

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

PJM Interconnection, L.L.C.

)

Docket No. ER24-1242-000

**REQUEST OF PJM INTERCONNECTION, L.L.C.
FOR SHORTENED FIVE DAY COMMENT PERIOD AND EXPEDITED ACTION OF
PROSPECTIVE WAIVER TO DELAY THE BASE RESIDUAL AUCTION DATE
ASSOCIATED WITH THE 2025/2026 DELIVERY YEAR BY APPROXIMATELY 35
DAYS AND A DELAY OF THE ASSOCIATED PRE-AUCTION DEADLINES**

Pursuant to Rule 207(a)(5) of the Federal Energy Regulatory Commission’s (“Commission” or “FERC”) Rules of Practice and Procedure,¹ PJM Interconnection, L.L.C. (“PJM”) respectfully requests a one-time, prospective waiver (“Waiver Request”) of the Open Access Transmission Tariff (“Tariff”), Attachment DD, section 5.4(a) to delay the commencement of the 2025/2026 Base Residual Auction by 35 days, *i.e.*, to allow the auction to commence on July 17, 2024. To the extent deemed necessary, PJM also requests a waiver of the pre-auction deadlines associated with the upcoming Base Residual Auction to delay any pre-auction deadlines that have not passed as of the date of this filing, as specified in Attachment A of this filing.

I. BACKGROUND

Tariff, Attachment DD, section 5.4(a) specifies that “the Base Residual Auction for the 2025/2026 Delivery Year shall be conducted in June 2024.” Based on this requirement, PJM scheduled the next Base Residual Auction for the 2025/2026 Delivery year to commence on June 12, 2024. However, given the recent acceptance of the new marginal effective load carrying capability (“ELCC”) accreditation methodology and associated risk modeling enhancements,² it is prudent to delay the upcoming auction by a modest 35 days. Various Market Participants have

¹ 18 C.F.R. § 385.207(a)(5).

² *PJM Interconnection, L.L.C.*, 186 FERC ¶ 61,080 (2024).

informed PJM that they would like additional time to understand the new ELCC values under the recently accepted accreditation model to help better inform their unit-specific offer cap submissions. Thus, delaying the 2025/2026 Base Residual Auction by 35 days allows for an orderly administration of the upcoming Base Residual Auction and provide more time for PJM to provide additional education on ELCC implementation, including how PJM determined the ELCC values applicable for this upcoming auction. Such education would provide Market Participants with greater confidence that their respective Accredited UCAP values are accurate and consistent with the approved marginal ELCC methodology.

To that end, PJM has notified Market Participants that pre-auction deadlines previously set as February 12, 2024, and all subsequent deadlines have been extended by up to ten business days, given that PJM “retain[s] limited discretion of up to [ten] business days to set the specific deadlines associated with any pre-auction activities.”³ While delaying the pre-auction activities by up to ten business days will help Market Participants better understand the new ELCC accreditation values, a modest amount of additional time will go a long way for PJM to schedule more stakeholder education meetings and allow for the orderly administration of the upcoming Base Residual Auction.

Recognizing the importance of fostering market confidence in the upcoming Base Residual Auction under the newly adopted rules, PJM made the difficult decision to seek this limited one-time waiver to delay the upcoming auction by a modest 35 days. Delaying the upcoming auction

³ *PJM Interconnection, L.L.C.*, 183 FERC ¶ 61,172, at P 43 (2023). Although PJM previously posted the auction dates and pre-auction deadlines more than eight months before the 2025/2026 Base Residual Auction, updating future deadlines by up to ten business days for pre-auction activities that have not since passed is appropriate and is within the limited discretion previously granted by the Commission.

would also modify the associated pre-auction activity deadlines for the 2025/2026 Delivery Year as specified in Attachment A of this filing.⁴

II. WAIVER REQUEST

Under well-established Commission precedent, the Commission will grant waiver of tariff provisions where: (1) the applicant acted in good faith; (2) the waiver is of limited scope; (3) the waiver addresses a concrete problem; and (4) the waiver does not have undesirable consequences, such as harm to third parties.⁵ PJM’s waiver request here meets these requirements.

