

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

Neptune Regional Transmission System, LLC

Docket No. EL05-48-001

v.

PJM Interconnection, L.L.C.

ORDER ON REHEARING

(Issued June 23, 2005)

1. On February 10, 2005, the Commission issued an Order on Complaint,<sup>1</sup> regarding issues arising from the application of the Neptune Regional Transmission System, LLC (Neptune), a merchant transmission project, to interconnect with PJM Interconnection, L.L.C. (PJM). The February Order addressed PJM's interpretation of the interconnection provisions of its tariff and, specifically, PJM's application of its tariff to re-study the Neptune project in light of recently announced generation retirements within the PJM region. In this order, we grant in part and deny in part the requests to clarify certain aspects of the February Order, and deny requests for rehearing. This order benefits customers by ensuring that merchant transmission projects can move forward without being delayed by re-studies for unforeseeable events occurring after their queue position is established.

**Background**

2. The Neptune project is a merchant transmission project that will deliver 660 MW of capacity from New Jersey to Long Island via a high-voltage, direct current, underwater transmission cable. When the Neptune project filed its complaint in December 2004, it had been working for four years with PJM to finalize an Interconnection Agreement for

---

<sup>1</sup> *Neptune Regional Transmission System, LLC v. PJM Interconnection, L.L.C.*, 110 ¶ FERC 61,098 (2005) (February Order).

this project. The Neptune project's complaint arose from its dispute with PJM regarding the number of re-studies PJM was requiring for the second of the three levels of interconnection studies it was performing under its tariff. The first study, the Feasibility Study, was finalized in July 2001. The Neptune project thereafter requested the second level of study, the System Impact Study, which was completed in October 2003. The System Impact Study concluded that the cost of interconnecting the Neptune project to the PJM system would be \$3 million in system upgrade costs. A second System Impact Study was conducted when a higher-queued project withdrew its proposal. This second study, completed in January 2004, projected Neptune's system upgrade costs to be \$4.4 million.

3. The instant dispute between the Neptune project and PJM arose after a number of generators within the PJM system announced their retirements. In response to these announcements, PJM first required two additional System Impact Studies of the Neptune project. These additional studies were conducted in June 2004, and resulted in upgrade cost estimates of \$25.5 million and \$26.3 million, respectively. Thereafter, in September 2004, PJM announced that it had received notice of two additional proposed generator retirements, and that it would start a fifth System Impact Study of the Neptune project, with an anticipated completion date of May 2005. The parties attempted to settle their dispute through several months of dispute resolution discussions. When these efforts proved to be unsuccessful, Neptune filed a complaint requesting that the Commission address the question of whether PJM was complying with its tariff when it required repeated studies of the Neptune project due to announced generator retirements.

4. On February 10, 2005, the Commission issued an Order on Complaint ruling that the PJM tariff limited re-studies of interconnection projects to instances where a higher-queued project withdrew its proposal, or there was a change in the interconnection project's requested point of connection. The PJM tariff does not permit re-studies for announced generation retirement. Applying the tariff to the instant scenario, the Commission ruled that PJM properly conducted a re-study of the Neptune project in January 2004 when a higher-queued project withdrew its proposal, but that all subsequent re-studies, were not provided for by the PJM tariff. Therefore, the Commission found that the re-study estimate of \$4.4 million is the most up-to-date, properly conducted re-study allocating interconnection costs to Neptune.<sup>2</sup>

---

<sup>2</sup>As explained in the February Order, the re-study amount of \$4.4 million is an estimate based on identified facilities; the costs can be "trued up" based on the final construction costs, but additional upgrade facilities cannot be allocated to the interconnection customer. *Id.* at P 4.

5. In a companion order issued on February 10, 2005, the Commission instituted a proceeding under section 206 of the Federal Power Act (FPA) directing PJM to explain why the re-study procedures in its tariff for generation and transmission interconnection projects should be considered just and reasonable.<sup>3</sup>

### **Requests for Rehearing and Clarification**

6. On March 14, 2005, requests for rehearing and/or clarification of the February Order were filed by PJM; Public Service Electric and Gas Company (PSE&G); Jersey Central Power and Light Company, Metropolitan Edison Company and Pennsylvania Electric Company (together, FirstEnergy); and the Pennsylvania Public Utility Commission (Pennsylvania Commission). On June 15, 2005, the New Jersey Board of Public Utilities filed a letter in support of the request for rehearing of the Pennsylvania Commission.

