

Background

Recent Events:

- Resource Adequacy –
 - The filing resulted from the Critical Issue Fast Path (CIFP) stakeholder process addressing the Resource Adequacy issue previously discussed through the Resource Adequacy Senior Task Force (RASTF).
 - The filing was made under PJM's 205 authority, as the content resided solely within the Tariff.
 - PJM filed with FERC on October 13, 2023 in Docket No. ER24-98.
 - FERC rejected the filing on February 6, 2024.
 - At the June MIC, PJM proposed re-filing portions of the docket related to market power mitigation (MSOC) – especially those on which FERC was supportive of in principle and provided guidance, or was silent on the issue, with updates to account for FERC's guidance. Stakeholders raised concerns about simply re-filing without an additional stakeholder process.
- Performance Impacts of Multi-Schedule Model in Market Clearing Engine –
 - Two proposals that passed at the MIC, packages A and B, progressed to the MRC as the main (package A) and alternative (package B) motions.
 - Package A was endorsed by the Markets and Reliability as the main motion, and therefore no votes were conducted by the MRC related to the alternative, package B. This is normal course of action under truncated voting rules.
 - The MRC and Members Committee approved/endorsed package A in December 2023.
 - PJM filed Package A with FERC on March 1, 2024 in Docket No. ER24-1387-000
 - FERC rejected the package A filing on April 30, 2024.
 - PJM proposed to simply file the alternative motion (package B) at the June MIC meeting. Stakeholders objected to simply filing package B without an additional stakeholder process.

Stakeholder Stated Concerns

- In the time elapsed between stakeholder endorsement (or in the absence of stakeholder endorsement) and the FERC rejection, situations may have changed such that other, perhaps tangential, considerations should be factored into the decision making of the path forward.
- FERC may provide some guidance in their rejection that should be considered along with the potential circumstantial changes mentioned above.
- Stakeholders prefer to re-enter the stakeholder process to use some portion of the CBIR process to determine the pathway forward on the FERC-rejected issue.
- The situation where FERC rejects a filing has no bearing on a situation where FERC has approved a filing, but included a compliance directive. The compliance directive is to the FERC regulated utility – PJM – and not the Members. Manual 34: PJM Stakeholder Process Appendix I contains the Compliance Filing protocol. No aspect of this instant topic has any bearing on compliance filings.

Considerations

- In the first cited event, the authority to re-file was entirely PJM's. PJM shared their intention with stakeholders to provide both notice and opportunity for stakeholder input.
- In the second cited event, the MIC had endorsed two proposals. PJM re-entered the stakeholder process, requesting that the MRC (and MC) endorse the second proposal – one that the MRC and MC had not yet voted.
- Both issues were previously discussed and thoroughly vetted in a stakeholder process prior to their original filings.
- Re-starting the stakeholder process on either of these issues by re-starting the CBIR process could potentially congest the stakeholder calendar, extend the timeline on an ultimate solution, and potentially require resequencing of other stakeholder issues.
- A presumption that the CBIR process needs to be re-started pre-supposes that significant change/update would need to be made to existing proposals, and/or new “whole cloth” proposals will be identified that would be superior to existing alternate proposals (or updates to the filed proposal that would be made in response to the FERC's rationale for rejection).
- It is possible that the original filing may have lacked sufficient detail.
- Some filings cover a number of topics – some of which FERC might find acceptable, and some not, but due to the NRG precedent, FERC has to accept or reject the whole filing (with only nominal changes permitted).

Paths Forward

- No new rules
 - No new rules are required, as each situation (and the filing authority) is different.
 - Existing rules cover all possible procedural mechanisms in this regard.
 - Trust PJM and stakeholders to navigate each situation.
- Create rules that must be followed
 - Any new, universal, rule must respect (cannot overwrite) PJM's authority under Tariff, section 9.2(b).
 - Potentially require consideration by the group that developed the original proposal.
 - Could be a requirement to simply review the matrix and offer an opportunity to adjust proposals or add new ones, and then re-vote.
- Create guidance regarding considerations that could be applied
 - Guideline could be valuable in some circumstances.
 - Must be crafted so as not to restrict PJM's authority.

Proposed New Section 11.18 – Rejected FERC Filings

Following completion of the stakeholder process on a specific issue, proposed revisions to PJM's governing documents may be necessary, and if so, will be filed with the FERC. If stakeholder endorsement or approval had been reached on the proposed revisions they would be filed under section Federal Power Act (FPA) Section 205. In the absence of stakeholder consensus, PJM may still elect to file proposed revisions to governing documents. In such cases, the filing would be made under FPA Section 205 for revisions to the Tariff or Reliability Assurance Agreement, and under FPA Section 206 for any related changes to the Operating Agreement.

Ultimately the FERC will act on such filings in one of the following ways:

- Acceptance of the filing – in this case the updated governing documents will go into effect on the date approved by the FERC.
- Acceptance with a compliance requirement – in this case PJM has an obligation to file additional information with FERC for approval, and upon FERC's ultimate approval the updated governing documents will go into effect on the date approved by the FERC. The process for the compliance filing is included in Manual 34 Appendix I.
- Reject the filing - in this case no proposed governing document revisions will go into effect.

In the event that the FERC rejects a filing, there may be interest among PJM and/or stakeholders to pursue additional consideration of the issue. In such cases, the following guidelines apply:

- No later than 90 days after the notice of FERC's rejection of such a filing, PJM (on its own initiative or at the request of a stakeholder) will present to a Senior Standing Committee the content of the related FERC order and recommend next steps.
- Discussion of future paths will be conducted, including discussion of all potential stakeholder process options (e.g. re-commencement of the stakeholder process, identification of refinements or new options/proposals, or any other determination to which the Senior Standing Committee agrees).

Nothing in this section shall be interpreted as impacting either Manual 34 Appendix 1 or PJM's rights to make filings to governing documents under FPA Sections 205 or 206.
