean Energy Associations") hereby submit this Motion for

[1] AWEA is a national trade association representing a broad range of entities with a common interest in encouraging the expansion and facilitation of wind energy resources in the United States. The comments contained in this filing represent the position of AWEA as a trade organization on behalf of the wind industry, but do not necessarily reflect the views of any particular member with respect to any issue.

[2] SEIA is the national trade association of the U.S. solar energy industry, which now employs more than 250,000 Americans. SEIA works with its member companies to build jobs and diversity, champion the use of cost competitive solar in America, remove market barriers, and educate the public on the benefits of solar energy. The comments contained in this filing represent the position of SEIA as a trade organization on behalf of the solar industry, but do not necessarily reflect the views of any particular member with respect to any issue.

[3] ESA is the national trade association charged with working toward a more resilient, efficient, sustainable and affordable electricity grid—as is uniquely enabled by energy storage. With more than 200 members, ESA represents a diverse group of companies, including independent power producers, electric utilities, energy service companies, financiers, insurers, installers, manufacturers, component suppliers and integrators involved in deploying energy storage systems around the globe. ESA's member companies participate in all of the nation's ISO/RTO markets and have expertise in grid operations relevant to energy storage as well as firsthand knowledge of the regulatory challenges to financing and operating commercial energy storage facilities to realize full benefits to the bulk power system.

[4] AEE is a national association of businesses that are making the energy we use secure, clean, and affordable. Advanced energy encompasses a broad range of products and services that constitute the best available technologies for meeting energy needs today and tomorrow. AEE's membership includes developers and users of advanced energy technologies such as energy efficiency, demand response, energy storage, solar, wind, hydro, advanced nuclear, electric vehicles, biofuels, and smart grid devices and services, as well as numerous large corporate customers with goals to procure more of the energy they use from clean advanced energy technologies. AEE represents more than 100 companies in the $238 billion U.S. advanced energy industry, which employs 3.6 million U.S. workers.

[5] The Solar Council is a group of companies participating in AWEA's RTO Council that own, operate, develop, and finance solar projects and act, in coordination with AWEA, to advance joint goals before the Commission and the nation's regional transmission organizations and independent system operators.

Leave to Answer ("Motion") and Answer ("Answer") to several protests and comments made in response to PJM Interconnection, L.L.C. ("PJM")'s October 30, 2020 filing[6] proposing to create and implement an Effective Load Carrying Capability ("ELCC") construct for determining the relative amount of capacity that Variable, Limited Duration, and Combination Resources[7] may offer in PJM's capacity market or provide in a Fixed Resource Requirement ("FRR") capacity plan (the "ELCC Proposal").

I. MOTION FOR LEAVE TO ANSWER

The Commission's rules do not, as a matter of right, allow for an answer to a protest or answer.[8] However, the Commission will permit such answers for good cause shown.[9] Good cause exists when the response will assist the Commission in its decision-making process, such as by helping to explain the relevant issues or otherwise facilitating the development of the record.[10] Good cause exists here, because the Clean Energy Associations' Answer ensures that the Commission has an adequate record to engage in its decision-making process. The Clean Energy Associations therefore respectfully move for leave to file this Answer.

[6] PJM Interconnection, L.L.C., *Effective Load Carrying Capability Construct*, Docket No. ER21-278-000 (Oct. 30, 2020) ("October 30 Filing").
[7] Unless otherwise noted, references herein to capitalized terms shall have the same meaning as such terms are defined in the October 30 Filing or PJM's governing documents, as applicable.
[8] 18 C.F.R. § 385.213(a)(2).
[9] *See Transcontinental Gas Pipe Line Co., LLC*, 158 FERC ¶ 61,125, at P 18 (2017).
[10] *See id.* at P 18 ("Although the Commission's Rules of Practice and Procedure do not permit answers to protests or answers to answers, we find good cause to waive our rules and accept the answers because they provide information that has assisted in our decision making process"); *Midcontinent Indep. Sys. Operator, Inc.*, 161 FERC ¶ 61,056, at P 32 (2017) ("We will accept the answers . . . because they have provided information that assisted us in our decision-making process.").