7. PJM requests clarification of Paragraph 31 of the February Order which states that the costs of providing transmission service for the Neptune project will be “unknown” until there is a request for transmission service, and that such a request “may trigger upgrade costs” to the PJM system. PJM explains that when it studied Neptune’s interconnection request, it planned transmission capability for firm withdrawal of power from the PJM system to the interconnection point requested by Neptune.<sup>4</sup> PJM’s study of Neptune’s request for connecting to the grid, including the costs of PJM providing transmission capability for firm withdrawal of power, based on the second System Impact Study, were \$4.4 million. PJM explains that in order to grant Neptune firm transmission withdrawal rights, it is necessary to include the costs of upgrading the transmission capability of the PJM system at the interconnection phase of the Neptune project. According to PJM, under its tariff, firm transmission withdrawal rights are equivalent to firm transmission service from the PJM system to the Neptune terminal. Therefore, PJM explains that before it can provide Neptune with interconnection service, including firm transmission rights, PJM must construct transmission capacity upgrades. PJM therefore requests clarification to confirm its intent to allocate transmission upgrade costs above the \$4.4 million to the affected PJM transmission owners, in accordance with the PJM tariff. PJM further requests that the Commission confirm that a subsequent transmission

---

<sup>3</sup> *PJM Interconnection, L.L.C.*, 110 FERC ¶ 61,099 (2005).

<sup>4</sup> In support of this study approach, PJM cites its tariff, §§ 1.13A; 1.27A; 1.49A and 47.

service request to deliver power to Neptune is likely to require few, if any, additional upgrades to the PJM transmission system because Neptune has already been studied for firm Transmission Withdrawal Rights.

8. PSE&G contends that the February Order in effect “re-writes” PJM’s interconnection study process, thereby making it “inferior to the process articulated in Order No. 2003.”<sup>5</sup> PSE&G also argues that the impact of the February Order is to increase the likelihood that the costs of merchant transmission will be shifted to transmission ratepayers. In addition, PSE&G contends that by directing PJM to enter into an Interconnection Agreement within 10 days of the February Order and complete a Facilities Study within 60 days, the Commission is according preferential treatment to Neptune, a single market participant, in order to assist in its financing and construction of facilities.

9. PSE&G therefore requests that the Commission clarify on rehearing that for merchant transmission projects, PJM should separately study interconnection-related upgrades from transmission-related upgrades, and that generation retirements are only included in the costs of transmission-related upgrades. PSE&G further requests that the Commission clarify that requests for firm transmission service on merchant transmission projects will be studied pursuant to the PJM tariff and that any necessary upgrades will be charged to the party or parties requesting such service. Finally, PSE&G requests clarification that in the modeling process for Regional Transmission Expansion Plan (RTEP) analysis, the Neptune load be considered non-firm and curtailable for reliability reasons until such time as firm transmission service is actually requested for the project.

10. FirstEnergy, in its request for rehearing, argues that the Commission did not adequately address the issue of cost responsibility. Similar to PSE&G’s argument, FirstEnergy contends that PJM should not be including the costs of transmission service with its interconnection studies. FirstEnergy contends that PJM is taking this position prematurely, and contrary to the February Order. Additionally, FirstEnergy argues PJM’s failure to address the subsequent costs of transmission service, as anticipated in the February Order, relieves the Neptune project from being held responsible for the “but

---

<sup>5</sup> PSE&G cites *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, 68 Fed. Reg. 49,845 (Aug. 19, 2003), FERC Stats. & Regs. ¶ 31,146 (2003), *order on reh’g*, Order No. 2003-A, 69 Fed. Reg. 15,923 (Mar. 26, 2004), FERC Stats. & Regs., ¶ 31,160 (2004), *order on reh’g*, Order No. 2003-B, 70 Fed. Reg. 265 (Jan. 4, 2005), FERC Stats. & Regs. ¶ 31,171 (2004), *reh’g pending*; see also *Notice Clarifying Compliance Procedures*, 106 FERC ¶ 61,009 (2004).

for” costs of its interconnection.<sup>6</sup> FirstEnergy therefore requests that the Commission address all cost allocation issues associated with the Neptune project, including the cost responsibility for network upgrades above \$4.4 million. Further, FirstEnergy requests that the Commission allocate such cost to Neptune, because, it states, Neptune is responsible for them.

11. FirstEnergy also requests that the Commission hold a hearing on the issues of reliability, operational and cost-subsidization that FirstEnergy raised in response to the original Neptune complaint. FirstEnergy contends that, contrary to the Commission’s ruling in the February Order, PJM has not considered these concerns during its studies of the Neptune project.

