

132 FERC ¶ 61,210  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

PJM Interconnection L.L.C.

Docket No. ER10-1762-000

ORDER CONDITIONALLY ACCEPTING PROPOSED TARIFF REVISIONS

(Issued September 10, 2010)

1. On July 13, 2010, PJM Interconnection, L.L.C. (PJM) filed revisions under section 205 of the Federal Power Act (FPA)<sup>1</sup> to its Open Access Transmission Tariff (OATT) and the Amended and Restated Operating Agreement of PJM (Operating Agreement). PJM proposes to add a definition of economic minimum to its OATT and Operating Agreement that requires the generating facility to submit an economic minimum in the real-time market that is not greater than its capacity interconnection rights (CIR). In this order, we conditionally accept PJM's proposed tariff revisions, as discussed below.

**Background**

2. PJM states that it is proposing certain modifications to its OATT and Operating Agreement because it is concerned about having to resort to emergency procedures and verbal dispatch instructions to reduce output from a generating facility when resolving transmission constraints. PJM states that certain generating facilities have CIRs that are less than the facilities' maximum facility output. According to PJM, this is occurring more frequently with the interconnection of intermittent generators such as wind and solar, and results in the energy portion of that resource not having guaranteed deliverability; rather, such deliverability is analyzed only up to the level of CIRs granted to the generator. Therefore, when PJM is required to dispatch such a generator down to relieve transmission constraints, PJM needs to be able to do so down to the level of CIRs prior to initiation of emergency procedures. However, PJM states that there is currently no explicit provision in its OATT or Operating Agreement that requires the generating facility to input its economic minimum at a level that is no greater than its CIRs. Therefore, PJM proposes to add a definition of economic minimum to its OATT and Operating Agreement.

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<sup>1</sup> 16 U.S.C. § 824d (2006).

### **Proposed Revisions to the OATT and Operating Agreement**

3. PJM will add section 1.10B to its OATT and section 1.3.2C to Schedule 1 of the Operating Agreement defining “economic minimum” as “the lowest incremental megawatt output level a unit can achieve while following economic dispatch.” Additionally, PJM will add to sections 1.3.2C and 1.7.4(i) of Attachment K to its OATT and section 1.7.4(i) to Schedule 1 of the Operating Agreement general obligations of market participants as follows:

(i) Consistent with Section 36.1.1 of the PJM Tariff, to the extent its generating facility is dispatchable, a Market Participant shall submit an Economic Minimum in the Real-time Energy Market that is no greater than the Capacity Interconnection Rights, as that term is defined in the PJM Tariff, associated with such generating facility under its Interconnection Service Agreement under Attachment O of the PJM Tariff or a wholesale market participation agreement.

PJM also proposes to add language to section 36.1.1 of its OATT relating to interconnection services for generators as follows:

Consistent with Section 1.7.4(i) of Schedule 1 to the Operating Agreement, to the extent its generating facility is dispatchable, an Interconnection Customer shall submit an Economic Minimum in the real-time market that is no greater than its Capacity Interconnection Rights.

4. PJM states that it has reviewed its proposal for informational purposes at various stakeholder meetings in February through May 2010 and received endorsement, and as necessary approval of the proposed OATT and Operating Agreement revisions. PJM requests an effective date of September 12, 2010.

### **Notice of Filing and Responsive Pleadings**

5. Notice of PJM’s filing was published in the *Federal Register*, 75 Fed. Reg. 42,730 (2010), with interventions and comments due on or before August 3, 2010. Monitoring Analytics, LLC, American Municipal Power, Inc., Public Service Commission of Maryland, Exelon Corporation, Dynegy Power Marketing, Inc., American Electric Power Service Corporation, and Old Dominion Electric Cooperative filed timely motions to intervene. Dominion Resource Services, Inc. filed a motion to intervene out-of-time.

## **Discussion**

### **A. Procedural Matters**

6. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2010), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

### **B. Commission Determination**

7. We will accept PJM's filing, to become effective September 12, 2010 as requested, subject to the condition that PJM clarify the way in which the filing applies to PJM generating facilities with physical minimum operating levels. We agree it is reasonable for PJM to place a limit on the economic minimum that a generator is able to submit in its supply offer in the Real-time Energy Market. Such a limit ensures that PJM can manage transmission constraints efficiently while minimizing the need to initiate emergency procedures. In most instances, we agree that it is reasonable to limit the generator's economic minimum to the level of the generator's CIRs, since that is the level at which the deliverability of the generator's capacity has been ensured.

8. However, not all generators within PJM participate in the capacity market. Some generators participate only in the energy market and therefore may not have CIRs. We are concerned that, as drafted, the tariff and operating agreement provisions could be read to establish a zero minimum for such generating facilities. Such generating units, however, may have physical limitations that do not permit them to reduce their output to such an extent. We would not consider it reasonable for PJM to require a generating facility to operate at a positive level below its physical minimum operating level (except when necessary under emergency conditions).

9. We therefore condition our acceptance of PJM's proposal on its filing of a revised tariff provision, within 30 days of the date of this order, to clarify that it will not require a generator to submit an economic minimum level in its supply offer that is below its physical minimum operating level, or adequately explain why it is reasonable to require a generator to submit an economic minimum level in its supply offer that is below its physical minimum operating level.

The Commission orders:

PJM's proposed tariff sheets are hereby accepted for filing, subject to condition, to become effective September 12, 2010, as discussed in the body of this order.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.