

188 FERC ¶ 61,200
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Willie L. Phillips, Chairman;
Mark C. Christie, David Rosner,
Lindsay S. See and Judy W. Chang.

PJM Interconnection, L.L.C.

Docket Nos. ER24-2447-000
ER24-2447-001

ORDER ACCEPTING PROPOSED TARIFF RECORDS SUBJECT TO CONDITION

(Issued September 23, 2024)

1. On July 1, 2024, as amended on August 9, 2024, pursuant to section 205 of the Federal Power Act (FPA)¹ and Part 35 of the Commission's regulations,² PJM Interconnection, L.L.C. (PJM) filed proposed revisions to the PJM Reliability Assurance Agreement Among Load Serving Entities (RAA) to better allocate, to zone/areas, localized load adjustments used to determine capacity obligations for Load Serving Entities (LSE).³ As discussed below, we accept PJM's proposed RAA revisions, to become effective August 31, 2024, as requested, subject to the condition that PJM submit a compliance filing.

I. Background

2. PJM generally conducts a Base Residual Auction (BRA) to procure capacity three years in advance of a delivery year.⁴ During the time between the BRA and the delivery

¹ 16 U.S.C. § 824d.

² 18 C.F.R. pt. 35 (2024).

³ PJM, Intra-PJM Tariffs, RAA ARTICLE 1, RAA ARTICLE 1 – DEFINITIONS (48.0.0); RAA SCHEDULE 8, RAA SCHEDULE 8 (5.1.0); RAA SCHEDULE 8.1.D, RAA SCHEDULE 8.1.D-FRR Capacity Plans (14.0.0); and RAA SCHEDULE 8.1.F, RAA SCHEDULE 8.1.F-FRR Daily Unforced Capacity Obligations (7.0.0). Capitalized terms used but not otherwise defined in this order have the meanings ascribed to them in the RAA.

⁴ PJM, Intra-PJM Tariffs, ATTACHMENT DD.5.4, OATT ATTACHMENT DD.5.4 Reliability Pricing Model Auctions (9.0.0).

year, PJM also conducts Incremental Auctions to provide a mechanism for capacity suppliers to sell and purchase capacity and a means for PJM to adjust previously committed capacity levels due to reliability requirement increases or decreases.

3. The capacity requirements of an LSE may be met either through participation in PJM's capacity auctions, or through the election of the Fixed Resource Requirement (FRR) Alternative and submission of an FRR Plan, i.e., through a self-supply arrangement providing for the long-term commitment of resources.⁵ PJM's rules require an FRR entity to submit an FRR Plan prior to the BRA and subject that entity to insufficiency charges to the extent the FRR Plan is insufficient to meet the FRR entity's planning requirement. If the FRR entity's portfolio remains deficient during the delivery year, it will be assessed deficiency charges.

4. PJM develops a peak load forecast for each Zone,⁶ including load adjustments submitted by LSEs and electric distribution companies (EDC).⁷ PJM determines and posts its first forecast for a delivery year prior to the BRA for that delivery year. PJM uses this peak load forecast to determine (1) FRR entities' capacity obligations; and (2) the PJM region reliability requirements that will be met through non-FRR entities' participation in the BRA. RAA Schedules 8 and 8.1 describe how PJM determines the capacity obligations of, respectively, LSEs⁸ that participate in the auctions and LSEs that elect the FRR Alternative. The schedules include equations that use various peak loads, Zonal load forecasts, reserve requirements, and scaling factors to determine capacity

⁵ PJM, Intra-PJM Tariffs, RAA Schedule 8.1. An LSE seeking to satisfy its capacity obligation through such plan is required to obtain sufficient capacity for all load and expected load growth in its service area.

⁶ The RAA defines Zone (and Zonal) in part as "an area within the PJM Region, as set forth in Tariff, Attachment J and RAA, Schedule 15." PJM, Intra-PJM Tariffs, RAA Article 1 – Definitions (47.0.0).

⁷ See PJM, Intra-PJM Tariffs, RAA ARTICLE 7 -- RESERVE REQUIREMENTS AND OBLIGATIONS (0.2.0). See also PJM, *Manual 19: Load Forecasting and Analysis*, attach. B (Nov. 15, 2023), <https://www.pjm.com/-/media/documents/manuals/m19.ashx> (PJM Manual 19). How these load adjustments affect PJM's allocation of capacity obligations for LSEs is the subject of this proceeding.

