

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

PJM Interconnection, L.L.C.

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ER22-2110-000

COMMENTS OF THE AMERICAN COUNCIL ON RENEWABLE ENERGY

Pursuant to Rule 211 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”)¹ the American Council on Renewable Energy (“ACORE”) submits these comments in support of the changes proposed by PJM Interconnection, L.L.C. (“PJM”) to its Open Access Transmission Tariff (“Tariff”) submitted on June 14, 2022 under Section 205 of the Federal Power Act (“FPA”) in the above-captioned docket.

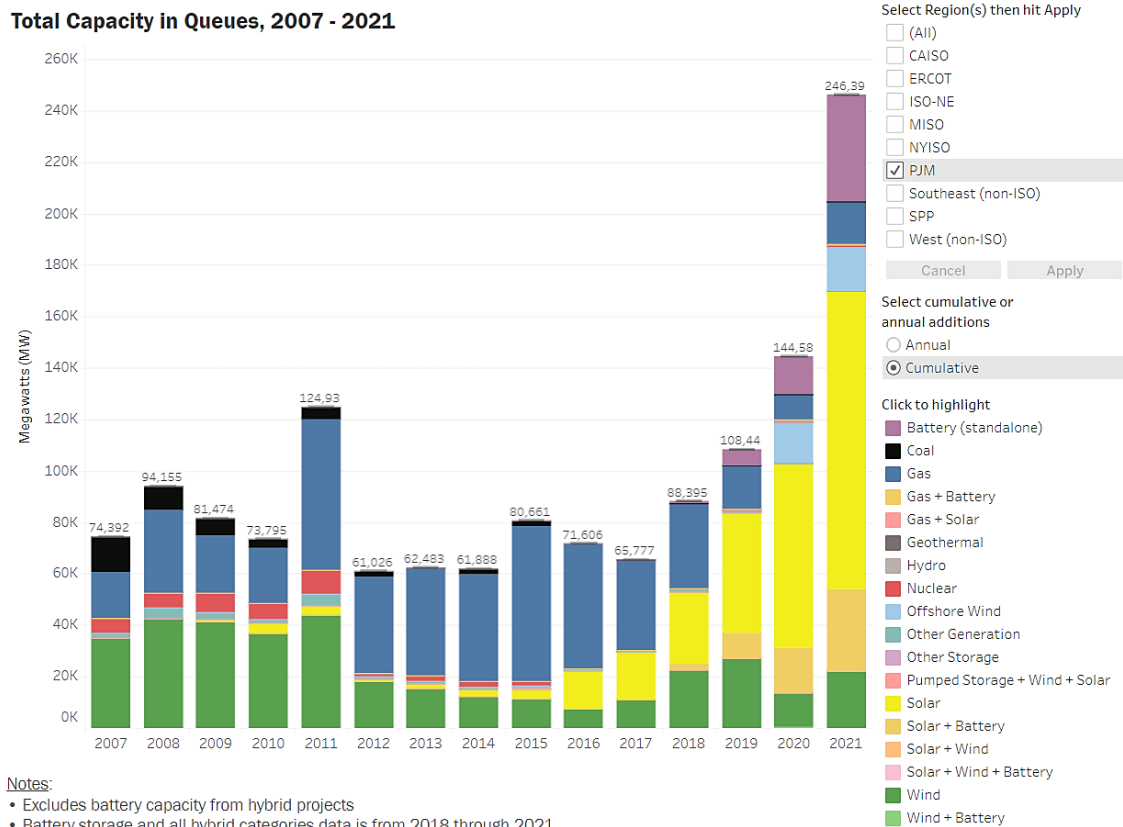
I INTRODUCTION

ACORE commends PJM for taking this important step to address the significant backlog of new generation projects in the interconnection queue and for conducting the extensive stakeholder process to develop these Tariff changes. The challenges facing the interconnection queues in all RTO and non-RTO regions are significant, as demonstrated by PJM’s queue data. The volume of new service requests in PJM has tripled in the past three years and has been accompanied by a shift in the generation mix to solar, wind and storage resources.² Moving these projects into service will be critical for reducing carbon emissions and is a key reason that these queue management reforms are so important.

¹ 18 C.F.R. § 385.211 (2021)

² PJM Filing at 19 and Figure 6.