12. Further, FirstEnergy argues that it was unreasonable for the Commission to require PJM to complete its facility study of the Neptune project within 60 days of issuance of the February Order, and requests that PJM be given the opportunity to petition the Commission for additional time.

13. Similar to PSE&G’s request, the FirstEnergy requests clarification on the issue of firm transmission withdrawal rights. FirstEnergy does not agree with PJM that Neptune’s request for firm transmission withdrawal rights under the PJM tariff includes transmission service, and contends that neither Neptune’s withdrawals nor the transmission upgrades necessary to facilitate the Neptune project should be included in the RTEP before Neptune has submitted a request for transmission service.

14. The Pennsylvania Commission filed a request for hearing on the grounds that the February Order improperly shifted transmission upgrade costs for the Neptune project to local transmission customers, in violation of the “just and reasonable” provisions of section 205(a) of the FPA, 16 U.S.C. § 824d(a). The Pennsylvania Commission also argues that the February Order erroneously ruled that the PJM tariff was ambiguous. The Pennsylvania Commission further contends that the Commission did not allocate all costs and business risks that should properly be the responsibility of Neptune. Moreover, the Pennsylvania Commission argues that the Commission should balance the benefits of merchant transmission systems against the monetary and environmental costs of the project to the public. Finally, the Pennsylvania Commission argues that the Commission has not extended to state commissions a reasonable opportunity to be heard in this matter.

---

<sup>6</sup> FirstEnergy cites *PJM Interconnection, L.L.C.*, 87 FERC ¶ 61,299, *reh’g denied*, 89 FERC ¶ 61,186 (1999).

**Answers**

15. PJM filed an answer to the requests for clarification filed by PSE&G and FirstEnergy in which PJM argues that PSE&G and FirstEnergy's interpretation of PJM's tariff is incorrect and unduly narrow. Contrary to PSE&G and FirstEnergy's views, PJM insists that its tariff's definition of firm transmission withdrawal rights does not limit merchant transmission to connection to attachment facilities. Rather, PJM argues that firm transmission withdrawal rights include a component of transmission deliverability to the point of interconnection. PJM explains that under this approach, the merchant transmission customer receives as complete a cost estimate of the proposed project as is possible. In this way the interconnection customer has available the most accurate information upon which to evaluate PJM's Interconnection Agreement.

16. PJM agrees with PSE&G and FirstEnergy that firm withdrawal rights under Part IV of the PJM tariff are distinct from transmission service under Parts II and III of the PJM tariff.<sup>7</sup> Under Part IV, a generator seeking interconnection and deliverability as a capacity resource is not guaranteed service. However, PJM points out that it studies generation interconnection requests for capacity resources to determine attachment and network upgrade costs to ensure deliverability to the PJM system. The parallel right for merchant transmission is firm withdrawal rights. Further, because the PJM studies include firm transmission withdrawal rights, PJM anticipates that when Neptune or its customer requests transmission service, any additional costs for transmission service will be minimal.<sup>8</sup> Finally, PJM explains that because it is planning for upgrades for Neptune to withdraw energy on a firm basis, PJM has included these necessary upgrades in its RTEP.

17. Neptune's answer to PJM's request for clarification supports PJM's position that transmission upgrades should be made now, and that PJM's allocation of costs above \$4.4 million are to be the responsibility of the PJM transmission owners in the area where transmission upgrades are required. Neptune also supports PJM's position that PJM correctly included the costs of Neptune's request for firm transmission withdrawal rights

---

<sup>7</sup> See PJM tariff, § 36.1.2

<sup>8</sup> PJM explains that its studies of the Neptune project do not include cost estimates for interconnection to areas of PJM that were not part of the RTO at the time the Neptune studies were begun. These areas include American Electric Power Service Corporation, Dayton Power and Light, Commonwealth Edison and Dominion Virginia Power. If Neptune requests receipt points in any of these areas, PJM may need to build additional upgrades to accommodate the Neptune project. PJM Answer at 4.

within the system impact study, and as a result, Neptune's subsequent transmission service request is likely to require few, if any, additional upgrades. Finally, Neptune requests that the Commission reject the PSE&G and FirstEnergy requests for clarification.

## **Discussion**

### **Procedural Matters**

18. Rule 213(a) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 213(a), prohibits an answer to a rehearing request, unless otherwise permitted by the decisional authority. We will accept PJM's and Neptune's answers. In addition we accept as a comment, the letter from the New Jersey Board of Public Utilities.

