Before Commissioners: Cheryl A. LaFleur, Neil Chatterjee, Robert F. Powelson, and Richard Glick.

PJM Interconnection, L.L.C.  Docket Nos.  ER18-614-000  
ER18-614-001  
ER18-614-002

Monongahela Power Company  EL18-173-000
Potomac Edison Company
West Penn Power Company
AEP Indiana Michigan Transmission Company, Inc.
AEP Kentucky Transmission Company, Inc.
AEP Ohio Transmission Company, Inc.
AEP West Virginia Transmission Company, Inc.
Appalachian Power Company
Indiana Michigan Power Company
Kentucky Power Company
Kingsport Power Company
Ohio Power Company
Wheeling Power Company
Commonwealth Edison Company
Commonwealth Edison Company of Indiana, Inc.
Dayton Power and Light Company
Virginia Electric and Power Company
Public Service Electric and Gas Company
PECO Energy Company
PPL Electric Utilities Corporation
Baltimore Gas and Electric Company
Jersey Central Power & Light Company
Potomac Electric Power Company
Atlantic City Electric Company
Delmarva Power & Light Company
UGI Utilities Inc.
Allegheny Electric Cooperative, Inc.
CED Rock Springs, LLC
Old Dominion Electric Cooperative
Rockland Electric Company
Duquesne Light Company
Neptune Regional Transmission System, LLC  
Trans-Allegheny Interstate Line Company  
Linden VFT, LLC  
American Transmission Systems, Incorporated  
City of Cleveland, Department of Public Utilities,  
Division of Cleveland Public Power  
Duke Energy Ohio, Inc.  
Duke Energy Kentucky, Inc.  
City of Hamilton, OH  
Hudson Transmission Partners, LLC  
East Kentucky Power Cooperative, Inc.  
City of Rochelle  
ITC Interconnection LLC  
Mid-Atlantic Interstate Transmission, LLC  
Southern Maryland Electric Cooperative, Inc.  
Ohio Valley Electric Corporation

ORDER ON COST ALLOCATION REPORT AND TARIFF REVISIONS AND INSTITUTING SECTION 206 PROCEEDING

(Issued July 2, 2018)

1. On January 5, 2018, as amended on January 9, 2018, PJM Interconnection, L.L.C. (PJM), in accordance with Schedule 12 of the PJM Open Access Transmission Tariff (OATT or Tariff) and pursuant to section 205 of the Federal Power Act (FPA), submitted amendments to Schedule 12-Appendix A of its Tariff to incorporate cost responsibility assignments for 45 new transmission projects (PJM Tariff Filing). These projects include the first Targeted Market Efficiency Projects (TMEPs) between PJM and Midcontinent Independent System Operator, Inc. (MISO) under the MISO-PJM Joint Operating Agreement (MISO-PJM JOA).

2. In this order, we accept in part, and reject in part, the PJM Tariff Filing, effective April 5, 2018, as requested. We also institute an FPA section 206 proceeding to require

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2 See Appendix A for a list of amended tariff records.
PJM Transmission Owners\textsuperscript{3} to refile Schedule 12 of the PJM Tariff to clearly specify its terms in accordance with this order.

I. **Background**

3. PJM files cost responsibility assignments for transmission projects that the PJM Board approves as part of PJM’s Regional Transmission Expansion Plan (RTEP) in accordance with Schedule 12 of PJM’s Tariff and Schedule 6 of the Amended and Restated Operating Agreement of PJM (Operating Agreement).\textsuperscript{4} Schedule 12 of the Tariff establishes Transmission Enhancement Charges for “[o]ne or more of the Transmission Owners [that] may be designated to construct and own and/or finance Required Transmission Enhancements by (1) the RTEP periodically developed pursuant to Operating Agreement, Schedule 6 or (2) any joint planning or coordination agreement between PJM and another region or transmission planning authority set forth in Tariff, Schedule 12-Appendix B.”\textsuperscript{5} In developing the RTEP, PJM identifies transmission projects to address different criteria, including PJM planning procedures, North American Electric Reliability Corporation (NERC) Reliability Standards, Regional Entity reliability

\textsuperscript{3} The PJM Transmission Owners are listed in the caption of the order.

\textsuperscript{4} In accordance with the Tariff and the Operating Agreement, PJM is required to make a filing with the Commission under FPA section 205 that includes, among other things: (1) expansion or enhancement projects the PJM Board approved for inclusion in the RTEP; (2) estimated costs of the projects; (3) entities responsible for paying the costs of the projects; and (4) the entity PJM has designated to develop the projects. *See* Operating Agreement, Schedule 6, § 1.6 (b) and PJM Tariff, Schedule 12, § (b)(viii).

\textsuperscript{5} Required Transmission Enhancements are defined as “enhancements and expansions of the Transmission System that (1) a RTEP developed pursuant to Schedule 6 of the Operating Agreement or (2) any joint planning or coordination agreement between PJM and another region or transmission planning authority set forth in Tariff, Schedule 12-Appendix B (“Appendix B Agreement”) designates one or more of the Transmission Owner(s) to construct and own or finance.” *See* OATT Definitions - R - S, OATT Definitions - R - S, 13.0.0. Transmission Enhancement Charges are established to recover the revenue requirement with respect to a Required Transmission Enhancement. *See* Schedule 12, section (a)(i).
principles and standards,\textsuperscript{6} and individual transmission owner Form No. 715 local planning criteria.\textsuperscript{7} Types of Reliability Projects\textsuperscript{8} identified in the RTEP include Regional Facilities\textsuperscript{9} (which as a general matter are AC facilities that are single-circuit 500 kV or

\textsuperscript{6} As established by Reliability First Corporation, Southeastern Electric Reliability Council, and other applicable Regional Entities. See PJM, Intra-PJM Tariffs, Operating Agreement, Schedule 6, §1.2(b) and §1.2(d) (Conformity with NERC and Other Applicable Reliability Criteria) (2.0.0).

\textsuperscript{7} The Commission accepted a PJM Transmission Owner Tariff proposed revision to allocate 100 percent of the costs for Required Transmission Enhancements that are included in the RTEP solely to address individual transmission owner Form No. 715 local planning criteria to the zone of the individual transmission owner whose Form No. 715 local planning criteria underlie each project. See PJM Interconnection, L.L.C., 154 FERC ¶ 61,096, order on reh’g, 157 FERC ¶ 61,192 (2016) (Local Planning Criteria Orders). Accordingly, Required Transmission Enhancements that are included in the RTEP solely to address individual transmission owner Form No. 715 local planning criteria, where 100 percent of the costs of such projects are allocated to the zone of the individual transmission owner whose Form No. 715 local planning criteria underlie each project, are not selected in the RTEP for purposes of cost allocation.

\textsuperscript{8} Reliability Projects are included in the RTEP to address one or more reliability violations or to address operational adequacy and performance issues. See Schedule 12, section (b)(i)(A)(2)(a).