⁸ RAA Schedule 8 and Schedule 8.1 generally refer to Parties, not LSEs. A Party is "an entity bound by the terms of the Operating Agreement." PJM, Intra-PJM Tariffs, RAA Article 1 – Definitions (47.0.0).

obligations before the BRA (for LSE electing the FRR Alternative) and during the delivery year (for all LSE).⁹

II. Filing

5. PJM proposes revisions to Schedules 8 and 8.1 of the RAA that, it asserts, will better allocate load adjustments when determining the capacity obligations for LSEs.¹⁰ PJM states that its proposal will more equitably allocate capacity obligations among LSEs that participate in the PJM capacity market or elect the FRR Alternative. PJM explains that the proposal was spurred by the recent proliferation of data centers that are contributing to large additions of forecasted load concentrated within a specific wholesale metering area. PJM states that these revisions will correct the issue wherein load adjustments that are specific to a zone/area have their associated forecasted capacity obligations spread pro rata over the entirety of the Zone, thereby causing misalignment between the forecasted and actual capacity obligations of individual LSEs—particularly where LSEs within a Zone are split between FRR entities and LSEs participating in the capacity market.¹¹ PJM explains that these revisions will mitigate this issue by removing a load adjustment from the general pro rata allocation of capacity obligations throughout a Zone and then restoring that load adjustment to the final capacity obligation for a specific area.¹²

6. To describe a variable used in the proposed RAA equations, PJM proposes the new defined term Large Load Adjustment:

“Large Load Adjustment” shall mean any MW quantity of adjustments to summer peak load at the “zone/area” level and summed by Zone as further detailed in PJM Manuals. For purposes of this definition, a “zone/area” is an area within a

⁹ See PJM, Intra-PJM Tariffs, RAA SCHEDULE 8, RAA SCHEDULE 8 (5.1.0). See also PJM, Manual 18: PJM Capacity Market, §§ 7, 11.2 (June 27, 2024), <https://www.pjm.com/-/media/documents/manuals/m18.ashx>.

¹⁰ PJM Transmittal at 1, 11.

¹¹ *Id.* at 11.

¹² PJM notes that its proposal would obviate the need for waiver requests like the one submitted by American Electric Power Service Corporation (AEPSC), in which AEPSC sought waiver the scaling factor in RAA, Schedule 8.1.D, to avoid the pro rata allocation of capacity obligations associated with a load adjustment. PJM Transmittal at 9 (citing *Am. Elec. Power Serv. Corp.*, 186 FERC ¶ 61,086 (2024) (granting waiver request)).

Zone for which the relevant Electric Distributor specifies a separate Obligation Peak Load MW value. A zone/area is a service area of an Electric Distributor that is a separately identifiable, geographic area bounded by wholesale metering (e.g., the service territory of an operating company of a Transmission Owner).¹³

7. PJM also proposes to modify the definition of Threshold Quantity to remove the obsolete reference for calculating an FRR entity's preliminary forecast peak load and instead refer to RAA, Schedule 8.1, section D.2, where that calculation is specified.¹⁴

III. Notice of Filings and Responsive Pleadings

8. Notice of filing was published in the *Federal Register*, 89 Fed. Reg. 56,745 (July 10, 2024), with interventions and protests due on or before July 22, 2024. American Electric Power Service Corporation (AEPSC),¹⁵ American Municipal Power, Inc. (AMP); Buckeye Power; Calpine Corporation; Constellation Energy Generation, LLC; Delaware Division of the Public Advocate; Dominion Energy Services, Inc. (DES), on behalf of Virginia Electric and Power Company (Dominion); LS Power Development, LLC; Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM; Old Dominion Electric Cooperative; PPL Electric Utilities Corporation; Rockland Electric Company; and Southern Maryland Electric Cooperative, Inc. each filed timely motions to intervene. On July 22, 2024, AEPSC and DES, on behalf of AEP and Dominion, respectively, filed joint comments, and AMP filed a protest. On July 23, 2024, Northern Virginia Electric Cooperative, Inc., (Northern VA Elec Coop) filed a motion to intervene out-of-time. On July 31, 2024, FirstEnergy Service Company (FirstEnergy) filed a motion to intervene out-of-time.¹⁶ On August 16, 2024, PJM filed an answer (PJM Answer to AMP Protest).

¹³ PJM, Intra-PJM Tariffs, RAA Article 1 – Definitions (48.0.0).

¹⁴ PJM Transmittal at 10.

¹⁵ AEPSC moves to intervene on behalf of its affiliates AEP Appalachian Transmission Company, Inc.; AEP Indiana Michigan Transmission Company, Inc.; AEP Kentucky Transmission Company, Inc.; AEP Ohio Transmission Company, Inc.; AEP West Virginia Transmission Company, Inc.; Appalachian Power Company; Indiana Michigan Power Company; Kentucky Power Company; Kingsport Power Company; Ohio Power Company; and Wheeling Power Company (collectively, AEP), and AEP Energy Partners, Inc.

¹⁶ FirstEnergy Service Company files as agent for its franchised public utility affiliates The Cleveland Electric Illuminating Company, FirstEnergy Pennsylvania

9. On July 29, 2024, Commission staff issued a letter informing PJM that its filing was deficient and requesting additional information necessary to process the filing (Deficiency Letter). On August 9, 2024, PJM filed a response (Deficiency Letter Response).