II. ANSWER

A. PJM's ELCC Proposal Contains Sufficient Information Related to PJM's Modeling of ELCC Resources and Will Result in Just and Reasonable Rates.

While some parties raised concerns with the October 30 Filing, it is important to note that all parties, with the exception of the Independent Market Monitor for PJM ("IMM"),[11] support the use of an ELCC construct moving forward for purposes of measuring ELCC Resources' capacity capabilities. Instead, several parties present concerns that PJM's proposed tariff provisions are "sadly incomplete" because market participants are allegedly unable to gauge the impact of the proposed ELCC construct.[12] Contrary to the positions of these entities and their requests that PJM "identify, verify and justify each of its dispatch assumptions,"[13] as explained in further detail below, PJM has already provided sufficient information for the Commission to affirm that the ELCC Proposal, once implemented, will result in dispatch of storage, intermittent and hybrid resources that enhance the reliability of PJM's bulk power system and result in just and reasonable rates. Indeed, approving PJM's ELCC Proposal will bring PJM in line with other Commission-jurisdictional Regional Transmission Organizations

[11] This Answer does not focus on issues raised by the IMM. *See* Comments of the IMM, Docket No. ER21-278-000 (Nov. 24, 2020) ("IMM Comments"). The Clean Energy Associations note that that the IMM Comments merely reiterate issues raised in Docket Nos. ER19-469-000, *et al*. and EL19-100-00, where PJM's capacity accreditation of storage was previously discussed. The IMM effectively seeks to continue PJM's current 10-hour duration requirement, which the Commission determined may be unjust, unreasonable, unduly discriminatory or preferential and which was the catalyst for the past 13 months of work that PJM and its stakeholders have undertaken to develop an alternative to the 10-hour duration requirement. *See PJM Interconnection, L.L.C.*, 169 FERC ¶ 61,049, at PP 141-143 (2019). The IMM adds no new, valid support for continuing the 10-hour duration requirement, and its proposal to continue the 10-hour duration requirement was rejected by *94 percent* of PJM stakeholders and PJM itself. Capacity Capability Senior Task Force Vote Results, Markets and Reliability Committee, at slide 4, *available at* https://www.pjm.com/-/media/committees-groups/committees/mrc/2020/20200820/20200820-item-07-2-ccstf-voting-results.ashx (Aug. 20, 2020). The Commission should accordingly afford no weight to the IMM Comments.

[12] *See* Limited Protest of LS Power Associates, L.P., Docket No. ER21-278-000, at 10 (Nov. 20, 2020) ("LS Power Protest").

[13] *See id.* at 12.

and Independent System Operators ("RTOs/ISOs") where the Commission has already approved ELCC-type constructs.[14]

1. The ELCC model evaluates the reliability contributions of energy storage resources of varying durations relative to the overall performance of all other supply resources and loads, which is a prerequisite for just and reasonable rates.

PJM has demonstrated that its model is consistent with the reliability value and operational realities of ELCC Resources, including energy storage (which are "Limited Duration Resources" in PJM's filing) and hybrid generation-and-storage resources (which are "Combination Resources" in PJM's filing). Specifically, in developing the output simulation of Limited Duration Resources and Combination Resources, PJM recognized that historical data alone would not properly account for the reliability value of these ELCC Resources.[15] Instead, PJM affirmed that the ELCC methodology should consider system conditions overall (*e.g.*, load, other resources' performance, etc.). This is due to the fact that Limited Duration Resources and Combination Resources can vary their output based on system conditions in contrast to variable intermittent resources, which generally produce the maximum available energy unless curtailed.[16] As a result, PJM's proposed ELCC methodology calculates the differential contribution to overall system reliability made by various duration classes of energy