The shift in the mix of resources in the PJM queue is illustrated by the below figure from the Lawrence Berkeley National Laboratory (LBNL) analysis of 2021 queue data.³ In 2021, the cumulative 250 gigawatts (GW) in the PJM queue were composed of 93 percent renewable or storage resources, with almost of the remainder natural gas generation. Just three years earlier, in 2018, there was a cumulative total of 88 GW in PJM’s queue, of which about 40 percent was natural gas generation and 60 percent renewable and storage. PJM’s queue is a significant share of the national queue, accounting over a quarter of all RTO queue GW at the end of 2021, and one-fifth of all queues analyzed by LBNL.⁴



³ Lawrence Berkeley National Laboratory, *Queued Up: Characteristics of Power Plants Seeking Transmission Interconnection, Generation, Storage, and Hybrid Capacity in Interconnection Queues- Data Visualization, Trends 2007-21* (April 2022)

⁴ *Id.*, Regional Queues.

ACORE identified the critical need for reforms to the interconnection queue process in its comments on the Advance Notice of Proposed Rulemaking on *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection* (“ANOPR”).⁵ In those comments, while stressing the need for reforms to participant funding, ACORE also noted that:

But perhaps just as critical to address is the fact that the current rules virtually necessitate iterative studies,³ further contributing both to the glut of seemingly already-studied projects waiting to make commitment decisions until yet more studies are concluded, and projects still waiting to be studied in the first place. As to all these projects (and oftentimes even after an Interconnection Agreement is tendered), the iterative study process guarantees there being little cost or schedule certainty for years – often up to 5 years – uncertainty that at a minimum significantly hinders economic and timely project financing and construction, if it doesn’t cripple the project altogether.

³ To be clear, ACORE is not referring to the basic study procedure, e.g., the system impact study and facilities study, but to the circumstance where these studies are seemingly perpetually revised and requests being restudied, sometimes even after an interconnection agreement has been executed.

Included with those comments was an analysis of the interconnection queues by Americans for a Clean Energy Grid (ACEG), which describes numerous concerns with the interconnection process in need of reform, including that:

The interconnection process relies upon sequential studies that are highly unpredictable for participating generators who do not know whether their interconnection request will require large upgrades. The uncertainty of interconnection costs leads wind and solar developers to often submit multiple interconnection applications for the same generator, typically for different project sizes, configurations, and interconnection points, which leads to a queue with far more projects than will actually be developed. This is a rational strategy from the developer’s perspective; however, the proliferation of projects only exacerbates the number of re-studies and the number of uncertainties that can affect every project.⁶

⁵ 176 FERC ¶ 61,024 (2021)

⁶ Americans for a Clean Energy Grid (ACEG), *Disconnected: The Need for a New Generator Interconnection Policy*, (January 2021), at 19, available at: <https://acore.org/wp->

As discussed in the next section, several elements of PJM's proposal will likely mitigate the repetitive re-study process and improve the overall queue management process.

II COMMENTS ON PJM's PROPOSAL

While PJM's proposal does not address the full range of needed interconnection reforms, the reforms proposed are an important first step and will likely mitigate several causes of queue backlogs. The remainder of these comments highlights the most positive elements of this proposal. (In these comments, ACORE is addressing on the reforms to the queue management process, rather than the transition plan.)

Replacing the serial first-come, first-served study process with a first-ready, first-served three-stage cycle study and interconnection process. As PJM explains, this process will entail a single application and study process on a unified, cluster basis. Each study cycle will then be conducted in a discrete review process.⁷ PJM states that addressing each cluster's cycle at one time will reduce the burden of having to address a large number of requests in one Cycle while at the same time still undertaking studies required for a prior Cycle.⁸

The use of a cluster approach to the study process and network upgrade cost allocation. PJM's proposed use of a cluster approach to both the study process and cost allocation

[content/uploads/2021/01/Disconnected-The-Need-for-a-New-Generator-Interconnection-Policy-1.14.21.pdf](https://www.pjm.com/content/uploads/2021/01/Disconnected-The-Need-for-a-New-Generator-Interconnection-Policy-1.14.21.pdf)

⁷ PJM Filing at 29.

⁸ PJM Filing at 35.

determination could provide greater certainty by avoiding the shifting of costs from one Cycle to another or from individual projects in one Cycle to one or more projects in another Cycle.⁹

The above two proposed reforms will likely mitigate the potential for an individual developer to be assessed a disproportionate share of the upgrade costs, which often leads projects to exit the queue, which in turn creates the need for further studies of the remaining projects. While recognizing that clustering “alone cannot solve the challenges associated with efficient and effective processing of generation interconnection queue requests,” ACEG pointed out in its analysis that this approach can produce some improvements:

The sequential processing approach is untenable for each new project that is the proverbial straw that breaks the camel’s back and incurs a disproportionate share of upgrade costs. Clusters of similarly situated GI study requests, on the other hand, proved to be a preferred approach as transmission expansion is lumpy with large economies of scope and scale, so several developers in one area are able to pay a prorated share of the costs of required network upgrades. Additionally, grouping many interconnecting projects together instead of studying them individually allows for less queue reshuffling.¹⁰

ACORE agrees that there are benefits from this approach and also notes ACEG’s statement that the cluster approach “does not solve the fundamental problem that all, or nearly all, costs are still assigned to interconnecting generators.”¹¹ We therefore urge PJM to continue to address cost allocation reforms that recognize that many of the benefits of the network upgrades accrue to load.¹²

⁹ *Id.* at 61.