\textsuperscript{9} Regional Facilities are defined as Required Transmission Enhancements included in the RTEP that are transmission facilities that: (a) are AC facilities that operate at or above 500 kV; (b) are double-circuit AC facilities that operate at or above 345 kV; (c) are AC or DC shunt reactive resources connected to a facility from (a) or (b); or (d) are DC facilities that meet the necessary criteria as described in section (b)(i)(D). PJM, Intra-PJM Tariffs, OATT, Schedule 12, § (b)(i) (Regional Facilities and Necessary Lower Voltage Facilities) (6.1.0).
double-circuit 345 kV and above), Necessary Lower Voltage Facilities,\textsuperscript{10} and Lower Voltage Facilities.\textsuperscript{11}

4. PJM utilizes a hybrid cost allocation method, which the Commission found complies with Order No. 1000,\textsuperscript{12} for Regional Facilities and Necessary Lower Voltage Facilities that address a reliability need.\textsuperscript{13} Under this method, PJM allocates 50 percent of the costs of Regional Facilities or Necessary Lower Voltage Facilities on a load-ratio share basis and the other 50 percent based on the solution-based distribution factor (DFAX) method. PJM allocates all of the costs of Lower Voltage Facilities using the solution-based DFAX method.

\textsuperscript{10} Necessary Lower Voltage Facilities are defined as Required Transmission Enhancements included in the RTEP that are lower voltage facilities that must be constructed or reinforced to support new Regional Facilities. PJM, Intra-PJM Tariffs, OATT, Schedule 12, § (b)(i) (Regional Facilities and Necessary Lower Voltage Facilities) (6.1.0).

\textsuperscript{11} Lower Voltage Facilities are defined as Required Transmission Enhancements that: (a) are not Regional Facilities; and (b) are not “Necessary Lower Voltage Facilities.” PJM, Intra-PJM Tariffs, OATT, Schedule 12, § (b)(ii) (Lower Voltage Facilities) (6.1.0).


\textsuperscript{13} PJM identifies reliability transmission needs and economic constraints that result from the incorporation of public policy requirements into its sensitivity analyses, and allocates the costs of the solutions to such transmission needs in accordance with the type of benefits they provide. See PJM Interconnection, L.L.C., 142 FERC ¶ 61,214 at P 441. See also PJM Tariff, Schedule 12, section (b)(v) Economic Projects (assigning cost responsibility for Economic Projects).
5. Schedule 12 also includes provisions for the assignment of cost responsibility for Required Transmission Enhancements constructed as TMEPs under the MISO-PJM JOA Coordinated System Plan. Specifically, Schedule 12, section (b)(xvii) provides, in part:

Notwithstanding sections (b)(i), (b)(ii), (b)(iv), (b)(v) and (b)(vi) of this Schedule 12, cost responsibility for the costs of a Required Transmission Enhancement that is included in the Regional Transmission Expansion Plan because it is a Targeted Market Efficiency Project (“TMEP”) identified in the Coordinated System Plan periodically developed pursuant to the Joint Operating Agreement Between the Midcontinent Independent Transmission System Operator, Inc. and PJM Interconnection, L.L.C. (“PJM-MISO JOA”) and assigned to PJM pursuant to PJM-MISO JOA, section 9.4.4.2.5, shall be assigned among Zones and Merchant Transmission Facilities in accordance with this section (b)(xvii) (emphasis added).

Schedule 12, section (b)(xvii) further provides, in part:

Cost responsibility shall be assigned based on each Zone’s and Merchant Transmission Facility’s pro rata share of the sum of the net Transmission Congestion Charges paid by Market Buyers only of the Zones and Merchant Transmission

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TMEPs are a category of interregional transmission projects in MISO and PJM that are intended to address historical congestion along the MISO-PJM seam that MISO’s or PJM’s regional transmission planning process or their joint interregional transmission coordination process would not otherwise address. To qualify as a TMEP, a transmission project must (1) be evaluated as part of a Coordinated System Plan or joint study process under the MISO-PJM Joint Operating Agreement and be demonstrated to have an expectation for substantial relief of identified historical market efficiency congestion issues, (2) have an estimated in-service date by the third summer peak season from the year in which the project is approved, (3) have an estimated installed cost (in study year dollars) of less than $20 million, (4) have a four-year payback period in terms of expected future congestion relief (i.e., the cost of the project cannot exceed the expected congestion savings over its first four years in operation), and (5) be recommended by MISO and PJM as a TMEP, and approved by their Board of Directors. See MISO-PJM JOA, § 9.4.4.1.5.4.
Facilities in which Market Buyers experienced net Transmission Congestion Charges.\textsuperscript{15}

II. **PJM Tariff Filing**

6. The PJM Tariff Filing proposes amendments to Schedule 12-Appendix A of the Tariff to incorporate cost responsibility assignments for 45 new transmission projects that were part of the recent update to the RTEP that the PJM Board of Managers approved on December 6, 2017. The amendments include cost responsibility assignments for Regional Facilities, Lower Voltage Facilities that address reliability needs, Lower Voltage Facilities that were included in the RTEP solely to address individual transmission owner Form No. 715 local planning criteria, one Lower Voltage Facility that addresses regional market efficiency criteria, and five TMEPs.\textsuperscript{16} PJM does not propose to allocate any of the costs of the TMEPs to the Merchant Transmission Facilities owned by Linden VFT, LLC (Linden) or Hudson Transmission Partners, LLC (Hudson).

III. **Notice and Interventions**


\textsuperscript{15} Market Buyer is defined as a Member that has met reasonable creditworthiness standards established by the Office of the Interconnection and that is otherwise able to make purchases in the PJM Interchange Energy Market. See PJM Operating Agreement, M-N, OA Definitions M - N, 9.0.0. Transmission Congestion Charges are defined as a charge attributable to the increased cost of energy delivered at a given load bus when the transmission system serving that load bus is operating under constrained conditions, or as necessary to provide energy for third-party transmission losses which shall be calculated and allocated as specified in Operating Agreement, Schedule 1, section 5.1 and the parallel provisions of Tariff, Attachment K-Appendix, section 5.1.

\textsuperscript{16} The TMEPs include b2971, b2972, b2973, b2974, and b2975. The total estimated cost of these five TMEPs is $19.92 million, and they are anticipated to provide benefits of $99.6 million, resulting in an average benefit-to-cost ratio of 5.0. The total cost allocated to PJM for these projects is $13.7 million. See PJM Transmission Expansion Advisory Committee, *Recommendations to the PJM Board-PJM Staff Whitepaper*, 18-21 (December 2017), http://www.pjm.com/-/media/committees-groups/committees/teac/20171214/20171214-teac-board-whitepaper-december-2017.ashx.
Register, 83 Fed. Reg. 2632 (2018), with interventions and protests due on or before January 30, 2018. On January 16, 2018, an errata notice was issued extending the date for filing comments in response to the filings to February 5, 2018 and February 8, 2018, respectively.