[14] ELCC-type constructs have already been accepted by the Commission to determine resource reliability values to varying degrees in the Midcontinent Independent System Operator, Inc., the New York Independent System Operator, Inc., and the California Independent System Operator Corporation. *See, e.g.*, October 30 Filing at 3.
[15] *See* October 30 Filing, Affidavit of Dr. Patricio Rocha Garrido ("Garrido Affidavit") ¶ 15(c) ("Unfortunately, modeling the resource performance for Limited Duration Resources and Combination Resources cannot be directly based on historical performance (as is the case for Variable Resources). This is because: (i) these resource categories can vary their output based on system conditions, which is not necessarily the case for Variable Resources; and (ii) the simulated scenarios in the ELCC model are based on historical weather/load data and resource performance data for some resource categories, but they do not represent identical system conditions as those experienced historically.")
[16] *See id*. ("These circumstances demand that the resource performance modeling for Limited Duration Resources and Combination Resources in the ELCC model be based on a simulated dispatch, which should be reflective of the rest of system conditions (load, other resources' performance) simulated in the ELCC model.")

storage resources—a significant improvement from assuming a single, 10-hour duration class as PJM's current rules do.

Furthermore, because PJM's proposed ELCC methodology calculates the reliability contribution of each resource relative to the entire supply resource mix in PJM, it accurately captures the diversity benefit of energy storage resources to complement both variable generation from intermittent resources as well as load variations in PJM. Accordingly, applying the ELCC methodology calculates the true reliability contributions of ELCC Resources more accurately than PJM's current 10-hour duration standard. This in turn will produce more accurate capacity accreditations for these resources, which is necessary to produce just and reasonable rates.

2. The ELCC modeling of energy storage is based on assumptions that resources are dispatched appropriately and consistently with PJM rules.

PJM's dispatch simulation underlying the ELCC Proposal was completed consistent with PJM's current operating procedures, which state that "the Office of the Interconnection will strive to exhaust, but it is not obligated to exhaust, all economic resources prior to initiating a pre-emergency event."[17] For the dispatch simulation, this concept is applied in concert with PJM's *Manual 13: Emergency Operations* and *Manual 12: Balancing Operations*, in which Pre-Emergency and Emergency Load Management Demand Response ("DR") are activated as Steps 1 and 2 of emergency operations.[18] Importantly, these DR resources are deployed prior to

[17] *See* PJM Tariff, Attachment K, Section 8.5.
[18] *See* PJM Manual 13 (Emergency Operations), at pp. 32-33 (effective Mar. 26, 2020) (describing Steps 1 & 2, Pre-Emergency and Emergency Load Management Reduction Actions), *available at* https://www.pjm.com/-/media/documents/manuals/m13.ashx; PJM Manual 12 (Balancing Operations) (effective Nov. 19, 2020), a*vailable at* https://www.pjm.com/~/media/documents/manuals/m12.ashx.

deploying Primary Reserves and Regulation Reserves, which remain necessary for the continued reliability of the electric system after all economic energy resources have been dispatched.[19]

Collectively, these concepts result in a modeling simulation that utilizes operating reserve thresholds to determine when to activate DR resources. PJM's model looks to reflect the existing approach that its control room would be expected to take to manage dispatch order and maximize reliability with a fixed resource pool on days of peak system demand.[20] Specifically, Capacity Storage Resources are modeled supplying energy and reserves until total supply resources net of load decrease below operating reserve obligations. Emergency DR is modeled as being dispatched at that point, rather than continuing to dispatch resources until no reserves are left—which would not reflect actual system operations.[21] Upon dispatch of emergency DR, a portion of energy storage resources continue to provide energy, and a portion of energy storage resources provide reserves. Notably, it should be emphasized that PJM's model makes conservative assumptions by allocating such reserves equally across storage duration classes, rather than allocating reserves to shorter duration classes first.[22]

---

[19] *See* Garrido Affidavit ¶ 15(c) ("PJM is proposing a simulated dispatch that is governed by the following principles: i. *Consistency with the status quo for dispatching economic resources relative to Demand Resources (i.e., Pre-Emergency Load Response and Emergency Load Response).* This entails that all economic resources (including Limited Duration Resources and Combination Resources) must be exhausted prior to deploying Demand Resources, through PJM's Pre-Emergency Load Response and Emergency Load Response Programs, to maintain Primary Reserves, and that load is not shed to maintain Primary Reserves.") (emphasis in original).