10. Notice of PJM's Deficiency Letter Response was published in the *Federal Register*, 89 Fed. Reg. 67,084 (Aug. 19, 2024), with interventions and protests due on or before August 23, 2024. Office of the Ohio Consumers' Counsel filed a timely motion to intervene. On August 23, 2024, AMP filed a protest to PJM's Deficiency Letter Response (AMP Protest to Deficiency Letter Response). On August 27, 2024, AEPSC filed, on behalf of AEP, an answer to the AMP Protest to Deficiency Letter Response. On August 20, 2024, PJM filed an answer to the AMP Protest to Deficiency Letter Response (PJM Answer to AMP Protest to Deficiency Letter Response).

A. AEP and Dominion Comments

11. AEP and Dominion support PJM's proposal, arguing that it will better allocate capacity obligations affected by load adjustments to the LSEs that will be responsible for serving that forecasted load.¹⁷ They contend that the proposal addresses the impact of data center and other large loads in the forecasting process and ensures that PJM and LSEs can accurately plan for capacity to serve their loads.¹⁸ AEP and Dominion explain that they previously called attention to this issue by filing requests for waiver of the scaling factor used to calculate their FRR entities' capacity obligation for the 2025/2026 delivery year.¹⁹ AEP and Dominion note that the Commission granted the AEP waiver request, stating that the waiver addressed a concrete problem and allowed AEP FRR entities to avoid purchasing unneeded capacity for the 2025/2026 delivery year.²⁰ AEP and Dominion also note that the Commission found that tariff revisions to address these capacity obligation concerns would need to be developed through the PJM stakeholder

Electric Company, Jersey Central Power & Light, Monongahela Power Company, Ohio Edison Company, The Potomac Edison Company, and The Toledo Edison Company.

¹⁷ AEP and Dominion Comments at 1.

¹⁸ *Id.* at 4.

¹⁹ *Id.* at 2.

²⁰ *Id.* (citing *Am. Elec. Power Serv. Corp.*, 186 FERC ¶ 61,086 at P 22). AEP and Dominion clarify that the Dominion waiver request was withdrawn when Dominion terminated its FRR Alternative election for the 2025/2026 delivery year. *Id.* (citing Dominion, Notice of Withdrawal of Request for Limited Waiver, Docket No. ER24-1037-000 (filed May 3, 2024)).

process.²¹ AEP and Dominion state that PJM's proposal is the culmination of that stakeholder process.

B. AMP Protest

12. AMP argues that PJM's filing is unjust, unreasonable, and unduly discriminatory for several reasons.²² AMP contends that the proposed definitions of Large Load Adjustment and "zone/area" are unreasonably vague.²³ AMP argues that the proposed definition of Large Load Adjustment fails to explain what size of adjustment qualifies as "large" and whether adjustments include both load increases and load reductions. AMP also argues that the proposed two-sentence definition of "zone/area" within the definition of Large Load Adjustment is ambiguous because the two sentences could be read together or separately. Thus, AMP argues, it is unclear whether a zone/area must meet both conditions.²⁴

13. AMP argues that PJM has not explained why the proposed Large Load Adjustment provisions apply only to Electric Distributors, while PJM's transmittal indicates that the provisions apply to all LSEs.²⁵ AMP contends that the proposed Large Load Adjustment definition is expressly triggered depending on criteria related to ownership of electric distribution facilities, yet PJM's transmittal implies that PJM intended the proposed RAA revisions to apply also to LSEs that do not own distribution facilities.²⁶ AMP argues that because PJM does not explain this different treatment of similarly situated parties, PJM fails to demonstrate that its proposal is not unduly discriminatory or preferential.

14. AMP faults the proposal for not requiring PJM to measure and verify Large Load Adjustments once actual load data becomes available during the delivery year.²⁷ AMP argues that, without this requirement, the proposal does not address market distortions and overcharges that may result if the forecasted load underlying the Large Load

²¹ *Id.* at 2-3 (citing *Am. Elec. Power Serv. Corp.*, 186 FERC ¶ 61,086 at P 22).

²² AMP Protest at 2.

²³ *Id.* at 4.

²⁴ *Id.* at 5.

²⁵ *Id.*

²⁶ *Id.* at 6.

²⁷ *Id.*

Adjustment does not materialize after a capacity obligation has been assigned to the Electric Distributor and capacity procured on its behalf, impacting overall capacity costs faced by its customers.

