UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

PJM Interconnection, L.L.C.	)	Docket No. ER25-712

PROTEST OF THE AMERICAN COUNCIL ON RENEWABLE ENERGY

Pursuant to Rule 211 of the Federal Energy Regulatory Commission ("Commission") Rules of Practice and Procedure,[1] the American Council on Renewable Energy ("ACORE") submits this protest to the PJM Interconnection, L.L.C ("PJM") proposal for revisions to its Open Access Transmission Tariff to implement the Reliability Resource Initiative filed with the Commission on December 13, 2024 ("RRI Proposal").

As has been well demonstrated in communications on behalf of PJM stakeholders in advance of PJM's filing, the RRI Proposal is unduly discriminatory and preferential, as well as in violation of the filed rate doctrine and the prohibition against retroactive ratemaking.[2] In addition to these significant legal reasons, the Commission should reject the RRI Proposal because of the following:

- Although PJM states that the RRI Proposal is needed to address near-term reliability concerns, it cannot be justified on these grounds.

[1] 18 C.F.R. § 385.211 (2024).

[2] Norman C. Bay, Willkie Farr & Galagher, LLP, Letter to the Honorable Willie L. Phillips, Chairman, Federal Energy Regulatory Commission (Nov. 26, 2024) ("Bay Letter") available at: https://www.pjm.com/-/media/DotCom/about-pjm/who-we-are/public-disclosures/2024/20241203-bay-letter-re-proposed-reliability-resource-initiative.pdf; Sheppard, Mullin, Richter & Hampton LLP, Memorandum to Mark Takahashi Chair, PJM Board of Managers and Manu Asthana, President and CEO, PJM Interconnection, LLC (Nov. 27, 2024), available at: https://www.pjm.com/-/media/DotCom/about-pjm/who-we-are/public-disclosures/2024/20241203-renewable-developer-letter-re-proposed-reliability-resource-initiative.pdf.

- The RRI Proposal will likely disrupt the timeframe PJM established for addressing the interconnection backlog, add additional complexity and uncertainty to the interconnection process, and further strain PJM and stakeholder time and resources.
- PJM is ignoring more legally durable and beneficial steps that can be taken to accelerate the interconnection of needed resources and improve reliability.

I. PJM Has Not Demonstrated Sufficient Reliability Concerns to Warrant the RRI

PJM proposes a scoring system to select the RRI projects that assigns over half of the points to the Unforced Capacity (UCAP) and Effective Load-Carrying Capability (ELCC) values. Such a rubric prioritizes thermal generation that tends to have higher UCAP and ELCC and downplays other critical factors more directly related to the ability of a resource to mitigate reliability concerns. The proposed scoring system assigns no weight to a project's absence of fuel dependency and lower weights to location, expected completion, uprates and utilization of headroom. As a result, certain thermal projects may receive a higher score than other projects with lower individual capacity accreditations that may come on-line more quickly and be more available at critical times.

The ELCC differential is exacerbated by the fact that the ELCC values proposed for use in the RRI are lower for wind and solar and the same or higher for natural gas, coal, and nuclear resources as compared to the ELCC values being used for the 2026/2027 delivery year Base Residual Auction (BRA).[3] PJM acknowledges without justification that these proposed values "will be used only for purposes of the RRI scoring mechanism and may not be reflective of

[3] See RRI Proposal Transmittal Letter ("Transmittal Letter') at 60-61; ELCC Class Ratings for the 2026/2027 Base Residual Auction, available at: https://www.pjm.com/-/media/DotCom/planning/res-adeq/elcc/2026-27-bra-elcc-class-ratings.pdf

actual ELCC values developed prior to the Base Residual Auction for the relevant Delivery Year."[4]

Not only is the RRI discriminatory but the advantage provided to thermal resources is not justified when considering PJM's reliability needs. As pointed out in the letter from Norman C. Bay to Commission Chair Willie L. Phillips, "there is no emergency or imminent shortage of resources" and "PJM has a 29% installed reserve margin, which far exceeds its 17.7% target."[5] Further, resource retirements cannot be predicted with any level of certainty and there are already projects moving rapidly through the queue that can meet PJM's resource adequacy needs.[6] Unfortunately, as discussed further, this potential disruption of the queue process from the RRI can itself harm future reliability.

In its December 2024 Long-Term Reliability Assessment, the North American Electric Reliability Corporation (NERC) projects that PJM's Anticipated Reserve Margin *does not* fall below the Reference Margin Level until 2034.[7] Moreover, NERC notes that PJM's reliability risks tend to occur during specific extreme cold weather periods, during which there is a risk of poor performance from thermal resources:

> The risk occurs in days when temperatures are very low, which results in high loads across the assessment area. If resource performance were to occur at the levels expected during average winter days, the system should be able to serve these high loads. *However, resource performance from thermal resources on very cold days, especially natural gas resources, is more likely to be poor*. This, coupled with poor performance from solar

[4] Transmittal Letter at 61.

[5] Bay Letter at 5-6.