8. The New Jersey Board of Public Utilities (New Jersey Board) filed a notice of intervention. Timely motions to intervene were filed by American Electric Power Service Corporation; ITC Interconnection LLC; The Dayton Power and Light Company; Public Power Association of New Jersey (PPANJ); American Municipal Power, Inc.; Duke Energy Corporation; Dominion Energy Services (Dominion); Power Supply Long Island and Long Island Power Authority; and North Carolina Electric Membership Corporation. FirstEnergy Service Company (FirstEnergy), Linden, and Hudson filed out-of-time motions to intervene.

9. PJM Transmission Owners, PPANJ, and Dominion filed protests. The New Jersey Board filed an answer supporting the protests of PJM Transmission Owners and PPANJ.

IV. Pleadings

10. PJM Transmission Owners assert in their protest that PJM incorrectly applied Schedule 12, section (b)(xvii) when allocating costs for the TMEPs because PJM did not allocate any costs to Linden and Hudson. Specifically, they state that PJM’s original TMEP study demonstrated that both Linden and Hudson experienced net congestion benefits from three and four of the TMEPs, respectively, supporting the allocation of costs to Linden and Hudson for the TMEPs that benefit them. However, PJM Transmission Owners state, PJM failed to allocate any TMEP costs to Linden and Hudson in the PJM Tariff Filing without providing any justification.

17 PJM Transmission Owners filed their protest pursuant to the PJM Consolidated Transmission Owners Agreement. See Consolidated Transmission Owners Agreement Rate Schedule FERC No. 42, Section 8.5.1, Action by Two-thirds Majority, 1.0.0 (providing for the development of comments and recommendations for the RTEP).

18 PJM Transmission Owners Protest at 2.

19 PJM Transmission Owners Protest at 9-11. PJM Transmission Owners contend that PJM should have proposed cost responsibility assignments consistent with the TMEP study to Linden for projects b2971, b2973, and b2975 and to Hudson for projects b2971, b2973, b2974, and b2975.
Owners assert that Linden and Hudson will experience congestion benefits from the TMEPs regardless of their recent conversion of their Firm Transmission Withdrawal Rights to non-Firm Transmission Withdrawal Rights, as congestion charges avoided are a function of the amount of energy withdrawn, not whether the right to withdraw that energy is firm or non-firm.\(^{20}\)

11. PPANJ protests the inclusion of cost responsibility assignments for two Public Service Electric & Gas transmission projects, Cedar-Grove-Jackson Rd. (b2956) and VFT-Warinanco-Aldene 230 kV circuit (b2955), in Schedule 12-Appendix A because the “immediate need” for the two projects is in doubt following Linden’s and Hudson’s conversion of their Firm Transmission Withdrawal Rights to non-Firm Transmission Withdrawal Rights.\(^{21}\) PPANJ asserts that PJM assessed the immediate need for the projects under a framework that assumed Linden and Hudson held Firm Transmission Withdrawal Rights; however, now that Linden and Hudson have converted their Firm Transmission Withdrawal Rights to non-Firm Transmission Withdrawal Rights, the need for the projects has not been proven.\(^{22}\) PPANJ requests that the Commission reject PJM’s proposal to include cost responsibility assignments for these two projects in its Tariff until there are further studies to justify the projects.

12. Dominion protests their assignment of 100 percent of the costs for project b2960, to replace fixed series capacitors on 500 kV Line #547 at Lexington and on 500 kV Line #548 at Valley.\(^{23}\) Dominion states that project b2960, while addressing the end of life planning criteria test in its Form No. 715 local planning criteria, provides regional benefits such that its costs should be allocated on a regional basis.\(^{24}\) Dominion recognizes that issues related to the allocation of the costs of high-voltage transmission facilities to the zone of the transmission owner that filed the individual transmission

\(^{20}\) PJM Transmission Owners Protest at 13.

\(^{21}\) PPANJ Protest at 1-2.

\(^{22}\) Id. at 2.

\(^{23}\) Dominion Protest at 8.

\(^{24}\) Id. at 9.
owner Form No. 715 local planning criteria that the facilities address are presently under review in the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit). Dominion explains that it has filed its protest to preserve its objections for reconsideration following a ruling by the D.C. Circuit and for subsequent judicial review, if necessary.

V. **Deficiency Letter**

13. On April 3, 2018, staff issued a deficiency letter seeking clarification on a number of issues, including PJM’s proposed cost responsibility assignments for the TMEPs. The deficiency letter requested that PJM explain: (1) its interpretation of Schedule 12, section (b)(xvii) that results in the exclusion of Linden and Hudson from cost allocation for the TMEPs detailed in the filing, and any other relevant provisions of the Tariff that PJM relied upon in determining that no cost responsibility assignments are appropriate for Linden and Hudson; and (2) whether PJM determined the need for Cedar-Grove-Jackson Rd. cable replacement (b2956) and VFT-Warinanco-Aldene 230 kV circuit upgrade (b2955) based on the continuation of Linden’s and Hudson’s Firm Transmission Withdrawal Rights, and whether Linden’s and Hudson’s conversion of their Firm Transmission Withdrawal Rights to non-Firm Transmission Withdrawal Rights would affect the need for these transmission projects.

A. **Deficiency Letter Response**

14. On May 3, 2018, PJM filed a response to the deficiency letter. PJM responded that Schedule 12, section (b)(x)(B)(2) directs PJM to base the collection of Transmission Enhancement Charges associated with Required Transmission Enhancements from a Merchant Transmission Facility based “on the actual Firm Transmission Withdrawal Rights that have been awarded to the Merchant Transmission Facility[,]” as specified in the Merchant Transmission Facility’s Interconnection Service Agreement. PJM states that since Linden’s and Hudson’s respective Interconnection Service Agreements no longer award them Firm Transmission Withdrawal Rights, section (b)(x)(B)(2) of PJM’s

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25 *Id.* at 7 (citing Local Planning Criteria Orders, 154 FERC ¶ 61,096, *order on reh’g*, 157 FERC ¶ 61,192). See *Old Dominion Elec. Coop. and Dominion Resources Servs. v. FERC*, Docket Nos. 17-1040 and 17-1041 (D.C. Cir. filed February 6, 2017) (consolidated with petition for review by Old Dominion Electric Cooperative).

26 Dominion incorporates by reference the protests and rehearing requests in connection with the orders on review. *Id.* at 7.
Tariff no longer applies to Linden and Hudson. PJM cites no other Tariff provisions to support its decision.