First, PJM has acted in good faith. Shortly after the Commission accepted the marginal ELCC and risk modeling enhancements, PJM posted the 2025/2026 ELCC Class Ratings on February 2, 2024.⁶ Since the posting of the updated 2025/2026 ELCC Class Ratings, PJM received various inquiries regarding the delta between the updated 2025/2026 ELCC Class Ratings and the preliminary ELCC class ratings previously shared with Market Participants. PJM explained that the primary drivers for the difference between the updated and preliminary ELCC Class Ratings was because PJM utilized an updated load forecast and resource mix⁷ in developing the updated ELCC Class Ratings. With these updated inputs, PJM’s modeling showed that the risk of expected unserved energy is now much higher in the winter than in the summer. Despite these explanations, certain Market Participants have indicated that they would benefit from additional education to

⁴ To the extent deemed necessary, PJM also requests authority to delay the pre-auction activities specified in Attachment A of this filing. Because the deadline for many of the subsequent pre-auction activities are keyed off of the deadline for submitting unit-specific offer caps, such as the timelines for the Market Monitor and PJM’s review of the requested offer caps, PJM requests an extension of all subsequent pre-auction activity deadlines.

⁵ *Sierra Pac. Power Co.*, 170 FERC ¶ 61,236, at P 10 (2020) (“*Sierra Pacific*”) (order granting waiver of in-person meeting requirements in response to COVID-19); *Midcontinent Indep. Sys. Operator, Inc.*, 154 FERC ¶ 61,059, at P 13 (2016) (citing waiver standards and allowing tariff waiver to implement equitable relief in light of certain tariff provisions).

⁶ ELCC Class Ratings for the 2025/2026 Base Residual Auction, available at: <https://www.pjm.com/-/media/planning/res-adeq/elcc/2025-26-bra-elcc-class-ratings.ashx>.

⁷ The resource mix was updated in the ELCC analysis to reflect the binding notice of intent to offer submissions for planned generation capacity resources that were due on December 12, 2023.

better understand and gain confidence in the updated ELCC values. This one-time, prospective waiver is necessary to allow time for this education. These procedures will ultimately help to build market confidence with PJM's newly adopted marginal ELCC and risk modeling enhancements prior to continuing with the remaining pre-auction activities associated with the 2025/2026 Base Residual Auction and allow for an orderly administration of the upcoming auction.

Second, this waiver is limited in scope. PJM is requesting only a modest 35-day delay of the upcoming 2025/2026 Base Residual Auction that is currently scheduled to commence on June 12, 2024. Moreover, this waiver request is limited to a further delay of only the 2025/2026 Base Residual Auction so that the existing schedule for all subsequent RPM Auctions and associated pre-auction timelines for those unaffected auctions are retained as they currently stand today. Additionally, given that the Commission already granted waiver of various pre-auction deadlines to be based off a specified number of days prior to the auction, delaying the auction would result in an automatic extension of the associated pre-auction deadlines.⁸

Third, this waiver addresses a concrete problem. Confidence in PJM's market is essential to foster robust competition and achieve efficient market outcomes. Given the limited time that PJM and Market Participants have had to prepare for the upcoming 2025/2026 Base Residual Auction under the newly accepted and the significant changes to the capacity market rules that adopt a marginal ELCC accreditation and enhanced risk modeling, a modest delay is reasonable to facilitate Market Participants' understanding of the updated ELCC values and allow for an orderly administration of the upcoming auction. Allowing PJM time to review this information

⁸ See *PJM Interconnection, L.L.C.*, 183 FERC ¶ 61,172, at P 40 (2023). See also *PJM Interconnection, L.L.C.*, Section 205 Filing to Delay Upcoming RPM Auctions, Request for Waiver to Amend Pre-Auction Activity Deadlines for Impacted Delivery Years, and Request for Expedited Action, Attachment A, Docket No. ER23-1609-000 (Apr. 11, 2023).

with Market Participants before they are required to resume the pre-auction activities for the upcoming Base Residual Auction is reasonable and appropriate.