15. After noting that Large Load Adjustments are submitted by market participants, AMP argues that the RAA should require PJM to verify or audit the information supplied by market participants to ensure accuracy and avoid double counting, both at the time of the Large Load Adjustment request and during or following the delivery year.²⁸ AMP contends that PJM should treat Large Load Adjustments as it does other load forecast adjustments (e.g., those related to Energy Efficiency, Peak Shaving Adjustments, and FRR Plans). AMP argues that although the proposed Large Load Adjustment definition leaves open the possibility that measurement and verification provisions might be provided “as further detailed in PJM Manuals,” these provisions significantly affect rates, terms, and conditions of jurisdictional service, are readily susceptible of specification, and are not generally understood in a contractual agreement. Therefore, AMP argues, they must be included in the RAA under the rule of reason.²⁹

16. Finally, AMP argues that the proposal appears to allow third parties to impose unsubstantiated increases in capacity obligations on competitors, in part because the proposal does not identify which party can initiate a Large Load Adjustment.³⁰ AMP argues that third parties, including other Electric Distributors within the same Zone, should not be permitted to initiate unfounded increases in the capacity obligations of their neighbors.³¹ Further, AMP contends that the proposal does not ensure that only PJM, on an objective basis, determines Large Load Adjustments with the concurrence of the party ultimately responsible for the additional capacity obligation.

C. Deficiency Letter

17. On July 29, 2024, Commission staff issued a deficiency letter informing PJM that its submittal was deficient and requesting additional information. The letter asked PJM

²⁸ *Id.* at 7-8.

²⁹ AMP argues that even if PJM believes these provisions may be relegated to the PJM Manuals, PJM should have provided proposed manual language with its filing to illustrate for the Commission and intervenors how PJM expects the RAA revisions will be implemented. AMP notes that PJM, for example, included draft manual revisions with its Peak Shaving Adjustment filing. AMP Protest at 8, n.18 (citing PJM, Filing, Docket No. ER19-511-000, attach. C (filed Dec. 17, 2018)).

³⁰ AMP Protest at 8.

³¹ *Id.* at 10.

to: (1) explain whether and how the proposed definition of Large Load Adjustment includes both positive and negative adjustments to load; (2) explain the process for identification and measurement of Large Load Adjustments and how such measurements are verified and audited to address double counting and accuracy; (3) clarify why the transmittal letter discusses Large Load Adjustments with regard to LSEs, but the proposed definition of Large Load Adjustment uses the term Electric Distributor instead of LSE; and (4) clarify the criteria for determining a “zone/area.”³²

D. PJM’s Deficiency Letter Response

18. In its Deficiency Letter Response, PJM explains that the term “adjustment” in the definition of Large Load Adjustment encompasses both positive and negative adjustments.³³ PJM confirms that both positive adjustments, representing additions to load, and negative adjustments, representing load departing from the system, can be reported to PJM as a potential Large Load Adjustment.

19. Regarding the measurement and verification of Large Load Adjustments, PJM states that it intends to use the same process already detailed in PJM Manual 19, Attachment B, which describes measurement and verification of adjustments to the load forecast.³⁴ PJM explains that it solicits information annually from its member EDCs and/or LSEs for large load shifts (either positive or negative and located in their territory) that are known to the EDC and/or LSE but may be unknown to PJM. PJM states that it intends to use the same timeline, sending the request in July with responses expected in time for any proposed adjustments to be reviewed with PJM’s Load Analysis Subcommittee in September/October. PJM states that it encourages industry groups and large end-use customers that anticipate large load adjustments to engage with their EDC and be transparent with as much information (historical and forecast) as possible. PJM states that the collaborative review conducted at the Load Analysis Subcommittee further provides opportunities for engagement from affected LSEs and EDCs. PJM states that only those requested load adjustments deemed appropriate by PJM will be used in the forecast that drives both market and reliability Regional Transmission Expansion Plan studies.

³² PJM Interconnection, L.L.C., Deficiency Letter, Docket No. ER24-2447-000, at 2-3 (July 29, 2024).

³³ Deficiency Letter Response at 5.

³⁴ *Id.* at 5-6.

20. PJM explains that PJM Manual 19, Attachment B, describes how PJM will determine whether a load adjustment is appropriate.³⁵ PJM states that the manual anticipates the requesting EDC and/or LSE will “present on their adjustment request including backup documentation at a September/October Load Analysis Subcommittee meeting.”³⁶ PJM states that all adjustments reflected in the load forecast are subject to public posting requirements describing the method and forecasting approach followed, which is also posted by PJM with the load report materials.³⁷

21. PJM explains further that PJM Manual 19 describes the process used to verify whether a reported load adjustment is “real and significant.”³⁸ PJM explains that this process includes identifying if load would be captured in the load forecast model to identify potential double counting.³⁹ PJM states that PJM Manual 19 provides that the Load Analysis Subcommittee will review any proposed load forecast adjustment, which provides opportunity for stakeholders to review and provide input prior to any Large Load Adjustment’s inclusion in the load forecast.⁴⁰

22. To address why the proposed definition of Large Load Adjustment uses the term Electric Distributor but not the term LSE, PJM explains that the definition of “zone/area” within the proposed definition of Large Load Adjustment references Electric Distributors simply to describe the geographic area that constitutes a zone/area.⁴¹ PJM asserts that the proposed definition of Large Load Adjustment does not limit the reporting of Large Load

³⁵ *Id.* at 6.