15. PJM also states that it interpreted the Commission’s orders in Opinion Nos. 503 and 503-A,27 and the December 15, 2017 orders issued in response to Linden’s and Hudson’s request to convert their Firm Transmission Withdrawal Rights to non-Firm Transmission Withdrawal Rights, as precluding such cost allocation.28

16. With respect to transmission projects b2955 and b2956, PJM states that upon issuance of the December 15 Orders, it re-evaluated the need for these projects. PJM states that despite the close proximity of these projects to Linden and Hudson, the study results continued to show that these projects are still needed after the conversion of Linden’s and Hudson’s Firm Transmission Withdrawal Rights to non-Firm Transmission Withdrawal Rights.

B. Notice and Responsive Pleadings


29 Monitoring Analytics, as the PJM Independent Market Monitor.

30 With its answer, PJM included the Affidavit of Aaron T. Berner, Manager of Transmission Planning (Berner Affidavit).
18. PJM Transmission Owners renew their protest, stating that PJM’s deficiency letter response demonstrates that PJM has misapplied Schedule 12 of the PJM Tariff with respect to the cost responsibility assignments for the TMEPs, and that there is no basis for PJM’s decision not to allocate costs to Linden and Hudson.\textsuperscript{31} PJM Transmission Owners state that both Opinion No. 503 and the December 15 Orders involve Reliability Projects, and TMEPs are not Reliability Projects, nor are they planned to accelerate or replace Reliability Projects.\textsuperscript{32} PJM Transmission Owners state that TMEPs are market efficiency projects developed solely to reduce historical congestion that is expected to continue in the future, and that such congestion is experienced at all nodes on the PJM transmission system regardless of whether the party receiving the energy withdrawn at that node maintains Firm Transmission Withdrawal Rights or non-Firm Transmission Withdrawal Rights.\textsuperscript{33}

19. According to PJM Transmission Owners, although PJM may curtail the withdrawal service of a Merchant Transmission Facility with non-Firm Transmission Withdrawal Rights to avoid reliability issues, the benefits that the Merchant Transmission Facility receives in congestion relief when power does flow exist regardless of whether it maintains Firm Transmission Withdrawal Rights or non-Firm Transmission Withdrawal Rights.\textsuperscript{34} PJM Transmission Owners state that Linden and Hudson combined account for approximately 1,000 MW of withdrawal capacity on the PJM system, of which they continue to make use; thus, moving forward, both Linden and Hudson will benefit from the TMEPs in the form of reduced congestion at their respective nodes.\textsuperscript{35}

20. The New Jersey Board states that PJM does not appear to have been transparent in the reevaluation and study of transmission projects b2955 and b2956 and has not provided any supporting material for its statements beyond its three-sentence response to

\textsuperscript{31} PJM Transmission Owners Answer at 4.

\textsuperscript{32} Id. at 5-6.

\textsuperscript{33} Id. at 6-7.

\textsuperscript{34} Id. at 6-7.

\textsuperscript{35} Id. at 7.
the deficiency letter.\textsuperscript{36} The New Jersey Board contends that PJM’s statements are not sufficient to carry its burden that the PJM Tariff Filing is just and reasonable.\textsuperscript{37}

21. PJM requests in its answer that the Commission clarify what was intended when it directed PJM to remove all cost responsibility assignments from Linden and Hudson as of the effective date they converted their Firm Transmission Withdrawal Rights to non-Firm Transmission Withdrawal Rights.\textsuperscript{38} With respect to the comments of the New Jersey Board, PJM responds that it presented the proposed transmission projects for review and comment at the Transmission Expansion Advisory Committee (TEAC) meetings on September 14, 2017, October 12, 2017, and November 2, 2017.\textsuperscript{39} PJM states that at each of those TEAC meetings, PJM publicly posted, among other things, the need for the projects, the potential solution, alternative solutions, and the required in-service date. Additionally, PJM states that at the December 14, 2017 TEAC meeting, PJM posted its December 2017 TEAC Board White Paper detailing the projects recommended to and approved by the PJM Board at its December 6, 2017 meeting, including transmission projects b2955 and b2956.\textsuperscript{40}

22. PJM also states that in the latter part of December 2017, it re-ran the analysis for transmission projects b2955 and b2956 without assuming that Linden and Hudson held Firm Transmission Withdrawal Rights and confirmed that the reliability violations and the need for projects b2955 and b2956 remained valid; in addition, PJM’s 2018 RTEP analysis (completed as of June 4, 2018) continues to confirm the need for these transmission projects.\textsuperscript{41} PJM further notes that the Berner Affidavit explains that transmission injections by the Merchant Transmission Facilities, not withdrawals, contribute to the need for transmission projects b2955 and b2956.\textsuperscript{42}

\textsuperscript{36} New Jersey Board Comments at 2-3.

\textsuperscript{37} Id. at 3.

\textsuperscript{38} PJM Answer at 4.

\textsuperscript{39} Id. at 5.

\textsuperscript{40} Id.

\textsuperscript{41} Id.

\textsuperscript{42} PJM Answer at 5-6.
Linden asserts in its answer that the PJM Transmission Owners’ protest misinterprets Schedule 12 and related Commission precedent by failing to acknowledge that section (b)(x) prohibits the imposition of any TMEP costs to Linden.\(^{43}\) Linden states that although section (b)(xvii) clearly overrides certain sections of Schedule 12, it does not include a carve out to obviate the effectiveness of section (b)(x), which contains the basic principle that Merchant Transmission Facilities can only be allocated costs under Schedule 12 to the extent of their Firm Transmission Withdrawal Rights.\(^{44}\) In addition, Linden claims that it would be unjust and unreasonable for it to be allocated any costs for the TMEPs.\(^{45}\)

Hudson answers that PJM correctly applied section (b)(x)(B)(2) of the Tariff. Hudson states that the total number of Firm Transmission Withdrawal Rights specified in its Interconnection Service Agreement is zero. Therefore, Hudson argues that under the express language of section (b)(x)(B)(2) of the PJM Tariff, PJM cannot allocate RTEP Transmission Enhancement Charges to Hudson for any RTEP projects, including TMEP RTEP projects. Hudson disagrees with the PJM Transmission Owner’s interpretation. Hudson states that section (b)(xvii) expressly identifies five other subsections of Schedule 12 over which it takes precedence, but does not reference section (b)(x)(B)(2), and this provision should govern. Hudson also argues that Opinion No. 503 and the December 15 Orders support its interpretation. Specifically, where Opinion No. 503 found that RTEP costs could be allocated to Merchant Transmission Facilities with Firm Transmission Withdrawal Rights, the December 15 Orders found that “RTEP costs would no longer be allocable to [Hudson]” following the relinquishment of its Firm Transmission Withdrawal Rights. Hudson further argues that section (b)(xvii) applies to the recovery of RTEP TMEP costs from load, and facilities like Hudson are not load. Instead, Hudson argues that it is a facility that interconnects to the PJM system, like a generating facility. Nor are Merchant Transmission Facilities like Hudson “Market Buyers” under PJM’s market rules. Hudson asserts that the only connection between Merchant Transmission Facilities and load is that, pursuant to Opinion No. 503, Merchant Transmission Facilities with Firm Transmission Withdrawal Rights, are considered similarly situated to load by PJM for purposes of system operations, planning, and cost allocation. However, Hudson argues that because it no longer has any Firm Transmission Withdrawal Rights, it is not like load in PJM.

