PJM Statement on
Winter 2014 Cold Weather Events

Due to unprecedented cold weather conditions during the winter of 2014, PJM has been apprised of specific operational and gas procurement challenges which certain members faced during the extreme cold weather. The information gleaned from members’ operational experiences as well as PJM’s own examination of system conditions will enable PJM to share with stakeholders lessons learned from these events and allow for stakeholder review of possible improvements to PJM’s processes and market rules in this area.

Specifically, PJM has learned that several members may have incurred significant gas balancing losses in the course of operations during these unprecedented cold conditions.

Where appropriate, PJM credits members for costs incurred and allocates the associated costs according to the terms and conditions of its governing documents, as augmented via recent FERC approval of the waivers filed in dockets ER14-1144 and ER14-1145. That being said, PJM is aware that some members incurred losses for which they cannot be compensated under the current terms of PJM’s governing documents. As a result, PJM expects that some of these members may elect to make filings with the FERC in order to seek compensation for losses they incurred.

PJM plans to intervene in some or all of these proceedings. Although the burden of proof to establish the just and reasonable nature of the specific cost levels rests with the petitioning member, PJM is prepared to provide detail to FERC regarding the extraordinary conditions which caused an individual member’s cost incurrence, including the underlying conditions that gave rise to the need for a particular unit to be available to run during portions of the cold weather conditions on certain days during the winter of 2014.