

157 FERC ¶ 61,127
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

November 17, 2016

In Reply Refer To:
Talen Energy Marketing, LLC
Docket No. ER16-2711-000

Arnold & Porter LLP
601 Massachusetts Ave., NW
Washington, DC 20001

Attn: Sandra Rizzo, Esq.
Counsel for Talen Energy Marketing, LLC

Dear Ms. Rizzo:

1. On September 30, 2016, pursuant to section 205 of the Federal Power Act (FPA)¹ and Part 35 of the Commission's regulations,² Talen Energy Marketing, LLC (Talen Energy) submitted revisions to its revenue requirement for reactive supply and voltage control service (Reactive Service) to reflect the retirement of Harrisburg Unit 4 from its fleet in the PPL Zone of PJM Interconnection, LLC (PJM).³ Talen Energy also requested a one-time waiver of the 90-day prior notice requirement set forth in Schedule 2 of the PJM Open Access Transmission Tariff (OATT) (Waiver Request). As discussed below, we accept Talen Energy's Revised Reactive Rate Schedule, effective November 17, 2016, and grant the Waiver Request.

2. Schedule 2 of PJM's OATT provides that PJM will compensate owners of generation and non-generation resources for providing Reactive Service. Specifically, Schedule 2 states that, for each month of Reactive Service provided by generation and non-generation resources in the PJM region, PJM shall pay each resource owner an

¹ 16 U.S.C. § 824d (2012).

² 18 C.F.R. pt. 35 (2016).

³ Talen Energy, Cost-Based Tariffs, [Reactive Supply Tariff, Reactive Supply and Voltage Control from Generation Sources, 3.1.0](#) (Revised Reactive Rate Schedule).

amount equal to the resource owner's monthly revenue requirement, as accepted or approved by the Commission.⁴ Schedule 2 requires that at least 90 days before deactivating or transferring a resource receiving compensation for reactive supply and voltage support, the resource owner: (1) submit a filing to either terminate or adjust its cost-based rate schedule to account for the deactivated or transferred unit; or (2) submit an Informational Filing explaining the basis for the decision by the Reactive Power Supplier not to terminate or revise its cost-based rate schedule.

3. Talen Energy receives fleet-based Reactive Service payments from PJM for its units in PJM's PPL Zone. It states that the current revenue requirement for Reactive Service, which is set to expire on December 1, 2016, was the result of a "black box" settlement approved by the Commission.⁵ Talen Energy intends to retire one of the units in its PPL Zone fleet, Harrisburg Unit 4, on November 17, 2016, due to an event which unexpectedly caused damage to the unit. Accordingly, it proposes a *pro rata* reduction based on nameplate gross reactive capability to its Reactive Service revenue requirement for the month of November to reflect the deactivation of this unit.⁶ It states that it will address the effect of this retirement on the Reactive Service revenue requirement for December 2016 forward through the currently ongoing settlement process.

4. Talen Energy's Waiver Request seeks a one-time waiver of the 90-day prior notice filing requirement in Schedule 2 of the PJM OATT due to the unexpected nature of the event that precipitated this filing.⁷ It states that it has acted in good faith with respect to the requirements of Schedule 2 of the PJM OATT. PJM approved Talen Energy's deactivation of unit on September 15, 2016, and Talen Energy states that it made the instant filing as quickly as possible thereafter. Talen Energy further argues

⁴ PJM, Intra-PJM Tariffs, OATT, Schedule 2 (3.1.0).

⁵ Transmittal at 2-3 (citing *Talen Energy Marketing, LLC*, Docket No. ER16-277-000, *et al.*, Unilateral Offer of Settlement (filed July 21, 2016)). Talen Energy's Reactive Service revenue requirement beginning December 1, 2016, was previously set for hearing and settlement proceedings by the Commission on June 23, 2016, and is still in those proceedings. *Talen Energy Marketing, LLC*, 155 FERC ¶ 61,297, at P 8 (2016).

⁶ Talen Energy proposes to reduce its November Reactive Service revenue requirement by \$889.84, resulting in a revised revenue requirement of \$21,103.78. To determine this reduction, Talen Energy calculated a daily Reactive Service revenue requirement for Harrisburg Unit 4 based on the nameplate gross MVAR rating of the unit. This daily revenue requirement was then multiplied by the number of days remaining days in the month after the scheduled November 17, 2016, retirement date when the unit will be deactivated. Transmittal at 4.

⁷ Transmittal at 4-5.

that the Waiver Request is limited in scope, as it is a one-time waiver of the deadline required in Schedule 2 and that the Waiver Request does not involve any substantive requirements

in the PJM OATT. Finally, Talen Energy asserts that granting the Waiver Request will have no undesirable consequences, such as harming third parties.

5. Notice of Talen Energy's September 30, 2016, filing was published in the *Federal Register*, 81 Fed. Reg. 69,521 (2016), with interventions and protests due on or before October 21, 2016. PJM filed a timely motion to intervene.

6. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2016), the timely, unopposed motion to intervene serve to make PJM a party to this proceeding.

7. We find Talen Energy's proposed revisions to be just and reasonable and accept the Revised Reactive Rate Schedule, effective November 17, 2016, as requested.

8. The Commission has granted waiver of tariff provisions where: (1) the applicant acted in good faith; (2) the waiver is of limited scope; (3) the waiver addresses a concrete problem; and (4) the waiver does not have undesirable consequences, such as harming third parties.⁸ We find that the circumstances of the instant case satisfy the foregoing criteria.

9. First, we find that the Talen Energy acted in good faith by submitting the Revised Reactive Rate Schedule as expeditiously as possible. Second, we find that the waiver is limited in scope as it is a one-time waiver of the deadline required in Schedule 2 of the PJM OATT. Third, we find that the waiver addresses a concrete problem in that failure to waive the 90-day notice requirement could delay the decrease in the Talen Energy's Reactive Service revenue requirement for its PPL Zone fleet. Finally, we find that the waiver will not result in undesirable consequences, such as harm to third parties. To the contrary, a timely reduction in Talen Energy's Reactive Service revenue requirement is likely to benefit third parties, including customers.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁸ See, e.g., *Calpine Energy Servs., L.P.*, 154 FERC ¶ 61,082, at P 12 (2016); *Midcontinent Indep. Sys. Operator, Inc.*, 154 FERC ¶ 61,059, at P 14 (2016); *N.Y. Power Auth.*, 152 FERC ¶ 61,058, at P 22 (2015).