The New Jersey Board responds to PJM’s statement that, for projects b2955 and b2956, the violations identified in the analysis rely upon transmission injections, not withdrawals, by the Merchant Transmission Facility that contribute to the need for the

\(^{43}\) Linden Answer at 2.

\(^{44}\) Id. at 3-4.

\(^{45}\) Id. at 7.
baseline upgrades. Citing the fact that the generator deliverability studies performed in Linden’s point-to-point transmission service request identified no need for construction, the New Jersey Board contends that any injections that may have caused the need for upgrades b2955 and b2956 should have been included in the model utilized to evaluate Linden’s request for point-to-point transmission service. The New Jersey Board contends that: 1) PJM has been aware of the injections that cause the need for the project since at least 2011, and therefore cannot be supported as immediate need, or 2) somehow the termination of the Con Edison wheeling arrangement or the change from Firm Transmission Withdrawal Rights or Non-Firm Transmission Withdrawal Rights contributed to the need for the project.

26. The New Jersey Board further contends that the process for re-studying upgrades b2955 and b2956 did not satisfy the Commission requirement for a transparent planning process. The New Jersey Board maintains that nowhere in PJM’s TEAC presentations is there any discussion of Merchant Transmission Facility injections causing the need for these upgrades.

VI. Commission Determination

A. Procedural Matters

27. Pursuant to Rule 214 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2017), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. We grant the late-filed motions to intervene of FirstEnergy, Linden, and Hudson, given their interest in the proceeding and the absence of undue prejudice or delay.

28. Rule 213(a)(2) of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2017), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We accept the answers and responsive pleadings, as they have provided information that assisted us in our decision-making process.

46 See PJM Interconnection, L.L.C., 132 FERC ¶ 61,221 (2010) (approving the Settlement Agreement continuing a wheeling arrangement that enabled Con Edison to wheel 1,000 MW of power from Con Edison in New York Independent System Operator, Inc. (NYISO) through Public Service Electric and Gas Company’s (PSEG) facilities within PJM in northern New Jersey for delivery back to Con Edison in NYISO.
B. PJM Tariff Filing

29. We accept the proposed Tariff revisions, effective April 5, 2018, as requested, with the exception of the proposed cost responsibility assignments for TMEPs b2971, b2973, b2974, and b2975, which we reject as unjust and unreasonable and unduly discriminatory, as discussed below.47

1. TMEP Cost Responsibility Assignments

30. We disagree with PJM’s interpretation of its Tariff with respect to the proposed cost responsibility assignments for TMEPs where PJM did not allocate costs to Merchant Transmission Facilities that have no Firm Transmission Withdrawal Rights.

31. Schedule 12, section (b)(xvii) provides that “cost responsibility” for TMEPs “shall be assigned among Zones and Merchant Transmission Facilities in accordance with this Section (b)(xvii).” (Emphasis added). Schedule 12, section (b)(xvii) then determines that cost responsibility “shall be assigned based on each Zone’s and Merchant Transmission Facility’s pro rata share of the sum of the net Transmission Congestion Charges paid by Market Buyers only of the Zones and Merchant Transmission Facilities in which Market Buyers experienced net Transmission Congestion Charges.” As the PJM Transmission Owners contend, Schedule 12, section (b)(xvii) makes no mention of Firm Transmission Withdrawal Rights as limiting the allocation of PJM’s share of the costs of TMEPs to Merchant Transmission Facilities,48 and whether a Merchant Transmission Facility holds Firm Transmission Withdrawal Rights has no relationship to whether it incurs Transmission Congestion Charges.49 Transmission Congestion Charges are incurred in the Zones and Merchant Transmission Facilities in which Market Buyers experienced net congestion benefits from this project in the TMEP Study.47 Accordingly, PJM has correctly allocated the costs of project b2972.

47 We accept the proposed cost responsibility assignments for project b2972, a TMEP for which Linden and Hudson were not allocated costs, because, as PJM Transmission Owners indicate, Linden and Hudson were not shown to experience congestion benefits from this project in the TMEP Study.47 Accordingly, PJM has correctly allocated the costs of project b2972.

48 PJM Transmission Owner Protest at 11.

49 PJM Transmission Owner Answer at 7.
Transmission Congestion Charges, regardless of whether the Merchant Transmission Facility has Firm or Non-Firm Transmission Withdrawal Rights.\footnote{50}

32. Further, PJM recognized that the Tariff required it “to assign the costs of a Targeted Market Efficiency Project to the zones and merchant transmission facilities in the PJM region that are shown to have experienced net positive congestion over a two-year historical period as determined by PJM and MISO.”\footnote{51} Despite this recognition, and without providing a further explanation, PJM did not allocate any TMEP costs to Linden and Hudson.

   a. **Prior Orders**

33. We do not find any direction or instruction in Opinion No. 503, or the more recent December 15 Orders that supports PJM’s proposal not to allocate the cost of TMEPs to Linden and Hudson.

34. In Opinion No. 503, one of the issues under consideration was the cost allocation for Reliability Projects necessary to ensure the reliability of the PJM transmission system.\footnote{52} In that proceeding, PJM proposed to measure the benefits derived by a Merchant Transmission Facility from a project by using its planned or existing Firm Transmission Withdrawal Rights to allocate the costs for Reliability Projects “as a proxy for projected zonal load asserting that Merchant Transmission Facilities act like load in that they withdraw energy from the PJM system.”\footnote{53} Indeed, PJM filed Schedule 12, section (b)(x)(B)(2) as part of the Opinion No. 503 proceeding to establish that Firm

\footnote{50} See Operating Agreement, Schedule 1, section 5.1; Tariff, Attachment K-Appendix, section 5.1, Transmission Congestion Charge Calculation (providing for the calculation of Transmission Congestion Charges for each Network Service User, Market Participants in the PJM Interchange Energy Market, and each Transmission Customer).

\footnote{51} PJM Transmittal Letter at 8-9.

\footnote{52} Opinion No. 503 also addressed the assignment of cost responsibility for two types of Economic Projects: (1) modifications of previously scheduled Reliability Projects; and (2) accelerations of the in-service date of a Reliability Project. See Schedule 12, section (b)(v)(A), (B); see also, Operating Agreement, section 1.5.7 (b)(ii) (Development of Economic-based Enhancements or Expansions).