### **Interconnection Study Process**

19. Upon review of Order No. 2003 and the PJM tariff, we reaffirm that a project's queue position forms the basis for the determination of an interconnection customer's cost responsibilities for the construction of facilities or upgrades to accommodate its request.<sup>9</sup> The queue prioritizes all of the projects pending before the interconnection provider. The queue date for each project is the date the interconnection provider determines that the interconnection customer's application is valid.<sup>10</sup> This queue date serves important functions for the interconnection customer and the interconnection provider. It does not, as PSE&G contends, simply "freeze" the costs of interconnection. Rather, it establishes a baseline from which the studies are conducted. As we explained in the February Order, by looking to the date of each customer's position in the queue, the interconnection customer may assess its business risks. Each customer knows that cost allocations will be determined by the interconnection provider's studies based upon circumstances existing as of the queue date. Projects may drop out of the queue and customers may move up the queue, but the queue system ensures that an interconnection customer does not pay for costs occurring after it joins the queue, other than for events defined by the tariff, where the potential costs are reasonably known, such as higher queued projects dropping out. Most importantly, as we explained in the February Order, without the queue system, there exists the possibility for unlimited changes, creating the potential for havoc for interconnection providers and customers alike.

---

<sup>9</sup> See PJM tariff § 36.10

<sup>10</sup> Order No. 2003 at P 35.

20. The three-tiered study process established under Order No. 2003 includes several bases for re-studies of interconnection projects: (1) when a higher-queued project drops out of the queue; (2) a modification of a higher-queued project is required; or, (3) the point of interconnection is re-designated.<sup>11</sup> The February Order rejected PJM's position that it may conduct a re-study whenever PJM deems it appropriate. Further, the February Order held that PJM's re-studies of the System Impact Study were not performed in accordance with PJM's tariff, and that the possible costs due to the announcement of generator retirements after Neptune's queue date should have no bearing on the Feasibility Study. Because the PJM tariff provisions were unclear as to the conditions for re-studies, we interpreted the PJM tariff in light of the re-study provisions of Order No. 2003 in combination with the fundamental principles of the queue system, and concluded that re-studies are permitted based on changes that were reasonably foreseeable and calculable at the time a project joins the queue.

21. PSE&G argues that the Commission erred by limiting re-studies to withdrawal of higher-queued projects. In support of PSE&G's view that other factors may form the basis for re-studies, PSE&G relies upon Commission approval of a Midwest Independent System Operator (Midwest ISO) tariff compliance filing in which the Commission accepted changes in design standards and reliability criteria as grounds for re-studies.<sup>12</sup> We are not persuaded that the *Midwest ISO* decision applies to the PJM tariff. As we discussed in the February Order, the PJM tariff is vague regarding the effect of queue position on costs and the conditions triggering re-studies. Unlike the Midwest ISO tariff, which includes an expanded list of events permitting re-studies, the PJM tariff is unclear and vague about what circumstances trigger a re-study. Further, as we noted in *Midwest ISO*, the list of events provide the "Interconnection Customer with more certainty regarding the possibility that an interconnection request will be re-studied."<sup>13</sup> The PJM tariff provides no certainty as to conditions leading to a re-study. Therefore, the Commission's acceptance of the Midwest ISO interconnection procedures provides no precedent for permitting PJM to repeatedly re-study a project with no reasonable limitations. Given the vagueness of the PJM tariff, the Commission interpreted the tariff in conformity with the general Order No. 2003 principles.

---

<sup>11</sup> *Id.* at LGIP § 7.6.

<sup>12</sup> See *Midwest Independent Transmission System Operator, Inc.*, 109 FERC ¶ 61,085 at P 34, n. 30 (2004) (*Midwest ISO*).

<sup>13</sup> *Id.*

22. FirstEnergy argues that under both the PJM tariff and Commission precedent, Neptune must be held responsible for all of the “but for” costs of its project.<sup>14</sup> Further, FirstEnergy and the Pennsylvania Commission contend that the Commission requires merchant transmission developers to assume full market and financial risk for their projects.<sup>15</sup> Merchant transmission developers, and the Neptune project specifically, are held responsible for the costs and the risks of their projects based on the system configuration at the time of their queue position. However, these costs must be determined within the framework of PJM’s tariff, properly and reasonably construed, as discussed above. Projects cannot be held responsible for costs that occur after their queue positions are established, because that could lead the interconnection provider, as was the case here, to fail to not determine a final level of interconnection costs within a reasonable period of time. As discussed further in the next section, upgrade costs occurring after the interconnection process can be allocated based on Schedule 12 of PJM’s tariff.<sup>16</sup> Only in this way is the interconnection cost allocation process just and reasonable.

