

125 FERC ¶ 61,279
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

December 9, 2008

In Reply Refer To:
PJM Interconnection, L.L.C.
Docket No. ER09-63-000

PJM Interconnection, L.L.C.
955 Jefferson Avenue
Norristown, PA 19403

Attention: Steven R. Pincus
Counsel for PJM Interconnection, L.L.C.

Reference: Request for Limited Waiver

Dear Mr. Pincus:

1. On October 10, 2008, PJM Interconnection, L.L.C. (PJM) filed a request for limited waiver to comply with the Available Transmission Capability (ATC) evaluation timing requirements applicable to hourly Non-Firm Transmission Service¹ under section 18.4 of the PJM Open Access Transmission Tariff (Tariff). In this order, the Commission grants the requested waiver, as discussed below.
2. On October 6, 2006, PJM filed revisions to section 18.4 of the PJM Tariff to amend the timing requirements for Non-Firm Transmission Service.² Specifically, PJM revised the applicable timing requirements for the ATC evaluation for hourly Non-Firm Transmission Service requests from 30 minutes to 15 minutes. PJM adopted this tariff revision to align PJM and the Midwest Independent System Operator, Inc.'s (Midwest

¹ Non-Firm Transmission Service includes both Non-Firm Point-to-Point Transmission Service pursuant to Part II of the Tariff and Secondary Network Service under section 28.4 of the Tariff.

² *Citing* PJM Filing Docket No. ER07-20-000, as amended by Errata Filing submitted on October 27, 2006.

ISO) OASIS transmission service products as a joint and common market initiative.³ In doing so, PJM states it exceeded the 30-minute requirement in the *pro forma* Tariff,⁴ and the applicable North American Electric Standards Board (NAESB) Wholesale Electric Quadrant (WEQ) standards.⁵

3. PJM states at the time it adopted the 15-minute rule, historically, PJM had been able to evaluate ATC for hourly Non-Firm Transmission Service requests in approximately three minutes. As a result, PJM anticipated being able to continue to complete ATC evaluations within the 15 minute rule.

4. PJM states that since it implemented the 15-minute rule, it has experienced a sharp increase in the volume of hourly Non-Firm Transmission Service requests requiring ATC evaluations above the historic level of 200 per month. By April 19, 2007, PJM states that the number of transmission service requests dramatically increased, as PJM modified its OASIS system to: 1) evaluate “Non-Firm Willing to Pay Congestion (WPC) transmission service”⁶; and 2) automate the submission of hourly Non-Firm Transmission Service requests to participate in the day-ahead market. As a result, ATC evaluations grew, during the period December 2006 to August 2008, from 200 requests per month to approximately 24,000 per month. In addition, PJM states that the change in automation has led to a significant number of requests being submitted as close as possible to the

³ See Joint and Common Reports filed on June 28, 2006, February 28, 2006, and October 31, 2005, Docket Nos. ER04-375-017 and ER04-375-018. On September 29, 2006, the Midwest ISO filed proposed revisions to the Midwest ISO Open Access Transmission and Energy Markets Tariff in Docket No. ER06-1554-000.

⁴ Preventing Undue Discrimination and Preference in Transmission Service, Order No. 890, FERC Stats. & Regs. ¶ 31,241 (2007), Appendix C, Pro Forma Open Access Transmission Tariff, section 18.4, *order on reh’g*, Order No. 890-A, 73 Fed. Reg. 2984 (Jan 16, 2008), FERC Stats. & Regs. ¶ 31,261 (2007).

⁵ NAESB WEQ Standard 001-4.13, Table 4-2.

⁶ Non-Firm WPC transmission service is reserved by customers who wish to pay congestion charges (or self curtail at a certain congestion charge) rather than have PJM curtail their transactions due to constraints for which the associated schedules have an aggravating effect. See PJM Tariff, Schedule 8, paragraph 5 and Joint Operating Agreement sections 5.1.7 and 6.1.1.

12:00 pm deadline to avoid early disclosure of their market positions.⁷ PJM contends that this behavioral pattern coupled with the growing number of ATC evaluations has made it difficult for PJM to continue to evaluate these requests within the 15-minute rule.

5. In response to this performance issue, PJM implemented in early 2008, a 5-phase project to address the ATC evaluation problem before it rose to the level of a Tariff violation. However, after completing 3 of the 5 phases, PJM discovered a better solution is to enhance the efficiencies of the OASIS system. The new solution requires PJM to remove the ATC evaluations from the OASIS to a third party vendor, PowerGEM.⁸ PJM states that PowerGEM will consolidate the evaluation into the existing Available Flowgate Capacity (AFC) calculation tool, which bypasses the bottleneck in the current OASIS software. However, PJM states the PowerGEM solution will not be completed until December 31, 2009, due to the lack of resources needed to complete this project.⁹

6. In the interim, PJM developed an OASIS performance enhancement solution (the Interim Solution)¹⁰ to address the problem while PJM continues to work on the PowerGEM solution. While PJM states it is too early to predict with certainty the full extent of the Interim Solution's effectiveness, PJM believes, on a short-term basis, that it is possible for PJM to meet the 15-minute rule under section 18.4 of the PJM Tariff, but it is unsure of its ability to meet the 15-minute window if increased Non-Firm Transmission Service requests are made.

7. As a result, PJM respectfully request that the Commission grant limited waiver of the requirements in section 18.4 of the Tariff to evaluate ATC for hourly service requests 15 minutes following receipt of a tendered schedule for Non-Firm Transmission Service until December 31, 2009.

8. PJM states the Commission focuses on three factors in granting tariff waivers: (1) whether the underlying error was made in good faith; (2) whether the waiver is of limited scope; (3) whether a concrete problem needed to be remedied; and (4) whether

⁷ Citing PJM Tariff, Attachment K, section 1.10.1A.

⁸ PowerGEM is PJM's current AFC/ATC vendor.

⁹ PJM attributes the lack of resources to staff's participation in the development of automation requirements for resale transmission service, as required by Order No 890. See Order No. 890 at P 815.

¹⁰ The Interim Solution simply adds efficiencies to the existing OASIS codes, which were not provided by the OASIS developer.

the waiver did not have undesirable consequences, such as harming third parties.¹¹ PJM claims it meets these standards. PJM states that during the waiver time period it hopes to continue to use the Interim solution to evaluate ATC for hourly service requests 15 minutes following receipt of a tendered schedule for Non-Firm Transmission Service, and that during the waiver period it agrees to meet the 30 minute time limit requirement consistent with the *pro forma* Order 890 Tariff and NAESB standards.

9. Notice of PJM's request for limited waiver was published in the *Federal Register*, 73 Fed. Reg. 65,536 (2008), with comments, interventions and protests due on or before October 31, 2008. No protests or adverse comments were received. NRG Companies filed a motion to intervene.

10. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2008), NRG Companies' timely unopposed motion to intervene serves to make them a party to this proceeding.

11. The Commission concludes PJM has shown good cause for the Commission to grant limited waiver. Therefore, PJM's request for limited waiver of the requirements under section 18.4 of PJM's Tariff until December 31, 2009 is granted. During that period, PJM must meet the 30-minute processing time consistent with the *pro forma* Order 890 Tariff and NAESB standards. Moreover, the limited waiver is conditioned on PJM submitting a progress report to the Commission six months from the date of issuance of this order.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

¹¹ Citing *New York Independent System Operator, Inc.*, 125 FERC ¶ 61,005 (2008).