\footnote{53} Opinion No. 503, 129 FERC ¶ 61,161 at P 82.
Transmission Withdrawal Rights would be used to calculate the cost responsibility assignments for Merchant Transmission Facilities for Reliability Projects.\textsuperscript{54}

35. In Opinion No. 503, approving the calculation of Merchant Transmission Facilities’ cost responsibility assignments for Reliability Projects based on their Firm Transmission Withdrawal Rights, the Commission agreed that such an approach was appropriate because “the reason for allocating RTEP upgrade costs to Merchant Transmission Facilities is that PJM is required to provide reliable service up to the Firm Transmission Withdrawal Rights held by these customers” and that “[i]n order to provide such rights, PJM must require the construction of RTEP upgrades.”\textsuperscript{55} The Commission’s statements in Opinion No. 503 therefore provides no guidance as to the allocation of costs for TMEPs, which are not Reliability Projects.

36. Similarly, the December 15 Orders allowing Linden and Hudson to convert their Firm Transmission Withdrawal Rights to Non-Firm Transmission Withdrawal Rights do not support PJM’s claim that the Commission directed PJM to avoid allocating any of PJM’s share of the costs of TMEPs to Linden and Hudson. The December 15 Orders deal with the justness and reasonableness of provisions in the Interconnection Service Agreements for Linden and Hudson that do not permit the conversion of Firm Transmission Withdrawal Rights to non-Firm Transmission Withdrawal Rights. Although the Commission made determinations allowing Linden and Hudson to convert their Firm Transmission Withdrawal Rights to Non-Firm Transmission Withdrawal Rights, the December 15 Orders did not require PJM to make any changes to Schedule 12 or any other provision of its Tariff. To the extent any such changes in the cost allocations are necessary, PJM should have based them upon the application of the Tariff to Merchant Transmission Facilities with Non-Firm Transmission Withdrawal Rights.

37. In the Hudson Order addressing Hudson’s request to convert its Firm Transmission Withdrawal Rights to Non-Firm Transmission Withdrawal Rights, the Commission pointed out that any effect on cost allocation from the conversion from Firm Transmission Withdrawal Rights to Non-Firm Transmission Withdrawal Rights would


\textsuperscript{55} Opinion No. 503, 129 FERC ¶ 61,161 at P 80.
occur only because of the operation of the Tariff.\footnote{56} In commenting on the way in which the Tariff applies, the Commission cited to and quoted from the statements in Opinion No. 503 justifying the use of Firm Transmission Withdrawal Rights in Opinion No. 503 as the basis for allocating the costs of Reliability Projects.\footnote{57} With the conversion of Firm Transmission Withdrawal Rights to Non-Firm Transmission Withdrawal Rights, the December 15 Orders state that “PJM is no longer required to provide firm service and can curtail non-firm service whenever necessary to preserve reliability.”\footnote{58} These statements do not therefore amount to a direction to PJM as to how to allocate the costs of TMEPs.

\textbf{b. Tariff Interpretation}

38. We also find, contrary to PJM’s position, that Schedule 12, section (b)(x)(B)(2) does not mandate that Merchant Transmission Facilities be exempt from being allocated any costs for TMEPs. Rather, we find Schedule 12, section (b)(xvii) of the Tariff is ambiguous, and the most reasonable interpretation is that the method for allocating within PJM its share of the costs for TMEPs stands alone as detailed in Schedule 12, section (b)(xvii). As discussed above, the language of Schedule 12, section (b)(xvii) enumerates the cost allocation method to be used for TMEPs: “cost responsibility” for TMEPs “shall be assigned among Zones and Merchant Transmission Facilities in accordance with this Section (b)(xvii).” Schedule 12, section (b)(x), on the other hand, is a general provision covering Merchant Transmission Facilities. Although the reference in Schedule 12, section (b)(x)(B)(2) refers to the use of Firm Transmission Withdrawal Rights to establish cost responsibility assignments for Merchant Transmission Facilities, we find that this reference applies only to the allocation of the costs of Reliability Projects. Schedule 12, section (b)(x)(B)(2) was developed in Opinion No. 503 and, as noted above, the provision is directed only at Reliability Projects and not TMEPs. Since Schedule 12, section (b)(xvii) is the specific provision dealing with the allocation within PJM of its share of the costs of TMEPs, it should govern.\footnote{59}

\footnote{56} “It is the cost allocation provisions in Schedule 12 that provide that a Merchant Transmission Owner that does not own Firm [Transmission Withdrawal Rights] does not receive cost responsibility assignments for RTEP projects.” 161 FERC ¶ 61,262 at P 49.

\footnote{57} \textit{Id.} at P 50.

\footnote{58} See Linden Order, 161 FERC ¶ 61,264 at P 32; Hudson Order, 161 FERC ¶ 61,262 at P 50.

\footnote{59} See \textit{Morton v. Mancari}, 417 U.S. 535 (1974) (the general rule of statutory construction that a specific statute is not to be controlled or nullified by a general one);
39. That the reference to Firm Transmission Withdrawal Rights in Schedule 12, section (b)(x)(B)(2) is only to Reliability Projects is supported by the fact that Schedule 12, sections (b)(ii) and (iii) of the Tariff, applied to Merchant Transmission Facilities in Opinion No. 503, specifically provide for allocation of the costs to Merchant Transmission Facilities of Regional Facilities, Necessary Lower Voltage Facilities, and Lower Voltage Facilities based on their Firm Transmission Withdrawal Rights. Indeed, Schedule 12, section (b)(xvii) specifically finds that the allocation within PJM of its share of the costs for TMEPs is determined “notwithstanding” Schedule 12, sections (b)(i) and (b)(ii), again supporting the interpretation that the allocation within PJM of its share of the costs for TMEPs is to be made independently based on the terms of Schedule 12, section (b)(xvii) without regard to Firm Transmission Withdrawal Rights. PJM Transmission Owners have used similar “notwithstanding” clauses to indicate that a cost allocation provision is to be interpreted on a stand-alone basis without any reference to Schedule 12, section (b)(x)(B)(2).

40. Relying on the cost allocation provisions of Schedule 12, section (b)(xvii) for the allocation within PJM of its share of the costs of TMEPs to Merchant Transmission Facilities is consistent with extrinsic evidence as to the intent of the PJM Transmission Owners in filing those provisions, which no party protested. In their transmittal letter in Docket No. ER17-1406-000, PJM Transmission Owners “propose to assign the costs of TMEPs within the PJM Region to those Zones and Merchant Transmission Facilities in PJM that are shown to have experienced net positive congestion over the two historical

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see also Morales v. Trans World Airlines, Inc., 504 U.S. 374 (1992) (the specific governs the general in statutory construction); North American Electric Reliability Corporation, 140 FERC ¶ 61,048, at P 48 n.64 (2012) (finding that the specific grant of penalty authority in section 215(e) takes precedence over the catch-all provision).

