

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

PJM Interconnection, L.L.C.

Docket No. ER15-1966-000

(Issued September 4, 2015)

Attached is the statement by Commissioner Moeller dissenting to an order issued on August 31, 2015, in the above referenced proceeding, *PJM Interconnection, L.L.C.*, 152 FERC ¶ 61,165 (2015).

Kimberly D. Bose,  
Secretary.

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MOELLER, Commissioner, *dissenting*:

I support PJM's efforts to improve its determination of lost opportunity cost (LOC) payments. However, implementing these changes now – in the absence of further reforms to PJM's market construct or a willingness by the majority to guarantee that generators can recover legitimate fuel costs – is inappropriate.

I agree with the majority that “the purpose of LOC payments is to ensure that generating units are incentivized to follow PJM's dispatch instructions . . . not to recover additional transportation fuel costs.”<sup>1</sup> However, until PJM implements market changes on November 1, 2016,<sup>2</sup> PJM's market construct may prevent generators acting in good faith to maintain system reliability from recovering legitimate fuel costs. As I have explained in previous dissenting statements, the majority's repeated failure to ensure such cost recovery by granting waivers of PJM's tariff may impact reliability during the approaching winter of 2015-2016.<sup>3</sup>

Given the ongoing risk of inadequate cost recovery, it is unsurprising that certain generators may be relying on other mechanisms, such as LOC payments, to generate revenues, as Dominion points out. While I find this situation regrettable and contrary to the purpose of LOC payments, I cannot support preventing the potential over-recovery of costs via LOC payments in light of the majority's repeated refusal to grant relief to resources with under-recovered costs.

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<sup>1</sup> *PJM Interconnection, L.L.C.*, 152 FERC ¶ 61,165, at P 29 (2015).

<sup>2</sup> In response to the Commission's initiation of a proceeding under section 206(b) of the Federal Power Act, PJM has conceded that reforms to its market construct are needed, but contends that they cannot be implemented until November 1, 2016. PJM July 10, 2015 Report, Docket No. EL15-73-000, at 1-2.

<sup>3</sup> *Duke Energy Corp.*, 151 FERC ¶ 61,206 (2015) (Moeller, Comm'r, dissenting in part); *Old Dominion Electric Cooperative*, 151 FERC ¶ 61,207 (2015) (Moeller, Comm'r, dissenting); *New Jersey Energy Associates, a Limited Partnership*, 152 FERC 61,181 (2015) (Moeller, Comm'r, dissenting).

Accordingly, I respectfully dissent.

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Philip D. Moeller  
Commissioner