

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Nora Mead Brownell, and Suedeen G. Kelly.

PJM Interconnection, LLC

Docket No. ER04-608-005
EL05-127-000

ORDER ACCEPTING SETTLEMENT AND
DISMISSING REQUEST FOR REHEARING

(Issued December 16, 2005)

Background

1. In an order issued on July 6, 2005, the Commission instituted an investigation and hearing as to whether it is unduly discriminatory for PJM Interconnection, LLC (PJM) to exclude generation connected to a distribution system from its behind-the-meter generation (BTM generation) netting program.¹ The PJM Industrial Customer Coalition (PJMICC) filed a request for rehearing of that order in Docket No. ER04-608-005. Additionally, the parties entered into settlement proceedings in Docket No. EL05-127-000.

2. On October 24, 2005, on behalf of the settling parties in Docket No. EL05-127-000, PJM filed a settlement agreement. The filing included revisions to the PJM Open Access Transmission Tariff (“PJM Tariff”), the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”), the Reliability Assurance Agreement Among Load Serving Entities in the MAAC Control Zone (“RAA”), the West Reliability Assurance Agreement Among Load Serving Entities In the PJM West Region (“West RAA”), and the Reliability Assurance Agreement Among Load Serving Entities In the PJM South Region (“RAA South”).

¹ *PJM Interconnection, LLC*, 112 FERC ¶ 61,034 (2005).

3. On November 10, 2005, American Municipal Power-Ohio, Inc. filed comments on the settlement agreement. On November 14, 2005, Commission Trial Staff and the North Carolina Electric Membership Corporation separately filed comments in support of the settlement agreement. No other comments were filed. On November 16, 2005, the settlement judge certified the settlement agreement to the Commission as uncontested.

Discussion

4. The settlement agreement, including the amendments to the PJM Tariff, Operating Agreement, RAA, West RAA, and RAA South, is in the public interest and is hereby approved and accepted for filing. The Commission's approval of the settlement agreement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding. This settlement provides an opportunity for generators connected to a distribution system to qualify for the BTMG netting provisions. We further note that the parties have provided that the standard of review of the Settlement Agreement is the just and reasonable standard.²

5. The tariff designations do not comply with *Designation of Electric Rate Schedule Sheets*, Order No. 614, 65 Fed. Reg. 18,221, (FERC Statutes & Regulations, Regulations Preambles July 1996-December 2000, ¶ 31,096 (2000)). PJM is required to file rate schedule sheets in conformance with Order No. 614 within 30 days of this order approving the settlement.

6. This order terminates Docket Nos. ER04-608-005 and EL05-127-000.

The Commission orders:

(A) The pending request for rehearing in Docket No. ER04-608-005 is dismissed.

(B) The uncontested settlement in Docket No. EL05-127-000 is approved and accepted.

² PJM Explanatory Statement to Settlement, filed on October 24, 2005, at 11.

(C) PJM is required to file rate schedule sheets in conformance with Order No. 614 within 30 days of this order, as discussed above.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.