³⁶ *Id.* (citing PJM Manual 19, attach. B).

³⁷ *Id.* at 6-7.

³⁸ *Id.* at 7.

³⁹ *Id.* PJM explains that this process also includes determining if the load change has been publicly acknowledged; verifying that the requesting EDC and/or LSE has or will have adjusted its own financial/planning forecast; ascertaining whether the load shift is related to a single site or a limited number of related sites; and verifying that the EDC identified to PJM the zone/area where the addition will occur. PJM states that other steps in Manual 19 include discussing with economic forecast vendors; determining if the requested load adjustment’s load impact is consistent with its economic impact; and determining if the requested load adjustment is tied to any of the metro areas that PJM uses to define the economic variable of a Zone.

⁴⁰ *Id.*

⁴¹ *Id.* at 8.

Adjustments to Electric Distributors, and both Electric Distributors and LSEs can request adjustments.⁴²

23. Regarding the definition of “zone/area” within the proposed definition of Large Load Adjustment, PJM explains that zone/area is intended to mean both an area within a Zone for which the relevant Electric Distributor specifies a separate Obligation Peak Load MW value, and a service area of an Electric Distributor that is a separately identifiable, geographic area, bounded by wholesale metering.⁴³ PJM states that to the extent that the Commission believes that “zone/area” could be more clearly described, PJM would support a directive from the Commission to submit a compliance filing to clarify the term. PJM states that it would be open on compliance to include in the RAA the following amalgamated description for “zone/area” within the proposed definition for Large Load Adjustment:

Large Load Adjustment shall mean any MW quantity of adjustments to summer peak load at the “zone/area” level and summed by Zone as further detailed in PJM Manuals. For purposes of this definition, a “zone/area” is the service area within a Zone for which the relevant Electric Distributor specifies a separate Obligation Peak Load (OPL) MW value that is a separately identifiable, geographic area bounded by wholesale metering (e.g., the service territory of an operating company of a Transmission Owner).

E. PJM Answer

24. In response to AMP’s initial protest, PJM reiterates the information in its Deficiency Letter Response.⁴⁴ PJM also disagrees with AMP that the proposed definition of Large Load Adjustment is unjust and unreasonable for not setting a threshold quantity for what may constitute a Large Load Adjustment.⁴⁵ PJM argues that barring load adjustments because they do not meet an arbitrary numerical threshold would only decrease the accuracy of the load forecast and the associated allocation of capacity obligations. PJM also notes that its transmittal explained that the phrase “Large Load” is

⁴² *Id.* at 9-10.

⁴³ *Id.* at 12. PJM explains that “zone/area” has been long used in the PJM Manuals. PJM Answer at 4.

⁴⁴ PJM Answer to AMP Protest at 1-9.

⁴⁵ *Id.* at 4.

included in this defined term simply because that phrase is familiar to stakeholders as it has been traditionally used to refer to forecasted load adjustments in the PJM Manuals.⁴⁶

25. PJM further claims that it made clear throughout the stakeholder process that it would employ existing manual mechanisms, such as those described in PJM Manual 19, Attachment B, to conduct measurement and verification.⁴⁷ Thus, PJM argues, the proposal includes adequate safeguards against competitors and other third parties imposing unsubstantiated increases in the capacity obligations of LSEs. Furthermore, PJM states, the submission of false or misleading information within an organized wholesale market is already explicitly prohibited by Commission regulation.⁴⁸

26. PJM argues that given the intricacies of load forecasting, the Commission should be reluctant to require the embodiment in the tariff of load forecasting techniques, which are constantly being refined.⁴⁹ PJM argues that to single out and require the details of this particular adjustment to be included in the tariff would create a slippery slope where virtually all details of load forecasting, and any changes, no matter how minor, become the subject of FPA section 205 filings. Thus, PJM argues, given the nature of load forecasting, the proposed RAA language is sufficient, with the details that AMP seeks appropriately addressed in the manuals.

27. PJM argues further that, under the rule of reason, utilities only need to file 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 rend recitation superfluous.”⁵⁰ PJM contends that the Commission and the courts have repeatedly emphasized the impossibility of setting forth every practice affecting rates.⁵¹ PJM argues that it is understood that “there is an infinitude of practices affecting rates

⁴⁶ *Id.* (citing PJM Transmittal at 2 n.8).

⁴⁷ *Id.* at 8.

⁴⁸ *Id.* at 14 (citing 18 C.F.R. § 35.41 (2024)).

⁴⁹ *Id.* at 10.

