

145 FERC ¶ 61,011
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
Cheryl A. LaFleur, and Tony Clark.

PJM Interconnection, L.L.C.

Docket Nos. ER12-1204-005
ER12-2391-004
(not consolidated)

ORDER GRANTING REHEARING

(Issued October 2, 2013)

1. PJM Interconnection, L.L.C. seeks clarification, or in the alternative, rehearing of a Commission order issued in this proceeding on July 18, 2012.¹ For the reasons discussed below, we grant rehearing.

I. Background

2. PJM submitted a filing in Docket No. ER12-1204-000, to comply with Order No. 755,² by establishing a revised compensation methodology governing the provision of frequency regulation service. PJM also submitted a section 205 filing in Docket No. ER12-2391-000 relating to this service. The Commission's findings in response to these filings can be found in the prior orders in these dockets and need not be repeated here.

3. Of relevance here, PJM submitted a compliance filing on January 15, 2013, proposing to revise Schedule 1, section 3.2.2(g) of its tariff to provide that the owner of each Regulation resource that actively follows the required signals and instructions "will be credited for Regulation performance by multiplying the assigned MW(s) by the

¹ *PJM Interconnection, L.L.C.*, 144 FERC ¶ 61,053 (2013) (July 18 Order).

² *Frequency Regulation Compensation in the Organized Wholesale Power Markets*, Order No. 755, FERC Stats. & Regs. ¶ 31,324 (2011), *order denying reh'g*, Order No. 755-A, 138 FERC ¶ 61,123 (2012).

performance Regulation market-clearing price, by the ratio between the requested mileage for the Regulation dispatch signal assigned to the Regulation resource and the Regulation dispatch signal assigned to traditional resources, and by the Regulation resource's accuracy score calculated in accordance with subsection (k) of this section."

4. In the July 18 Order, the Commission found that section 3.2.2(g), as proposed, failed to include *actual* mileage in the settlement formula.³ Accordingly, the Commission required PJM to submit an additional compliance filing, substituting in the numerator of its mileage ratio, "the actual mileage of the assigned resource," in place of "the requested mileage for the Regulation dispatch signal assigned to the Regulation resource."⁴

II. Request for Clarification Or in the Alternative Rehearing

5. PJM requests clarification, or in the alternative rehearing, of the Commission's compliance directive in the July 18 Order, requiring PJM to substitute in the numerator of its mileage ratio "the actual mileage of the assigned resource," in place of "the requested mileage for the Regulation dispatch signal assigned to the Regulation resource," at section 3.2.2(g) of Schedule 1 of the PJM Operating Agreement (and the parallel provision of the PJM OATT).⁵

6. PJM states that while the words "actual mileage" do not appear in the text of section 3.2.2(g), actual mileage is nonetheless the *product* of the formula set forth in that provision, given that actual mileage equals "assigned megawatts" multiplied by "the ratio between the requested mileage for the Regulation dispatch signal assigned to the Regulation resource and the Regulation dispatch signal assigned to traditional resources" multiplied by "the accuracy score."⁶ Accordingly, PJM seeks clarification that the

³ July 18 Order, 144 FERC ¶ 61,053 at P 38.

⁴ *Id.*

⁵ In a separate submission, filed September 4, 2013, the Electricity Storage Association joins in PJM's request for clarification.

⁶ The accuracy score, as previously accepted in this proceeding, is based on PJM's measurement of a regulation resource's response to the dispatch signal. It can range from zero to one with the highest score being achieved by following exactly the regulation control signal within a ten-second delay allowed for propagation. PJM will telemetrically distribute PJM's dispatch signal to a regulation resource and measure the regulation resource's response to the regulation dispatch signal via a response signal sent to PJM by the regulation resource every two-seconds. Based on these measurements, PJM will calculate an accuracy score for a regulation resource for each ten-second interval that is

(continued...)

Commission's compliance directive allows PJM to submit a compliance proposal that includes additional clarifying language, while retaining a formula that does not make the error (and circular illogic) of including an input (a mileage-based factor) that is intended to be calculated as the *product* of the formula. Alternatively, PJM seeks rehearing of the July 18 Order for the purpose of rescinding and reformulating the Commission's compliance directive, based on the understanding that the existing provisions of section 3.2.2(g) already operate as an "actual-mileage" formula.

III. Commission Determination

7. Upon further consideration, we grant rehearing of the July 18 Order. As noted earlier, PJM in its rehearing request clarified that even though the words "actual mileage" do not appear in the text of section 3.2.2(g), actual mileage is nonetheless the *product* of the formula set forth in that provision, given that actual mileage equals "assigned megawatts" multiplied by "the ratio between the requested mileage for the Regulation dispatch signal assigned to the Regulation resource and the Regulation dispatch signal assigned to traditional resources" multiplied by "the accuracy score." In light of this explanation, we find that the current tariff calculates actual mileage, and PJM does not need to include the term "actual mileage," in the ratio. Accordingly, we will vacate the compliance directive of the July 18 Order and accept the tariff as filed.

The Commission orders:

(A) Rehearing of the July 18 Order is hereby granted, as discussed in the body of this order.

(B) PJM's obligation to submit a compliance filing is hereby vacated, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

based on three factors: an energy score, a delay score, and a correlation score. Additionally, the historic accuracy score will be based on a rolling average of the hourly accuracy scores, with consideration of the qualification score.