60 As previously noted, Schedule 12, section (b)(i) addresses Regional Facilities and Necessary Lower Voltage Facilities, and section (b)(ii) addresses Lower Voltage Facilities. Section (b)(ii) provides that, “[I]f the Lower Voltage Facility is a Reliability Project, [PJM] shall use the DFAX analysis described subsection (b)(iii) of this Schedule 12,” “DFAX Analysis for Reliability Projects.”

61 See Schedule 12, section (b)(vi) (“Notwithstanding Section (b)(i), (b)(ii), (b)(iv) and (b)(v)”), Schedule 12, section (b)(xv) (“Notwithstanding Sections (b)(i), (b)(ii), (b)(iv) and (b)(v)”).
years prior to the TMEP study period.”

That filing goes on to describe the process by which “cost responsibility for a TMEP is assigned in direct proportion to the benefits received by each Zone and [Merchant Transmission Facility] in the form of expected future congestion relief provided by the project.”

41. Customers of Merchant Transmission Facilities without Firm Transmission Withdrawal Rights still receive benefits from TMEPs in the form of lower congestion costs. We therefore find that the most reasonable interpretation of the PJM Tariff is to allocate within PJM its share of the costs of TMEPs to those Zones and Merchant Transmission Facilities in PJM that are shown to have experienced net positive congestion over the two historical years, as determined by a TMEP study conducted by MISO and PJM.

42. This interpretation of the Tariff also conforms with the allocation of costs for new Economic Projects, which similarly are not dependent on Firm Transmission Withdrawal Rights. Schedule 12, section (b)(v)(C) allocates the cost of new Economic Projects based on the expected economic benefits from reduced locational marginal prices to Merchant Transmission Facilities without regard to their level of Firm Transmission Withdrawal Rights. TMEP costs are allocated based on reductions in congestion costs to all Market Buyers; such reductions are unrelated to the level of Firm Transmission Withdrawal Rights held by a Merchant Transmission Facility, and eliminating the allocation to the Merchant Transmission Facilities would require the remaining Market Buyers from the historical studies to pay the costs associated with the benefits received by the customers of Linden and Hudson.

43. For the foregoing reasons, we interpret Schedule 12, section (b)(xvii) to require that TMEP costs be allocated to Merchant Transmission Facilities regardless of whether the Merchant Transmission Facilities have Firm Transmission Withdrawal Rights. We therefore reject PJM’s proposed cost responsibility assignments for TMEPs b2971, b2973, b2974, and b2975 and, pursuant to Schedule 12, section (b)(viii), we direct PJM to refile revised cost responsibility assignments for TMEPs b2971, b2973, b2974, and b2975 in accordance with this interpretation to be effective on April 5, 2018. These revised cost responsibility assignments must reflect Hudson’s and Linden’s pro rata share

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63 Id. at 4.

64 Contracts and statutes should not be read according to its literal meaning if to do so would produce absurd or unreasonable results contrary to its purpose.” Burns v. U.S. R.R. Ret. Bd., 701 F.2d 193, 206–07 (D.C. Cir. 1983). See also, Gardner v. C.I.R., 954 F.2d 836, 838 (2d Cir. 1992).
of the sum of the net Transmission Congestion Charges paid by Market Buyers of the Zones and Merchant Transmission Facilities in which Market Buyers experienced net Transmission Congestion Charges, as identified through the TMEP Study.

2. **Other Contested Cost Responsibility Assignments**

44. We disagree with PPANJ’s protest and the New Jersey Board’s comments, and find that the proposed cost responsibility assignments for transmission projects b2955 and b2956 are just and reasonable and not unduly discriminatory or preferential. PJM states that it re-evaluated the need for projects b2955 and b2956, and despite the close proximity of these projects to Linden and Hudson, the study results continued to show that these transmission projects are still needed.65 Furthermore, in its answer to the New Jersey Board’s comments on PJM’s deficiency letter response, PJM explains that it presented the proposed projects for review and comment at TEAC meetings, and confirmed after Linden and Hudson converted their Firm Transmission Withdrawal Rights to Non-Firm Transmission Withdrawal Rights that the reliability violations and the need for projects b2955 and b2956 remained valid.

45. We reject the contentions in the New Jersey Board’s answer. PJM explained that transmission injections by the Merchant Transmission Facilities, not withdrawals, contribute to the need for transmission projects b2955 and b2956.66 While PJM restudied the need for the projects with the conversion of Firm Transmission Withdrawal Rights to Non-Firm Transmission Withdrawal Rights, the need for the projects based on the injection rights had previously been studied and vetted through the TEAC process, and open to PJM stakeholders. We find the New Jersey Board’s transparency concerns were adequately addressed through PJM involvement in the TEAC process. In fact, PJM explained that it presented the proposed transmission projects for review and comment at the TEAC meetings on September 14, 2017, October 12, 2017, and November 2, 2017.67 In its answer, PJM stated that “[w]hether or not it included [Firm Transmission Withdrawal Rights or Non-Firm Transmission Withdrawal Rights] in the analysis has no

65 PJM Deficiency Letter Response at 6.

66 PJM Answer at 5-6.

67 PJM Answer at 5.
bearing on the identified violations associated with the need for [projects] b2955 and b2956.”

46. In the PJM White Paper, PJM explained that generation deliverability analysis identified an overload of the Cedar Grove – Jackson Rd 230kV line, and that flows on this line have increased due to the ending of the Con Edison wheeling arrangement and the retirement of the Hudson generation station. While PJM had been aware of the Merchant Transmission Facility injections rights, the Con Edison wheeling arrangement was terminated in 2017, supporting the immediate need for the projects.

47. We reject Dominion’s protest. Dominion asserts that although baseline project b2960 addresses the end of life local planning criteria in its Form No. 715, it also provides regional benefits such that its costs should be allocated on a regional basis. However, we find that PJM has correctly applied its Tariff by assigning cost responsibility for project b2960 to the Dominion Zone. Dominion does not allege that PJM incorrectly applied its Tariff but instead continues to challenge the Tariff itself. Specifically, Dominion challenges the Tariff provisions assigning cost responsibility for specific projects that are included in the RTEP solely to address individual transmission owner Form No. 715 local planning criteria to the zone of the individual transmission owner whose Form No. 715 local planning criteria underlie each project. Dominion raises no issues not addressed by the Local Planning Criteria Orders, which, as Dominion notes, is on appeal to the D.C. Circuit.

3. **Section 206 Proceeding**

48. FPA sections 205(c) and (d), and Commission regulations provide the Commission with authority to prescribe the rules and regulations regarding the tariffs and rate schedules filed by public utilities and require such tariffs to “state[ ] plainly” and “clearly and specifically specify[ ]” all rates and charges and terms and conditions of service. To ensure requisite clarity in Schedule 12 and prevent future confusion, we are instituting a section 206 proceeding to revise Schedule 12 in accordance with the interpretation in this order by adding Schedule 12, “section (b)(x)(B)(2)” to the list of “notwithstanding” provisions in Schedule 12, section (b)(xvii), as shown in Appendix B to this order. This change is necessary because section (b)(x)(B)(2) applies only to the

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68 PJM Answer, (Berner Affidavit at 4).