[20] *See id*. (explaining that PJM is proposing a simulated dispatch that is governed in part by "[c]onsistency with the status quo for dispatching economic resources relative to Demand Resources").

[21] *See* Garrido Affidavit ¶ 15(c)(v) ("If the *Margin Threshold* is less than zero, the Limited Duration Resources and Combination Resources are assigned a targeted dispatch. If the *Dispatch Threshold* is less than zero, Limited Duration Resources and Combination Resources are assigned to supply load commensurate with the full *Margin Threshold*. Demand Resources receive no assignment. If the *Dispatch Threshold* is greater than or equal to zero, Limited Duration Resources and Combination Resources are assigned to supply load commensurate with the *Estimated ICAP Threshold*. Demand Resources receive an assignment equal to the *Margin Threshold* minus *Estimated ICAP Threshold* (i.e., the portion of the margin that was not assigned to Limited Duration Resources and Combination Resources).") (emphasis in original).

[22] *See* Garrido Affidavit ¶ 15(c)(vi) ("The previous step determines the load assignment for the entire Limited Duration Resources and Combination Resources category. The load assignment for each ELCC Classes within the category is determined based on a ratio which is calculated as that class's estimated ICAP divided by the estimated total ICAP of Limited Duration Resources and Combination Resources."). The Clean Energy Associations note that allocating reserves to storage duration classes in order of increasing duration would maximize the reliability

Other elements of PJM's ELCC model are also conservative and in line with how PJM's operators actually dispatch resources. Notably, PJM's model sets conservative assumptions about how much DR to dispatch by using precisely the minimum amount of emergency DR that can be used to maintain adequate reserves on its system.[23] In actual emergency operations, when resource economics are no longer a constraint, PJM will likely dispatch more emergency DR than the absolute minimum required to ensure reliability.[24] With such levels of emergency DR dispatch, energy storage resources providing energy would be available to back down and dispatch at a later interval when system needs are higher, ultimately resulting in a higher and more accurate capacity value for energy storage resources compared to today.

While the Clean Energy Associations support the October 30 Filing, they note that certain changes in PJM's modelling could result in even more accurate capacity accreditations for energy storage resources compared to what PJM has proposed. For example, PJM's proposed model is conservative in that it assumes that PJM carries a normal level of reserves, which is

---

contribution of the ELCC storage fleet and result in even more appropriate capacity accreditation for all energy storage classes. To demonstrate why this principle is important, consider a scenario in which an equal number of energy storage megawatts of a 10-hour duration class and a 6-hour duration class are serving energy and ancillary services over an 8-hour period. If 10-hour energy storage serves mostly energy only for 8 hours and the 6-hour energy storage serves mostly ancillary services for 8 hours, neither class are ever exhausted. However, if instead each Class of storage is allocated equally across energy and ancillary services, as PJM has done, the 6-hour class will exhaust, resulting in reduced reliability to the system. Therefore, allocating shorter duration energy storage first to reserves would increase the overall reliability of the bulk power system.

[23] *See* Garrido Affidavit ¶ 15(c)(v) ("Demand Resources receive an assignment equal to the Margin Threshold minus Estimated ICAP Threshold (i.e., the portion of the margin that was not assigned to Limited Duration Resources and Combination Resources)."