Fourth, granting the requested waiver will not have undesirable consequences such as harm to third parties. In fact, allowing additional time to help Market Participants understand how the ELCC ratings were calculated before resuming pre-auction activities will only benefit all Market Participants. That is, additional time will allow Market Participants to better understand the updated ELCC values in accounting for them in the submission of the unit-specific offer caps. In short, this waiver will not harm third parties as it is limited to a modest 35-day delay of the 2025/2026 Base Residual Auction and will simply help to allow for an orderly administration of the upcoming Base Residual Auction.

III. REQUEST FOR EXPEDITED CONSIDERATION AND A SHORTENED COMMENT PERIOD

PJM requests expedited consideration of this waiver filing and requests that the Commission issue an order granting the waiver by no later than February 26, 2024 (one day before the current February 27, 2024 deadline for first time election of the FRR Alternative and submission of unit-specific offer caps). Good cause exists for the Commission to grant expedited consideration because issuance of an order by this date will provide Market Participants with needed certainty that the remaining pre-auction activity deadlines associated with the 2025/2026 Base Residual Auction will be extended beyond the current deadlines. To that end, the Commission should also grant a shortened five-day comment period (*i.e.*, February 16, 2024) to facilitate a Commission order by the requested order date.

IV. COMMUNICATIONS

Correspondence and communications with respect to this filing should be sent to, and PJM requests the Secretary to include on the official service list, the following:⁹

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V. CONCLUSION

PJM's prospective, one-time waiver request satisfies all four elements for waiver of the tariff. For the reasons specified above, PJM respectfully requests that the Commission expeditiously grant this request, by February 26, 2024, for prospective waiver of Tariff,

⁹ To the extent necessary, PJM requests waiver of Rule 203(b)(3) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.203(b)(3), to permit all of the persons listed to be placed on the official service list for this proceeding.

Attachment DD, section 5.4(a), to permit PJM to delay the upcoming 2025/2026 Base Residual Auction by 35 days (*i.e.*, to commence on July 17, 2024).

Respectfully submitted,

/s/ Chenchao Lu

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February 12, 2024

Attachment A

Pre-Auction Timelines For the 2025/2026 Base Residual Auction

Pre-Auction Task or Activity	Deadline, with Tariff Source	<u>Current Deadline</u>¹⁰	<u>Updated Deadline</u>¹¹
MOPR Certification	150 days prior to BRA beginning with 2024/2025 BRA (Tariff, Attachment DD section 5.14)	January 14, 2024	January 14, 2024
PJM solicits requests for Winter CIRs	Aug. 31 of each calendar year (Tariff, Attachment IV Preamble)	January, 19, 2024	January, 19, 2024
Seller Final Must-Offer exception request (Deactivation)	Dec. 1 prior to BRA (Tariff, Attachment DD section 6.6)	January 29, 2024	January 29, 2024
PJM posts DR Zones of Concern	Dec. 1 prior to BRA (Tariff, Attachment DD-1)	January 29, 2024	January 29, 2024
Seller Preliminary Must-Offer exception request (Deactivation)	Sept. 1 prior to BRA (Tariff, Attachment DD, section 6.6)	waived	waived

¹⁰ The previously posted pre-auction deadlines have been modified by up to ten business days, as reflected in the “current deadline” column. The pre-auction timelines have been extended beginning with only to those deadlines that have not passed as of February 12, 2024.