69 PJM posted the White Paper to the TEAC on December 14, 2017. PJM Answer at 5.

70 16 U.S.C §824d(d) (2012).

allocation of the costs of Reliability Projects, and is not applicable to cost allocation for TMEPs as specified in Schedule 12, section (b)(xvii). We direct PJM Transmission Owners to file within 30 days of the date of this order either to clarify the language of Schedule 12 as specified or to show cause why Schedule 12 should not be revised.

49. In cases where, as here, the Commission institutes a section 206 investigation on its own motion, FPA section 206(b) requires that the Commission establish a refund effective date that is no earlier than the date of publication by the Commission of notice of its intention to initiate such proceeding nor later than five months after the publication date. In such cases, in order to give maximum protection to customers, and consistent with our precedent, we have historically tended to establish the section 206 refund effective date at the earliest date allowed by section 206, and we do so here as well.\(^72\) That date is the date of publication of notice of initiation of the section 206 proceeding in Docket No. EL18-173-000 in the Federal Register.

The Commission orders:

(A) PJM’s proposed Tariff revisions are hereby accepted in part, and rejected in part, as discussed in in the body of this order.

(B) PJM is required to make a compliance filing to update cost responsibility assignments within 30 days of the date of this order, as discussed in the body of the order.

(D) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by section 402(a) of the Department of Energy Organization Act and the FPA, particularly section 206 thereof, and pursuant to the Commission’s Rules of Practice and Procedure and the regulations under the FPA (18 C.F.R. Chapter I), the Commission hereby institutes a proceeding in Docket No. EL18-173-000, concerning whether Schedule 12 of the PJM tariff is unjust and unreasonable because it fails to state clearly and specifically specifying the terms and conditions of service, as discussed in the body of this order.

(E) Any interested person desiring to be heard in Docket No. EL18-173-000 must file a notice of intervention or motion to intervene, as appropriate, with the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426, in accordance with Rule 214 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2017), within 21 days of the date of issuance of this order. The Commission encourages electronic submission of interventions in lieu of paper using the “eFiling” link at http://www.ferc.gov. Persons unable to file electronically should submit

an original and three copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426.

(F) The Secretary shall promptly publish in the Federal Register a notice of the Commission’s initiation of the proceeding under section 206 of the FPA in Docket No. EL18-173-000.

(G) The refund effective date in Docket No. EL18-173-000 established pursuant to section 206 of the FPA shall be the date of publication in the Federal Register of the notice discussed in Ordering Paragraph (F) above.

By the Commission. Chairman McIntyre is not participating.

( S E A L )

Kimberly D. Bose,
Secretary.
APPENDIX A

Tariffs records accepted effective April 5, 2018:

PJM Interconnection, L.L.C., Intra-PJM Tariffs,

SCHEDULE 12.APPX A - 1, OATT SCHEDULE 12.APPENDIX A - 1 Atlantic City Electric Comp, 6.0.0;
SCHEDULE 12.APPX A - 2, OATT SCHEDULE 12.APPENDIX A - 2 Baltimore Gas and Electric, 7.0.0;
SCHEDULE 12.APPX A - 3, OATT SCHEDULE 12.APPENDIX A - 3 Delmarva Power & Light Comp, 9.0.0;
SCHEDULE 12.APPX A - 5, OATT SCHEDULE 12.APPENDIX A - 5 Metropolitan Edison Company, 14.0.0;
SCHEDULE 12.APPX A - 12, OATT SCHEDULE 12.APPENDIX A - 12 Public Service Electric and, 17.0.0;
SCHEDULE 12.APPX A - 14, OATT SCHEDULE 12.APPENDIX A - 14 Monongahela Power Company, 11.0.0;
SCHEDULE 12.APPX A - 17, OATT SCHEDULE 12.APPENDIX A - 17 AEP Service Corporation, 16.2.0;
SCHEDULE 12.APPX A - 20, OATT SCHEDULE 12.APPENDIX A - 20 Virginia Electric and Power, 16.0.0;

Tariff records rejected:

PJM Interconnection, L.L.C., Intra-PJM Tariffs,

APPENDIX B

PJM Tariff Schedule 12, section (b)(xvii)


Notwithstanding Sections (b)(i), (b)(ii), (b)(iv), (b)(v), and (b)(vi), and (b)(x)(B)(2), cost responsibility for the costs of a Required Transmission Enhancement that is included in the Regional Transmission Expansion Plan because it is a Targeted Market Efficiency Project (“TMEP”) identified in the Coordinated System Plan periodically developed pursuant to the Joint Operating Agreement Between the Midcontinent Independent Transmission System Operator, Inc. and PJM Interconnection, L.L.C. (“PJM-MISO JOA”) and assigned to PJM pursuant to Section 9.4.4.2.5 of the PJM-MISO JOA, shall be assigned among Zones and Merchant Transmission Facilities in accordance with this Section (b)(xvii). Using the Targeted Market Efficiency Project study conducted pursuant to Section 9.3.7.2(c) of the PJM-MISO JOA in which the TMEP was identified, the Transmission Provider shall determine, in accordance with Attachment K-Appendix, Section 5.1 of the Tariff, the average annual Transmission Congestion Charges experienced by Market Buyers in Zones and at Merchant Transmission Facilities attributable to the targeted Reciprocal Coordinated Flowgate during the two historical calendar years prior to the study year of the Targeted Market Efficiency Project study. In making this determination, the Transmission Provider shall net any increases in Day-ahead and Real-time Prices paid by Market Buyers in a Zone or at a Merchant Transmission Facility against any decreases in Day-ahead and Real-time Prices paid by Market Buyers in such Zone or at such Merchant Transmission Facility attributable to the targeted Reciprocal Coordinated Flowgate. Where a single TMEP is constructed to reduce Transmission Congestion Charges attributable to more than one targeted Reciprocal Coordinated Flowgate, the Transmission Provider shall net any increases in Day-ahead and Real-time Prices paid by Market Buyers in a Zone or at a Merchant Transmission Facility against any decreases in Day-ahead and Real-time Prices paid by Market Buyers in such Zone or at such Merchant Transmission Facility attributable to all targeted Reciprocal Coordinated Flowgates. Cost responsibility shall be assigned based on each Zone’s and Merchant Transmission Facility’s pro rata share of the sum of the net Transmission Congestion Charges paid by Market Buyers only of the Zones and Merchant Transmission Facilities in which Market Buyers experienced net Transmission Congestion Charges.