⁵⁰ *Id.* at 11-12 (citing *Keyspan Ravenswood, LLC v. FERC*, 474 F.3d 804, 811 (D.C. Cir. 2007) (quoting *City of Cleveland, Ohio v. FERC*, 773 F.2d 1368, 1376 (D.C. Cir. 1985)) (*Cleveland*)).

⁵¹ *Id.* at 12 (citing *Hecate Energy Greene Cty. 3 LLC v. FERC*, 72 F.4th 1307, 1312 (D.C. Cir. 2023) (*Hecate*) (quoting *Cleveland*, 773 F.2d at 1370 (“[I]t is no more possible to set forth all of the practices affecting rates . . . than it is to set forth all of the terms and conditions of a contract, leaving nothing whatever to be implied.”))).

and service,” and attempting to define them all in a tariff is neither practical nor optimal.⁵² For this reason, PJM argues, “mere implementation details” may be included in business practice manuals without Commission approval.⁵³ PJM argues that “even specifiable practices that significantly affect rates need not be included if they are clearly implied by the tariff’s express terms.”⁵⁴ PJM argues that when applying the rule of reason, the Commission does not follow “some absolute prescribed standard literally set forth in the statute and regulations, but . . . the minimum specificity that the Commission could reasonably require.”⁵⁵

28. PJM contends that the methodology for developing PJM’s load forecast is appropriately detailed in the manuals and adheres with the Commission’s rule of reason.⁵⁶ PJM states that it has articulated definitions for the term Large Load Adjustment and incorporated that term into equations for calculating capacity obligations that are maintained in the RAA.⁵⁷ PJM states that those equations, coupled with the definitional guidance for what may be considered a Large Load Adjustment, provide a clear methodology for PJM’s application of Large Load Adjustments and their effect on the capacity obligations allocated within a Zone and zone/area. PJM states that the additional details regarding the review of the reported MW quantities for those Large Load Adjustments are implementation details that are appropriately specified in the PJM Manuals. PJM argues that these implementation details will substantively mirror the same implementation details that apply for forecasted load adjustments and are currently detailed in the manuals instead of the governing documents.

29. PJM states that housing implementation details in the PJM Manuals does not demonstrate that PJM is incapable of measuring and verifying the accuracy of load data.⁵⁸ On the contrary, PJM argues that the proposed revisions leave room for PJM to further

⁵² *Id.* (citing *Cleveland*, 773 F.2d at 1376).

⁵³ *Id.* (citing *Hecate*, 72 F.4th at 1312; *PJM Interconnection, L.L.C.*, 186 FERC ¶ 61,080, at P 53 (2024)).

⁵⁴ *Id.* (citing *Hecate*, 72 F.4th at 1314 (citing *Cleveland*, 773 F.2d at 1376)).

⁵⁵ *Id.* (citing *N.Y. Indep. Sys. Operator, Inc.*, 170 FERC ¶ 61,051, at P 12 (2020)).

⁵⁶ *Id.*

⁵⁷ *Id.* at 12-13.

⁵⁸ *Id.* at 13.

specify the details of what reported MW quantities will be treated as Large Load Adjustments in the PJM Manuals as this practice evolves.

30. Finally, PJM disagrees with AMP that the proposal is unjust and unreasonable because it does not require PJM either to measure and verify Large Load Adjustments once actual load data becomes available, or to address the possibility that forecasted load underlying a Large Load Adjustment does not materialize.⁵⁹ PJM argues that these concerns are beyond the scope of the proposal, which is to increase the accuracy with which PJM allocates capacity obligations. Nevertheless, PJM points out that, in lieu of *ex post facto* measurement, PJM uses Incremental Auctions with updated load forecasts to improve the alignment between capacity obligations and actual load for the delivery year.

F. Pleadings Associated with Deficiency Letter Response

31. In response to the Deficiency Letter Response, AMP contends that PJM's proposal discriminates against non-FRR entities.⁶⁰ AMP argues that the Deficiency Letter Response has not assuaged concerns that the proposal ignores the interests of public power entities, such as AMP and its members, because PJM does not propose to make mandatory the reporting of Large Load Adjustments above a certain threshold. According to AMP, the proposal therefore does not ensure that load adjustments will be made in cases other than in those that involve affiliated LSEs that separately participate in the auctions and elect the FRR Alternative. AMP argues that while such affiliated entities may have reasons for reporting load adjustments to increase the accuracy of their separate capacity obligations, including state regulatory oversight, there is no such incentive for unaffiliated parties, leading to inaccurate forecasts.

32. AMP also disagrees with PJM that entities have no incentive to report load additions incorrectly. AMP argues that entities may do so to avoid the cost of procuring additional capacity associated with load increases by shifting costs to other LSEs in the Zone. AMP argues this could be accomplished by either failing to report expected large increases in the LSE's own load, or by reporting load reductions but not reporting offsetting increases, or by proposing a Large Load Adjustment that would disproportionately increase other LSEs' capacity obligations.