23. We uphold our previous finding that, in this case, PJM’s continuous delay in finalizing an Interconnection Agreement is unjust and unreasonable. Allowing repeated re-studies for possible speculative events occurring after a project joins the queue unfairly delays the ability of projects to receive financing and commence construction. Project sponsors are entitled to a timely upfront determination of costs, based on reasonably foreseeable events. For example, the interconnection customer will know the costs

---

<sup>14</sup> FirstEnergy cites *PJM Interconnection, L.L.C.*, 87 FERC ¶ 61,299, *reh’g denied*, 89 FERC ¶ 61,186 (1999).

<sup>15</sup> FirstEnergy cites *TransEnergie Ltd.*, 91 FERC ¶ 61,230 (2000); *Neptune Regional Transmission System, LLC*, 96 FERC ¶ 61,147 (2001), *order on reh’g*, 96 FERC ¶ 61,326 (2001); *TransEnergie Ltd.*, 98 FERC ¶ 61,144 (2002); *TransEnergie Ltd. and Hydro One Delivery Services, Inc.*, 98 FERC ¶ 61,147 (2002); *Northeast Utilities Service Co.*, 97 FERC ¶ 61,026 (2001); *Northeast Utilities Service Co.*, 98 FERC ¶ 61,310 (2002).

<sup>16</sup> For instance, if PJM had already signed an Interconnection Agreement with Neptune or the Neptune project had already been built, and PJM’s system configuration changed, any resulting upgrade costs could not have been directly assigned to Neptune, but would have been allocated pursuant to Schedule 12 of the tariff. The same result should be applied to upgrade costs incurred based on events occurring after the project’s queue position is determined in order to ensure that projects are not unduly delayed while system configuration issues are confronted.

associated with any higher queued project and can therefore factor into its analysis the possibility that it may have to pay some of those costs in the event the higher queued project drops out. There is no certainty in a process that can be continued indefinitely based on potential retirements or other reconfigurations of the transmission owner's system. We therefore deny rehearing and uphold our conclusion in the February Order that the process PJM sought to apply in this case is unjust and unreasonable, and it is just and reasonable for PJM to provide to Neptune an Interconnection Agreement based on Neptune's queue position as of January 2004.

### **Upgrade Costs**

24. PJM requests clarification of Paragraph 31, with respect to its proposed allocation of system upgrade costs above the \$4.4 million assigned to Neptune. PJM proposes to allocate such costs to PJM transmission owners. Other parties also request clarification of this issue. They contend, however, that the Commission should not exempt Neptune or its load from their fair share of upgrade costs, and that the costs above \$4.4 million should be assigned to Neptune.

25. The Commission grants the request for clarification of the February Order. The Commission again emphasizes that its order here deals only with the costs that can be included in Neptune's Interconnection Agreement and that Neptune is required to pay upfront. The February Order does not address subsequent upgrade costs (not included in the project's projection) that may be imposed pursuant to PJM's regional transmission expansion plan. These costs, which are solely reliability upgrade costs, are allocated to Transmission Owners and then assigned to transmission customers (*i.e.*, load) through PJM's Transmission Enhancement Charge specified in Schedule 12 of the PJM tariff.<sup>17</sup> The Transmission Enhancement Charge is assessed when the transmission owner builds the upgrades and then files to recover its costs of construction.<sup>18</sup>

26. It would be premature at this point for the Commission to determine how those reliability costs associated with possible generator retirements, if incurred, should be

---

<sup>17</sup> PJM Interconnection, LLC, Sixth Revised Volume No. 1, First Revised Sheet No. 270A.

<sup>18</sup> See *Allegheny Power System Operating Companies*, 111 FERC ¶ 61,308 (2005) (order accepting revisions to Schedule 12).

allocated among the load in the zone affected, including the Neptune project or the load using Neptune's transmission line to buy power in PJM.<sup>19</sup> That will be determined when the transmission owner makes a filing to recover the costs of such network upgrades.