[24] PJM recently described how its operations historically over-dispatched resources during emergencies: "PJM dispatchers regularly bias (i.e., effectively adding (or reducing) demand that must be balanced with additional (or less) supply) their scheduling of supply resources in an attempt to manage the uncertainty inherent in near-term forecasts of load, wind generation, and solar generation (or for unexpected plant outages), and taking other out-of-market actions to preserve reliability. These operator actions relate directly to the possibility that the PJM system could fall short of minimum reserve requirements ("MRRs"), but the need that motivates the bias is not accounted for in reserve or energy market clearing prices. Given that such operator bias and resource-specific dispatch directives are motivated by reliability concerns, it is always a concern that they are not reflected in market prices. But it is especially a concern when such actions prevent the market from seeing what would otherwise be reserve shortages—which has happened on the PJM system, as shown below." *See* PJM Interconnection, L.L.C., *Enhanced Price Formation in Reserve Markets of PJM Interconnection, L.L.C.,* Docket No. EL19-58-000, at 6 (Mar. 29, 2019).

contrary to historical observation.[25] PJM has great flexibility in its ability to carry greater than the normal level of reserves, and analysis of historic events is likely to reveal that PJM generally carries greater levels of reserves during peak conditions than its minimum levels.[26] Additionally, PJM's model does not consider the level of Regulation Reserves that are carried on PJM's system. Regulation requirements are not relaxed until after DR is activated, meaning that the total modeled reserves would be increased by 525 - 800 megawatts if Regulation Reserves were included, thereby increasing the ELCC value of Limited Duration and Combination Resources.[27]

3. *The ELCC modeling of energy storage is based on assumptions that energy price formation works as expected in PJM and that market participants will respond rationally to price signals and incentives in PJM's Capacity Performance construct.*

PJM's model assumes that market pricing will reflect the overall operational and reliability needs of PJM's system, and it is entirely reasonable to assume that operators of Limited Duration Resources will construct their offer prices and manage their state of charge to maximize their availability and contributions to overall system reliability. In fact, PJM's market design, including in its latest reforms to its energy and reserve markets,[28] represent extensive efforts to ensure that high energy and operating reserve prices correlate to periods of high system demands. These pricing formation efforts, in combination with the exposure to penalties for non-performance and bonus payments for over-performance in PJM's Capacity Performance

[25] While this conservatism may be warranted in the near term, further review in the future should evaluate whether PJM's conservative assumptions here are appropriate or whether the actual greater levels of historic emergency operating reserves should be reflected into the model.
[26] For example, PJM carried significant additional operating reserves during days of peak demands during the 2014 Polar Vortex, both in absolute megawatt levels and as a percentage of load. *See* PJM Interconnection, L.L.C., *Analysis of Operational Events and Market Impacts During the January 2014 Cold Weather Events (*May 8, 2014), *available a*t https://www.hydro.org/wp-content/uploads/2017/08/PJM-January-2014-report.pdf. *See also* PJM Interconnection, L.L.C., *Enhanced Price Formation in Reserve Markets of PJM Interconnection, L.L.C.,* Docket No. EL19-58-000, at 33-39 (Mar. 29, 2019) *(*discussing biasing toward greater reserves during emergencies).
[27] Information related to PJM's regulation requirements is available at: https://www.pjm.com/-/media/markets-ops/ancillary/regulation-requirement-definition.ashx?la=en.
[28] *See generally* Docket No. EL19-58-000.

construct, mean that Capacity Storage Resources are accurately assumed to be available, rather than unavailable, in PJM's model.

PJM's model appropriately assumes that market prices are working as intended and will incent appropriate market behavior, such that the periods preceding a reliability need will not have higher market prices than the periods of actual reliability need. PJM is not only correct to assume that periods of reliability need will correlate with high market prices, but also that energy storage resource operators will work to anticipate the occurrence of such events and structure their market bids to take advantage of such higher pricing. This structure is also consistent with PJM's Capacity Performance construct, as well as economic theories underlying the design of wholesale power markets generally, which assume that market participants are economically rational actors that can be relied upon during periods of peak demand if market incentives are structured effectively.

