

130 FERC ¶ 61,068
FEDERAL ENERGY REGULATORY COMMISSION
Washington, D.C. 20426

January 28, 2010

In Reply Refer To:
PJM Interconnection, L.L.C.
Docket No. ER10-344-000

Jacquelynn Hugee, Esq.
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Dear Ms. Hugee:

1. On December 1, 2009, pursuant to Rule 207(a)(5) of the Commission's Rules of Practice and Procedure,¹ PJM Interconnection, L.L.C. (PJM) submitted for filing a request for limited waiver of Schedule 8.1 of the Reliability Assurance Agreement among Load Serving Entities in the PJM Region (RA Agreement) to permit the early termination of the fixed resource requirement (FRR) status of the City of St. Charles, Illinois (City of St. Charles or St. Charles). PJM states that this requested waiver is necessary to allow St. Charles' load to be coextensive with other loads of the Illinois Municipal Electric Agency (IMEA), which currently participate in the FRR alternative but are scheduled to terminate on May 31, 2013.
2. For the reasons discussed below, we grant PJM's requested waiver, effective January 30, 2010, as requested.

¹ 18 C.F.R. § 385.207(a)(5) (2009).

3. PJM states that the City of St. Charles owns and operates the St. Charles Municipal Electric Utility, which receives power from several power suppliers, including IMEA. PJM states that IMEA's load in the PJM footprint consists of the Cities of St. Charles and Rock Falls and the Village of Winnetka. According to PJM, IMEA serves a portion of its PJM load through the FRR alternative and a portion through PJM's Reliability Pricing Model (RPM).

4. According to PJM, IMEA integrated its Winnetka and Rock Falls load into PJM on January 1, 2008. PJM explains that, due to the forward nature of the RPM, IMEA was not able to serve this load under RPM for the 2007/08 through 2010/2011 delivery years; because IMEA had available capacity, it instead elected to serve the load under the FRR alternative. Pursuant to the terms of Schedule 8.1 of the RA Agreement, the election of the FRR alternative is "for a minimum term of five consecutive Delivery Years." Accordingly, IMEA's FRR obligation will terminate on May 31, 2013. PJM states that IMEA plans to place the Winnetka and Rock Falls loads in the RPM beginning June 1, 2013, if the City of St. Charles can also be moved into the RPM at the same time.

5. PJM states that, as of January 1, 2008, IMEA had sufficient resources to meet the load requirements not only of Winnetka and Rock Falls, but also of St. Charles. However, according to PJM, IMEA, as an FRR entity, was limited by the PJM tariff in the number of megawatts of capacity resources it could use to meet the load of St. Charles if that load was served under the RPM. Therefore, PJM states, IMEA had to serve the load of the City of St. Charles under the FRR alternative. PJM explains that the first base residual auction after it received IMEA's request was held in January 2008 for the 2010/2011 delivery year. Pursuant to the five-year minimum requirement under the FRR alternative, the designation of the City of St. Charles under IMEA's FRR plan was made effective June 1, 2010 and is scheduled to terminate on May 31, 2015. Hence, according to PJM, the City of St. Charles is not eligible for RPM participation until June 1, 2015. PJM therefore requests that the Commission waive the five-year minimum term requirement for the FRR alternative to permit the City of St. Charles to terminate its FRR participation twenty-four months early, effective June 1, 2013, to be coextensive with the IMEA's other loads, and thereby permit PJM to include the St. Charles load in IMEA's total load for participation in the May 2010 base residual auction for the 2013/14 delivery year.

6. PJM states that IMEA asked it to file this limited waiver request because of two significant changes in IMEA's circumstances since it made its FRR/RPM elections. First, according to PJM, beginning June 1, 2011, the City of Naperville will become a member of IMEA and will be included in IMEA's PJM load. According to PJM, the

Naperville load is now participating in the RPM and is expected to continue to do so in the foreseeable future, and IMEA currently self-supplies resources into the RPM auction in order to partially serve the Naperville load.

7. Second, PJM explains that it has become difficult for IMEA, as an FRR entity, to self-supply its RPM requirements because the FRR self-supply offer caps specifically limit the amount of capacity that FRR entities can offer into the RPM auction for new load. PJM maintains that if IMEA's load requirements under the RPM were to increase, it would not be able to self-supply resources into the RPM auctions due to the self-supply offer cap. According to PJM, IMEA has advised that having all of its load from Winnetka, Rock Falls, St. Charles and Naperville under the RPM would greatly increase its efficiency in meeting these loads' capacity requirements.

8. PJM asserts that the instant request meets the Commission's requirements for granting waiver because: (i) the requested waiver is of very limited scope, affecting less than 140 MW of capacity for the City of St. Charles only; (ii) granting the waiver will remedy the concrete problem of IMEA's need to synchronize the participation of its load, gain economies of scale, and not have its participation in the RPM unnecessarily constrained; and (iii) waiver will not harm other parties, and, in fact, is likely to be beneficial because it will allow IMEA to bring more capacity to the RPM auctions, and IMEA intends to self-schedule its additional resources at \$0/MW-day, likely resulting in lower RPM clearing prices.

9. Notice of PJM's filing was published in the *Federal Register*, 74 Fed. Reg. 65111 (2009), with interventions and comments due on or before December 22, 2009. The Illinois Commerce Commission filed a notice of intervention. Timely motions to intervene were filed by Exelon Corporation and American Electric Power Service Corporation. No adverse comments were filed. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2009), the notice of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

10. We grant PJM's requested waiver of the five-year minimum term election requirement for the FRR alternative under Schedule 8.1 of the RA Agreement, in order to permit the City of St. Charles to terminate its participation in the FRR alternative twenty-four (24) months early, effective January 30, 2010. We agree that under the circumstances presented here, waiver of this provision, in this instance, satisfies the Commission's standards for tariff waivers. Specifically, we find that PJM's requested

waiver is of limited scope, addresses a concrete problem that needs to be remedied, and will not have undesirable consequences, such as harming third parties.²

By direction of the Commission.

Kimberly D. Bose,
Secretary.

² See, e.g., *Southwest Power Pool, Inc.*, 124 FERC ¶ 61,316 (2008); *ISO New England, Inc.*, 117 FERC ¶ 61,171, at P 21 (2006).