33. In response to AMP's arguments, PJM contends that the proposal's lack of a mandatory threshold to report Large Load Adjustments does not render the proposal unduly discriminatory against non-FRR entities.⁶¹ PJM notes that the proposal does not

⁵⁹ *Id.* at 10-11.

⁶⁰ AMP Protest to Deficiency Letter Response at 2.

⁶¹ PJM Answer to AMP Protest to Deficiency Letter Response at 2. PJM argues

alter PJM's existing process for determining and verifying Large Load Adjustments, and only changes how PJM allocates capacity obligations associated with Large Load Adjustments. Furthermore, PJM argues that an Electric Distributor overseeing multiple zone/areas, some with affiliate LSEs and some without, would have no incentive to underreport in the zone/area with affiliates or over-report in the zone/area without affiliates. PJM contends that such underreporting would create reliability concerns, while any Large Load Adjustments already in the load forecast, and therefore "over-reported," would be subject to vetting by PJM and stakeholders at the Load Analysis Subcommittee.

34. PJM also disagrees with AMP that unaffiliated LSEs will be stuck paying for the costs of unreported Large Load Adjustments.⁶² PJM argues that unreported Large Load Adjustments would not be included in the forecast and thus would not cause capacity to be procured in an auction. Therefore, PJM contends, unaffiliated LSEs would not incur costs, and capacity prices for neighboring zone/areas would not be higher.

IV. Discussion

A. Procedural Matters

35. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2024), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. We grant Northern VA Elec Coop's and FirstEnergy's late-filed motions to intervene given their interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

36. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2024), prohibits an answer to a protest or answer unless otherwise ordered by the decisional authority. We accept the answers filed by AEPSC and PJM because they have provided information that assisted us in our decision-making process.

B. Substantive Matters

37. We accept PJM's proposed RAA revisions, to become effective August 31, 2024, as requested, subject to the condition that PJM make a compliance filing, as discussed below, making minor adjustments to its proposal consistent with its Deficiency Letter Response.⁶³ We find that PJM's proposed RAA revisions with the additional revisions

that the complex issues surrounding the potential for mandatory reporting are outside the scope of this proceeding. *Id.* at 3-4.

⁶² *Id.* at 4.

⁶³ See *NRG Power Mktg., LLC v. FERC*, 862 F.3d 108, 114-15 (D.C. Cir. 2017)

proposed by PJM in its Deficiency Letter Response are just and reasonable because PJM proposes to assign increases or decreases in forecasted load to the zone/area in which the change occurs. Moreover, we agree with PJM that, in comparison to the status quo, PJM's proposed equations for allocating Large Load Adjustments will more accurately assign capacity obligations to LSEs. Whereas today LSEs are responsible for a pro rata share of any capacity obligation associated with a load adjustment in their Zone, the proposed equations will allow PJM to allocate a capacity obligation associated with a load adjustment to the zone/area in which the adjustment occurs.

38. No party, including AMP, challenges the justness and reasonableness of the proposed equations to implement the proposal. Instead, AMP contests how PJM proposes to (1) define a variable used in those equations (Large Load Adjustment), (2) document the process by which PJM will determine and verify the value of that variable, and (3) conduct that process. We address each argument in turn below.

39. AMP contends that the tariff language does not specify whether the load adjustments can be both positive and negative. Consistent with PJM's response to the deficiency letter, we find that that the use of the phrase "any MW adjustment" in the definition of Large Load Adjustment encompasses both positive and negative load adjustments. Indeed, evaluation of only one or the other would be illogical.

40. AMP also argues that the proposed Large Load Adjustment definition is expressly triggered depending on criteria related to ownership of electric distribution facilities, yet PJM's transmittal implies that PJM intended the proposed RAA revisions to apply also to LSEs that do not own distribution facilities. The tariff expressly uses the term "relevant Electric Distributor,"⁶⁴ and the use of that term is just and reasonable as the Electric Distributor is the party with the distribution and metering facilities defining a zone/area and responsible for reporting load information to PJM.⁶⁵

(discussing the Commission's authority to propose modifications to a utility's FPA section 205 rate proposal).

⁶⁴ PJM's Operating Agreement defines an Electric Distributor as "a Member that: 1) owns or leases with rights equivalent to ownership electric distribution facilities that are used to provide electric distribution service to electric load within the PJM Region; or 2) is a generation and transmission cooperative or a joint municipal agency that has a member that owns electric distribution facilities used to provide electric distribution service to electric load within the PJM Region." PJM, Intra-PJM Tariffs, E-F, OA Definitions E - F (22.0.0).

⁶⁵ As PJM explains, "under the current framework, each LSE already reports their peak load contribution to the Electric Distributor, which is the entity ultimately responsible for reporting that information to PJM." Deficiency Letter Response at 9-10.