¹⁰ ACEG at 19.

¹¹ *Id.*

¹² See ICF Resources, LLC, *Just & Reasonable? Transmission Upgrades Charged to Interconnecting Generators Are Delivering System-Wide Benefits* (September 2021), available at: https://acore.org/wp-content/uploads/2021/10/Just_and_Reasonable.pdf

Requiring new service requests to provide a study deposit (for certain groups of projects) and periodic readiness deposits. PJM proposes that these deposits will become increasingly at-risk with each of the identified decision points for moving forward at the end of each stage of the Cycle.¹³ Moreover, developers will have the right to withdraw without the loss of readiness deposits if the relevant System Impact Study shows an inordinate increase in interconnection costs from the prior System Impact Study or that the withdrawal will not adversely affect other projects.¹⁴ As PJM notes, these deposits and the withdrawal terms should discourage projects that may not be viable from remaining in the queue, and provide funds to mitigate the impacts on other entities from network upgrade costs resulting from the withdrawal.¹⁵ Moreover, because the withdrawals would only occur at specified decision points, there is no longer a process of continuous restudies each time a project withdraws.¹⁶

Expanding the requirement for demonstration of site control from the initial application process to include specific decision points. Such site control requirements would add another measure to ensure project viability. PJM points out that this would address the scenario where a project can provide evidence of Site Control when it submits its application but does not maintain such Site Control later in the process.¹⁷

Elimination of the option to suspend a project, while providing a one-time option to extend project milestones (other than any milestone related to Site Control) for a total period of one year regardless of cause. This elimination of suspension will further prevent projects from

¹³ PJM Filing at 33.

¹⁴ *Id.* at 34.

¹⁵ *Id.* at 33.

¹⁶ *Id.* at 35.

¹⁷ *Id.* at 21

remaining in the queue and then withdrawing. PJM notes that 52 percent of projects that suspended ultimately withdrew.¹⁸

Working together, the combination of readiness deposits, site control demonstration and avoidance of suspension, will likely provide incentives for developers whose projects are uncertain to avoid committing to the queue process or remaining in the queue. As PJM states:

With all projects moving collectively through the Cycle and making project decisions at the same time, developers will have more cost certainty when proceeding from one phase to the next. Further, with increased Readiness Deposits, developers whose projects trigger many Network Upgrades and therefore may not be viable will be incentivized to withdraw these non-viable projects from the Cycle. This improved information, coupled with Decision Points at which all projects in the Cycle must decide whether to advance or withdraw, and—if the former—invest additional funds, is expected to reduce the number of late-stage withdrawals, thereby minimizing the disruptive effect of cascading withdrawals. The fact that all projects must decide at the same time whether to advance or withdraw, and that PJM will perform retool studies on the remaining projects as a single group, is intended to dramatically reduce the time to process the Cycle as compared to the processing time under the current serial decision-making regime.¹⁹

These reforms should therefore mitigate some of the backlog and move more clean energy onto the grid at an accelerated pace from today's process.

III CONCLUSION

ACORE recognizes that a wider scope of reforms will be under consideration as a result of the Commission's June 16 Notice of Proposed Rulemaking on Improvements to Generator Interconnection Procedures and Agreements.²⁰ But the reforms proposed by PJM will make

¹⁸ *Id.* at 64.

¹⁹ *Id.* at 34-35

²⁰ 179 FERC ¶ 61,194

some sorely needed improvements in the current processes, and ACORE requests that the Commission approve the proposed tariff changes.

PJM itself acknowledges in its filing that further reforms may be required in the future.²¹ The Commission can accept these initial proposed reforms and then build upon them in the future within the June 16 proposed rulemaking and future rulemakings. ACORE looks forward to providing more detailed comments on the wider array of reforms to be considered.

Respectfully submitted,

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²¹ PJM Filing at iii-iv

CERTIFICATE OF SERVICE

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

Dated at Washington, DC this 14th day of July 2022.

/s/ Elise Caplan

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