Some parties' concerns related to the availability of energy storage resources[29] appear to be unfounded skepticism related to whether market incentives can elicit performance from energy storage resources and/or economically rational decisions from individual market participants. However, contrary to these parties' contentions, PJM does not assume "perfect" economic maximizing behavior, but instead makes a reasonable effort to approximate expected market participant behavior within the overall market and operations construct that PJM has established and to calculate ELCC Resources' capacity capabilities in line with this expected

[29] *See, e.g.*, IMM Comments at 20 ("PJM assumes that individual battery owners, each with their own incentives, will collectively behave perfectly."); LS Power Protest at 12 ("PJM's ELCC analysis appears to rely on certain dispatch assumptions. For example, during stakeholder discussions, PJM changed its initial proposal to dispatch variable resources prior to demand response resources. It is not clear if this assumption properly reflects PJM's anticipated dispatch. The model also makes certain assumptions about how storage assets will operate, and it is unclear whether PJM's assumptions considered that battery storage resources may not be available because they are likely to have been discharged during higher priced periods that occur prior to a reliability need. PJM should therefore be required to identify, verify and justify each of its dispatch assumptions.")

market participant behavior and overall system needs. Accordingly, these parties do not present a legitimate basis on which the Commission should deny PJM's proposed ELCC modeling of energy storage, or otherwise reject the October 30 Filing.

B. The Transition Mechanism is Just and Reasonable and Should Be Accepted by the Commission.

While some parties argue that the Commission should reject the transition mechanism, which is a central component of the ELCC Proposal,[30] the Clean Energy Associations contend that nothing in these parties' comments or protests have shown that the transition mechanism, or the ELCC Proposal is unjust, unreasonable, unduly discriminatory or preferential, or would warrant the Commission rejecting the October 30 Filing.

As described in the Clean Energy Associations' initial comments in this proceeding, the transition mechanism is crucial to ensuring that the ELCC Proposal is just and reasonable.[31] While some parties attack the transition mechanism on the grounds that it allegedly results in unduly discriminatory treatment,[32] to the contrary, the transition mechanism helps to "ensure that all Capacity Resources in PJM are properly compensated for services and capabilities that they can provide."[33] This is because the transition mechanism not only protects PJM market participants and consumers against the risk of extreme downside volatility during the transition to the ELCC construct,[34] but also helps to ensure that ELCC Resources are not artificially and unjustly disadvantaged in the medium-term relative to resources that will continue to have their capacity capability measured under the EFORd methodology.[35] In other words, rather than

[30] *See generally* LS Power Protest; *see also* Limited Protest of Dominion Energy Services, Inc., Docket No. ER21-278-000, at 4-6 (Nov. 20, 2020) ("Dominion Protest").
[31] *See* Comments of the Clean Energy Associations, Docket No. ER21-278-000, at 5-9 (Nov. 20, 2020) ("Clean Energy Associations Comments").
[32] *See, e.g.*, LS Power Protest at 3-6.
[33] *See* Clean Energy Associations Comments at 8.
[34] *See id.* at 6-7.
[35] *See id.* at 7.

unduly discriminating in favor of ELCC Resources, the transition mechanism addresses the volatility of the ELCC method relative to the EFORd method so that all Capacity Resources in PJM are treated in a comparable manner. Accordingly, to the extent that the transition mechanism results in disparate treatment in favor of ELCC Resources, such treatment is not "undue discrimination" that would require the Commission to reject the October 30 Filing, but instead is a type of treatment necessary to account for the inherent differences in the ELCC and EFORd methodologies, and in fact ensures that the ELCC Proposal is just and reasonable.[36]

Furthermore, while some parties take issue with the length of the transition mechanism,[37] which is 13 Delivery Years,[38] the length of the transition mechanism is just and reasonable. In order to provide market participants and financing parties with sufficient forward visibility into the *minimum* future capacity capabilities of ELCC Resources, the transition mechanism must remain in effect for a sufficient period of time to ensure that financing entities do not over-price volatility risk associated with the ELCC method, which could in turn lead to higher financing costs for market participants, and "higher resource adequacy costs for PJM Region consumers."[39] As explained by PJM, the 13-year period is appropriate because, "[s]etting floor values for 13 years ensures that, in general, all resources, including planned resources that typically would not be placed in service for up to three years after PJM's posting, receive floor values for at least 10 Delivery Years of expected service."[40] Moreover, PJM notes that "[t]hirteen years also is