41. We agree with AMP that the two-sentence definition of “zone/area” within the definition of Large Load Adjustment is ambiguous because the two sentences could be read together or separately, and it is therefore unclear whether a zone/area must meet both conditions. Accordingly, we direct PJM to submit a compliance filing, within 30 days of the date of this order, incorporating the revised definition of Large Load Adjustment as offered by PJM in its Deficiency Letter Response.⁶⁶ We find that this revised definition clearly requires a zone/area to meet both conditions.

42. We disagree with AMP that the definition of Large Load Adjustment is unreasonably vague because it does not explain what size of adjustment qualifies as large and instead accommodates “any MW quantity.” PJM explains that barring load adjustments because they do not meet an arbitrary numerical threshold would only decrease the accuracy of the load forecast and the associated allocation of capacity obligations. We find PJM’s justification reasonable. We disagree, however, with PJM’s decision to use the word “Large” in the proposed definition of Large Load Adjustment simply because the phrase “large load” is familiar to stakeholders. On the contrary, PJM explains that there are no size limits for adjustments, and PJM’s most recent load forecast report indicates that load adjustments have been as small as 1 MW.⁶⁷ Accordingly, we direct PJM to submit a compliance filing, within 30 days of the date of this order, to remove the word “Large” from the proposed term Large Load Adjustment and to make conforming revisions to all references to the term in the proposed RAA revisions.

43. We next turn to AMP’s contention that the process by which PJM will determine and verify Load Adjustments must be included in the tariff under the rule of reason.⁶⁸

See, e.g., PJM, Intra-PJM Tariffs, RAA Schedule 8, RAA Schedule 8 (4.0.0), § D.1 (“the Electric Distributor for a Zone shall allocate the most recent Weather Normalized Summer Peak for such Zone to determine the Obligation Peak Load for each end-use customer within such Zone.”); PJM, Intra-PJM Tariffs, Attachment M-2, OATT Attachment M-2 (FirstEnergy Zones) (3.0.0) (“FirstEnergy Procedure for Determining a Load Serving Entity’s Peak Load Contribution (PLC) and Network Service Peak Load (NSPL)”).

⁶⁶ *See supra* P 23.

⁶⁷ PJM, *PJM Load Forecast January 2024*, Table B-9 (Feb. 1, 2024), <https://www.pjm.com/-/media/library/reports-notice/load-forecast/2024-load-report.ashx>.

⁶⁸ *Cleveland*, 773 F.2d at 1376; *Hecate*, 72 F.4th at 1312, 1314. *See PJM Interconnection, L.L.C.*, 186 FERC ¶ 61,080 at P 53 (“The tariff need not include ‘mere implementation details,’ which instead may be included only in the business practices manuals”) (internal cites omitted).

We find that PJM need not specify these procedures in its tariff. The equations it filed with this proposal specify that load forecasts will be adjusted by zone/area and specifically include a variable for Load Adjustments, and we agree with PJM that it needs flexibility to implement each such load adjustment.⁶⁹ AMP's concerns related to the measurement and verification of Load Adjustments are concerns regarding implementation details that PJM should be able to refine continually and that need not be included in the tariff.⁷⁰ AMP, for example, raises a concern that the tariff does not address an entity's conduct in the reporting of Load Adjustments (e.g., who is responsible for reporting Load Adjustments and what Load Adjustments they have identified). We find that the tariff need not address these details. AMP's concerns related to any over- or under-reporting of such adjustments are implementation details and pertain to language contained within the manuals.

44. The Commission has previously accepted tariff provisions providing for the determination of Zonal load forecasts, leaving the specification of the technically complex processes to determine these forecasts to PJM,⁷¹ and PJM reasonably proposes here not to include in the tariff the technical details for the reporting and identification of adjustments, and the measurement and verification of such adjustments.

The Commission orders:

(A) PJM's proposed RAA records are hereby accepted, to become effective August 31, 2024, as requested, subject to the condition that PJM submit a compliance filing, as discussed in the body of this order.

⁶⁹ The process of verifying load adjustments is therefore subject to "inherent imprecision," *Cleveland*, 773 F.2d at 1376.

⁷⁰ *Hecate*, 72 F.4th at 1314.

⁷¹ See e.g. PJM, Intra-PJM Tariffs, RAA SCHEDULE 8, RAA SCHEDULE 8 (4.0.0), § (B) ("PJM shall determine the Preliminary RTO Peak Load Forecast, and the Preliminary Zonal Peak Load Forecasts for each Zone, in accordance with the PJM Manuals").

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(B) PJM is hereby directed to submit a compliance filing, within 30 days of the date of this order, as discussed in the body of this order.

By the Commission.

(S E A L)

Debbie-Anne A. Reese,
Acting Secretary.

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