27. Parties requesting rehearing contend that acquisition of transmission rights, including firm transmission withdrawal rights, should be independent of the interconnection process as required by the Commission in Paragraph 31 of the February Order. PJM's tariff provides for a merchant transmission provider to obtain firm withdrawal rights at the time it obtains its Interconnection Agreement,<sup>20</sup> and it would not be appropriate here to change, under section 206, the basis upon which the Neptune project is being planned and built; such a change would in fact operate retroactively by changing the assumptions on which the project was planned. The Commission therefore clarifies that PJM's proposed allocation of system upgrade costs is in conformance with its tariff. The Commission clarifies, however, that to the extent that a customer of Neptune requests network or firm point to point transmission service on PJM beyond the firm withdrawal rights already accorded by PJM to Neptune, that customer may be responsible for additional upgrade costs under the PJM tariff that are required to meet its specific needs.<sup>21</sup>

### **Reliability and Operational Concerns**

28. In its rehearing requests, FirstEnergy reiterates the reliability and operational concerns it expressed in its January 6, 2005 protest to the Neptune complaint. The issues deal with real and reactive losses, voltage instability, curtailments and reliability margins. FirstEnergy contends that contrary to the premise of the Commission's ruling in the February Order, PJM has not considered these concerns during its studies of the Neptune project. FirstEnergy therefore requests that the Commission hold a hearing on these issues.

---

<sup>19</sup> See, e.g., PJM tariff, § 1.13A, First Revised Sheet No. 35 (firm withdrawal rights from a DC merchant transmission project are treated the same as firm point-to-point transmission service); Attachment K, Appendix, § 1.4, Second Revised Sheet No. 331 (market buyers must obtain network transmission or point-to-point transmission service).

<sup>20</sup> PJM tariff, § 1.13A, First Revised Sheet No. 35; § 47.3, First Revised Sheet No. 133.

<sup>21</sup> PJM tariff, § 13.5, Original Sheet No. 55 (firm point-to-point transmission service); § 32.4, Original Sheet No. 89 (network integration transmission service).

29. As noted in the February Order, reliability and operational concerns are the exact types of issues that PJM should study in the Feasibility Study, the System Impact Study and the Facility Study.<sup>22</sup> Questions concerning the validity of PJM's study process are beyond the scope of this proceeding, which deals only with the question of interconnection restudies based on events occurring after the applicant's queue position has been established. Questions concerning the scope of PJM's review should have been raised during the course of the studies, not afterwards. To the extent that First Energy is raising questions about the necessity for and allocation of costs for upgrades necessary to ensure reliability of service for all firm loads, those issues were discussed above and will be resolved pursuant to PJM's RTEP, and the costs allocated pursuant to filings under Schedule 12 of PJM's tariff. Moreover, we will deny PSE&G's request for clarification that the Neptune load be considered non-firm in the modeling process of the RTEP. As we discussed earlier, PJM's tariff provides for the allocation of firm transmission withdrawal rights and, therefore, it is appropriate for PJM to include such firm withdrawal rights in its RTEP planning process. We, therefore, will deny FirstEnergy's and PSE&G's rehearing requests.

#### **Facilities Study Timeframe**

30. PSE&G argues that the Commission erred when it ordered PJM to "deviate" from its tariff by directing PJM to enter into an Interconnection Agreement within 10 days and to complete the Facilities Study within 60 days of the issuance of the February Order. FirstEnergy argues that the Commission erred when it directed PJM to complete its Facilities Study of the Neptune project within 60 days without PJM also being granted additional time, if required, to complete this final study.<sup>23</sup>

31. We note that PJM has not objected to the Commission's time frames. In fact, PJM filed an unexecuted conforming Interconnection Agreement on May 25, 2005 in Docket No. ER05-1010-001. In a companion order, we are accepting the PJM Interconnection Agreement for the Neptune project. PSE&G's request for rehearing is denied.

---

<sup>22</sup> February Order at P 32.

<sup>23</sup> FirstEnergy cites *PJM Interconnection, L.L.C.*, 87 FERC ¶ 61,299, 62,198 (1999) in support of its position that PJM should be allowed to petition the Commission for additional time to complete this study.

**Interests of State Commissions**

32. The Pennsylvania Commission argues that the February Order did not afford state commissions a reasonable opportunity to be heard. The Commission notes that the Pennsylvania Commission, as well as the New York State Department of Public Service, the New Jersey Board of Public Utilities, the New Jersey Division of Ratepayer Advocate, and the Maryland Public Service Commission, are all parties to this proceeding. As such, they had a reasonable opportunity to express their views on the issues in the complaint.

The Commission orders:

(A) The requests for clarification are hereby granted in part and denied in part, as discussed in the body of this order.

(B) The requests for rehearing are hereby denied, as discussed in the body of this order.

By the Commission.

( S E A L )

Linda Mitry,  
Deputy Secretary.