[36] *See New York Indep. Sys. Operator, Inc.*, 172 FERC ¶ 61,206, at P 12 (2020) (finding disparate treatment for different resources was not unduly discriminatory because there was a "highly relevant and distinguishing feature that would support differential treatment"); *ISO New England Inc.*, 150 FERC ¶ 61,065, at P 26 (2015) ("[T]he [Federal Power Act] does not forbid preferences, advantages, and prejudices per se. Rather, [it] prohibits 'undue' preferences, advantages and prejudices.") (citation omitted); *id*. (explaining that discrimination is not undue where the relevant entities are not "similarly situated").
[37] *See e.g.*, LS Power Protest at 7-8.
[38] *See, e.g.*, October 30 Filing at 10.
[39] *See id.* at 50.
[40] *See id.* at 56.

consistent with National Renewable Energy Laboratory data showing debt financing periods of 12 to 20 years for new large—scale solar resources."[41]

Further, the 13-year transition period proposed by PJM in the October 30 Filing represents a broadly supported compromise between PJM's stakeholders—some of which favored a shorter transition mechanism, while others favored a longer transition mechanism[42]—and the Commission should afford appropriate deference to PJM and its stakeholders' negotiated solution to the length of the transition mechanism.[43] Moreover, even assuming *arguendo* that a different transition mechanism length would result in rates that are more just and reasonable than a 13-year transition mechanism, PJM has provided sufficient evidence to demonstrate why a 13-year transition mechanism results in just and reasonable rates. Accordingly, PJM has met its statutory burden under Section 205 of the Federal Power Act ("FPA"),[44] meaning that the ELCC Proposal—including the proposed transition mechanism—must be accepted by the Commission in its entirety.[45]

---

[41] *See id.*

[42] *See* Capacity Capability Senior Task Force, Matrix of Proposed Options for Consideration, Rows 8 (Implementation) & 15 (Timing of Class Assessment and Accreditation) (Sep. 10, 2020) (describing various implementation options and their timing), *available at* https://www.pjm.com/-/media/committees-groups/committees/mrc/2020/20200917/20200917-item-04-2-ccstf-matrix-post-meeting-20200817.ashx. Specifically, after considering various options, on September 17, 2020, the PJM Markets and Reliability Committee endorsed the ELCC Proposal in a sector-weighted vote of 3.98/5.0, and on that same day, the PJM Members Committee endorsed the ELCC proposal in a sector-weighted vote of 4.05/5.0. See October 30 Filing at 7-8.

[43] *See, e.g.*, *California Indep. Sys. Operator Corp.*, 109 FERC ¶ 61,301, at P 73 (2004) (giving "deference to . . . arrangements arrived at during the course of the stakeholder process."); *PJM Interconnection, L.L.C.*, 119 FERC ¶ 61,063, at P 56 (2007) ("regional or stakeholder consensus is an important factor to consider in reviewing the justness and reasonableness of a rate design").

[44] *See* 16 U.S.C. § 824d(a) ("All rates and charges made, demanded, or received by any public utility for or in connection with the transmission or sale of electric energy subject to the jurisdiction of the Commission . . . shall be just and reasonable"), 824d(e) (2018) ("the burden of proof to show that the increased rate or charge is just and reasonable shall be upon the public utility").

[45] *See, e.g.*, *PJM Interconnection, L.L.C.*, 147 FERC ¶ 61,103, at P 59 (2014) ("In submitting proposed tariff changes pursuant to a FPA section 205 filing, PJM need only demonstrate that its proposed revisions are just and reasonable, not that its proposal is the most just and reasonable among all possible alternatives. Therefore, we decline to address the proposed alternatives in the context of this section 205 proceeding."); *Cal. Indep. Sys. Operator Corp.*, 126 FERC ¶ 61,150, at P 254 (2009) ("[E]ven if an intervenor develops an alternative proposal, the Commission must accept a section 205 filing if it is just and reasonable, regardless of the merits of the alternate proposal.")