[6] *Id.*

[7] North American Electric Reliability Corporation, 2024 Long-Term Reliability Assessment (Dec. 2024) at 91, available at: https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_Long%20Term%20Reliability%20Assessment_2024.pdf

resources, results in very low total electricity supply and causes loss-of-load events in the ProbA analysis. [8]

II. The Proposal Would Delay and Impede the Interconnection Process

By incorporating the review of RRI applications into the time frame for reviewing the Legacy Transition Cycle #2 projects, PJM risks delaying the process for these legacy projects, which can also impact projects in later interconnection cycles. PJM limits the number of selected RRI projects to 50, but there is no limit to the number that can apply and be reviewed during this time frame, placing an additional strain on PJM and stakeholder time and resources. Although PJM asserts that "applications will be processed within the Legacy Transition Cycle #2 application review period, so they will not delay the processing or studies of the Legacy Transition Cycle #2 projects,"[9] there is no explanation of how PJM's limited resources would somehow be used to process both the RRI and Legacy Cycle #2 projects without resulting in a delay. Moreover, PJM is still devoting resources to completion of the Fast Lane process, which is still ongoing.[10]

It is worth noting that in his written testimony to the Commission's September 2024 Workshop on Innovations and Efficiencies in Interconnection ("Interconnection Workshop"), Donald Bielak, P.E., Director of Interconnection Planning for PJM stated that "adding new requirements into this negotiated and Commission-approved transition process mid-stream could very well prove counter-productive by actually slowing and complicating the process at the very time all of us are desiring it to move faster in order to process the existing backlog of

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[8] *Ibid.* Emphasis added.

[9] Transmittal Letter at 26.

[10] See Andrew Lambert, PJM Interconnection, L.L.C, *Fast Lane & TC1 Progress Update*, Slide 5 (Dec. 2024) showing that just 40 percent of the Fast Lane projects had fully executed agreements as of December 2024. Available at: https://www.pjm.com/-/media/DotCom/committees-groups/subcommittees/ips/2024/20241211/20241211-item-03---fast-lane--tc1-progress-update.pdf

interconnection requests."[11] This same logic applies to PJM's evaluation of RRI applications at the same time as the Cycle #2 process.

In addition, PJM acknowledges these staff and time limitations as a reason that it cannot implement a process to hold harmless the Legacy Transition Cycle #2 projects from the negative effects of the RRI projects, noting the extensive time and resources required to conduct multiple studies to determine and allocate additional Network Upgrade Costs.[12]

The delays and uncertainty that the RRI would create for projects in Cycle #2 and later cycles could impede project development, creating greater risks for future reliability.

III. PJM Should Prioritize More Effective and Non-Discriminatory Steps to Improving Interconnection

Given the likely harms from RRI implementation, ACORE urges PJM to use other available reforms to improve the queue process. PJM has separately filed proposed tariff revisions to expand the use of Surplus Interconnection Service, which is one such important step.[13] In addition, as was discussed during the Commission's Interconnection Workshop, there are multiple other opportunities for improvements to the interconnection process that would have tangible reliability benefits.

In ACORE's comments on the Interconnection Workshop, we recommended focusing on more beneficial and holistic interconnection improvements rather than queue prioritization schemes. Priority should be given to improved coordination of long-term transmission planning

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[11] Statement of Donald Bielak, P.E. on Behalf of PJM Interconnection, L.L.C., Innovations and Efficiencies in Generator Interconnection, Docket No. AD24-9-000 (Aug 26, 2024) at 3, available at: https://www.pjm.com/-/media/DotCom/documents/ferc/filings/2024/20240826-ad24-9-000.pdf

[12] Transmittal Letter at 28.

[13] PJM Interconnection, L.L.C., Docket No. ER25-778-000*, Proposed Tariff Amendments for Surplus Interconnection Service* (Dec. 20, 2024).

and interconnection needs; more certainty for interconnection customers, such as through the use of an "entry fee" as is under consideration in the Southwest Power Pool; and greater transparency and consistency for the study methodologies and interconnection data.[14] Additional interconnection improvements include a more viable Energy Resource Interconnection Service (ERIS) option, greater use of resource replacement, incorporation of planned colocations of large loads and generating resources into the interconnection study process, and customers self-funding their interconnection studies.

Significant reliability improvements can be obtained from increased interregional transmission and intertie optimization. In its June 2024 report, *Energy Transition in PJM: Flexibility for the Future*, PJM noted the importance of both the transfer capability available with other regions and improving the management and coordination of that capability.[15] PJM concludes that report by emphasizing the need to "track mismatches among" resource retirements, load growth, new generation entry, and *transmission buildout* and to enhance interregional coordination.[16] These steps are essential and will have far more beneficial outcomes for reliability than the RRI proposal.

IV. Conclusion

ACORE urges the Commission to reject PJM's RRI Proposal, recognizing the potential harms from and lack of justification for this unduly discriminatory proposal. In doing so, the

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[14] Comments of the American Council on Renewable Energy, *Innovations and Efficiencies in Generator Interconnection*, Docket No. AD24-9-000 (November 14, 2024), available at: https://acore.org/resources/acore-comments-on-ferc-interconnection-workshops/

[15] PJM Interconnection, L.L.C., *Energy Transition in PJM: Flexibility for the Future* (June 2024), at 16, available at: https://www.pjm.com/-/media/library/reports-notices/special-reports/2024/20240624-energy-transition-in-pjm-flexibility-for-the-future.ashx

[16] *Id.* at 22. Emphasis added.

Commission will send a strong message to other regions to emphasize more beneficial approaches to the interconnection process and future reliability.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of this pleading has been served this day upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated this 8th day of January, 2025.

/s/ Elise Caplan
Elise Caplan