¹¹ The updated deadlines listed in this column are extended by approximately 35 days from the previously posted pre-auction deadlines (not the current deadlines) and will only be effective should the Commission grant the requested waiver in this docket. A comprehensive list of previously posted (as well as new) pre-auction timelines are available on the PJM website: <https://www.pjm.com/-/media/markets-ops/rpm/rpm-auction-info/rpm-auction-schedule.ashx>

Pre-Auction Task or Activity	Deadline, with Tariff Source	<u>Current Deadline</u>¹⁰	<u>Updated Deadline</u>¹¹
Seller request for Winter CIRs	Oct. 31 prior to BRA (Tariff, IV Preamble)	January 29, 2024	January 29, 2024
PJM Posts Preliminary MOPR Screen Prices and Market Monitor Posts Preliminary Unit-Specific E&AS Offset	150 and 90 days, respectively, prior to auction (Tariff, Attachments DD section 5.14 and M-Appendix, section I.)	January 14, 2024	January 14, 2024
Market Monitor Posts Final Unit-Specific E&AS Offset	90 days prior to auction (Tariff, Attachment M-Appendix, section I.)	January 29, 2024	January 29, 2024
FRR first-time election	4 months prior to BRA (RAA, Schedule 8.1.C)	February 27, 2024	March 18, 2024
Seller unit-specific MOPR request	120 days prior to BRA (Tariff, Attachment DD section 5.14)	February 27, 2024	March 19, 2024
Seller unit-specific request (Must-Offer, Offer Cap, EFORD, Removal of Capacity Resource status)	120 days prior to auction (Tariff, Attachment DD, section 6.6)	February 27, 2024	March 19, 2024
Submission of Price Responsive Demand Plans	Jan. 15 prior to BRA (RAA, Schedule 6.1)	January 15, 2024	January 15, 2024
PJM posts Planning Parameters	Feb. 1 prior to BRA (M18; Tariff, Attachment DD, section 15)	March 18, 2024	April 8, 2024
Market Monitor Determination (MOPR)	90 days prior to auction (Tariff, Attachment M – Appendix)	March 28, 2024	April 18, 2024
Market Monitor Determination (Must-Offer, Offer Cap, EFORD)	90 days prior to auction (Tariff, Attachment M – Appendix)	March 28, 2024	April 18, 2024
Seller Notification to PJM (Must-Offer, Offer Cap, EFORD)	80 days prior to auction (Tariff, Attachment DD, sections 5.14 & 6.6)	April 7, 2024	April 28, 2024
PJM Determination (MOPR)	65 days prior to auction (Tariff, Attachment DD section 5.14)	April 22, 2024	May 13, 2024
PJM Determination (Must-Offer, Offer Cap, EFORD)	65 days prior to auction (Tariff, Attachment DD sections 5.14 & 6.6)	April 22, 2024	May 13, 2024

Pre-Auction Task or Activity	Deadline, with Tariff Source	<u>Current Deadline</u>¹⁰	<u>Updated Deadline</u>¹¹
Seller Notification of intent to exclude Must-Offer Exception MW	65 days prior to auction (Tariff, Attachment DD section 6.6)	April 22, 2024	May 13, 2024
FRR termination of election	2 months prior to BRA (RAA, Schedule 8.1.C)	April 26, 2024	May 17, 2024
Seller Confirmation of MOPR price	60 days prior to auction (Tariff, Attachment DD section 5.14)	April 27, 2024	May 18, 2024
FRR DR Plan	15 business days prior to FRR Plan (Tariff, Attachment DD-1)	May 8, 2024	May 29, 2024
Seller needs ICTR/QTU certification of CETL increase	45 days prior to BRA (Tariff, Attachment DD section 5.6.4)	May 12, 2024	June 2, 2024
FRR Capacity Plan	1 month prior to BRA (RAA, Schedule 8.1.C)	May 28, 2024	June 17, 2024
Submission of Energy Efficiency Plan	30 days prior to auction (Tariff, Attachment DD-1)	May 28, 2024	June 17, 2024
Submission of Demand Resource Plan	30 business days prior to auction (Tariff, Attachment DD-1)	May 28, 2024	June 17, 2024