C. The ELCC Proposal is Sufficiently Detailed to Be Accepted by the Commission.

Several parties request that the Commission order PJM to provide additional details related to the ELCC Proposal.[46] While the Clean Energy Associations support PJM providing these additional details prior to the implementation of PJM's ELCC construct, these concerns should not delay Commission approval of the October 30 Filing.

As PJM explains, it is requesting that the Commission issue an order accepting the October 30 Filing by January 1, 2021, with an effective date of June 1, 2021, which will allow for "five to six months from Commission approval to complete the review and validation of the ELCC model and derive ELCC Class Ratings, ELCC Resource Performance Adjustments, Accredited UCAP values for all ELCC Resources existing or reasonably expected to offer to provide capacity for the 2023/2024 Delivery Year."[47] Implementation details related to these and other aspects of the ELCC Proposal will be included in PJM's manuals for all stakeholders to evaluate prior to the ELCC construct going into effect. Notably, these details are part of the "infinitude of practices affecting" the ELCC construct, and accordingly do not require specific and isolated Commission approval.[48] The October 30 Filing, meanwhile, is sufficiently detailed and should be accepted by the Commission without delay so that the ELCC construct may go into effect in time for the 2023/2024 Delivery Year.

[46] *See, e.g.*, Dominion Protest at 4; LS Power Protest at 10-11; Supporting Comments of Calpine Corporation, Docket No. ER21-278-000, at 5 (Nov. 20, 2020).
[47] *See* October 30 Filing at 62.
[48] *See, e.g.*, *City of Cleveland v. FERC*, 773 F.2d 1368, 1376 (D.C. Cir. 1985) ("As we observed earlier, there is an infinitude of practices affecting rates and service. The statutory directive must reasonably be read to require the recitation of only those practices that affect rates and service significantly, that are realistically susceptible of specification, and that are not so generally understood in any contractual arrangement as to render recitation superfluous.").

III. CONCLUSION

For the foregoing reasons, the Clean Energy Associations respectfully request that the Commission consider this Motion and Answer in the captioned proceeding.

Respectfully submitted,

/s/
Steven Shparber

Gene Grace
General Counsel
Gabe Tabak
Counsel
American Wind Energy Association
1501 M Street, NW, Suite 900
Washington, DC 20005
(202) 383-2500
ggrace@awea.org
gtabak@awea.org

Jason Burwen
Vice President of Policy
Energy Storage Association
901 New York Ave NW #510
Washington, DC 20010
(202) 318-5325
j.burwen@energystorage.org

Andrew O. Kaplan
Pierce Atwood LLP
100 Summer Street
Boston, MA 02110
(617) 488-8104
akaplan@pierceatwood.com

Counsel to ESA

Sean Gallagher
Vice President, State Affairs
Solar Energy Industries Association
1425 K Street NW, Suite 1000
Washington, DC 20005
(202) 682-0556
sgallagher@seia.org

Jeffery S. Dennis
General Counsel/Managing Director
Advanced Energy Economy
1010 Vermont Ave., NW
Washington, D.C., 20005
(202) 380-1950
jdennis@aee.net

Steven Shparber
Omar Bustami
Clark Hill PLC
1001 Pennsylvania Avenue, NW
Suite 1300 South
Washington, DC 20004
(202) 772-0915
sshparber@clarkhill.com
obustami@clarkhill.com

Counsel to AWEA and SEIA

Filed: December 4, 2020

CERTIFICATE OF SERVICE

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

Dated at Washington, D.C. this 4th day of December, 2020.

Respectfully submitted,

/s/

Steven Shparber
Clark Hill PLC
1001 Pennsylvania Avenue, NW
Suite 1300 South
Washington, DC 20004
(202) 772-0915