

158 FERC ¶ 61,039
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

January 19, 2017

In Reply Refer To:
PJM Interconnection, L.L.C.
Docket Nos. ER13-1654-001
ER13-1654-002

PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, PA 19403

Attn: Jacquelyn B. Hugee, Esq.

Dear Ms. Hugee:

1. On September 6, 2013, PJM Interconnection, L.L.C. (PJM) filed revisions to its Open Access Transmission Tariff (Tariff) and its Amended and Restated Operating Agreement (OA),¹ in compliance with the Commission's August 9 Order.² On compliance, PJM establishes criteria for determining the valid source-sink paths for up-to congestion (UTC) transactions, explains how it intends to apply sections 5.2.1(b) and (c) to UTC transactions, and explains how and why the calculations for UTC transactions differ from the calculations for increment offers (INCs) and decrement bids (DECs).³

¹ PJM Interconnection, L.L.C., Intra-PJM Tariffs, [OATT ATT K APPX Sec 1.10](#), [OATT Attachment K Appendix Sec 1.10 - Scheduling, 13.1.0](#); [OATT ATT K APPX Sec 1.10](#), [OATT Attachment K Appendix Sec 1.10 - Scheduling, 14.1.0](#); [OA Schedule 1 Sec 1.10](#), [OA Schedule 1 Sec 1.10 - Scheduling, 13.1.0](#); and [OA Schedule 1 Sec 1.10](#), [OA Schedule 1 Sec 1.10 - Scheduling, 14.1.0](#).

² *PJM Interconnection, L.L.C.*, 144 FERC ¶ 61,121 (2013) (August 9 Order).

³ An INC is an offer in the day-ahead market to supply virtual generation whereas a DEC is a bid in the day-ahead market for virtual demand. A UTC transaction consists of a paired source and sink designation.

This order finds that PJM has met its compliance requirements and accepts PJM's proposed revisions effective as of August 9, 2013.

2. As directed by the August 9 Order,⁴ PJM proposes to revise section 1.10.1A (c-1) to incorporate the criteria for determining the valid source-sink paths that a participant may specify for UTC transactions, noting that such paths will be posted on PJM's website.⁵ PJM explains that its proposal memorializes UTC transactions existing at the time of the compliance filing and does not expand the list of eligible source-sink paths.

3. PJM also proposes to revise section 1.10.1A (c-1) to remove the provision which referenced the PJM Manuals as the document which describes the maximum price spread between the source and sink prices that a participant may specify. The revised section now reads "[T]he maximum price difference between the source and sink prices that a participant may specify shall be limited to +/- \$50/MWh."⁶

4. As directed in the August 9 Order,⁷ PJM explains that it intends to extend the application of its Financial Transmission Right (FTR) forfeiture rule (which currently applies only to INCs and DEC) to UTC transactions.⁸ Under this rule, the holder of an FTR acquired in an auction may be required to forfeit a portion of its FTR revenues if two conditions are met. First, the holder has an accepted INC offer or DEC bid that is at or near the delivery or receipt bus of the FTR, or the holder has an accepted UTC transaction that is at or near a constrained path between the FTR's delivery and receipt buses. Second, the INC, DEC, or UTC transaction results in a spread between the Locational Marginal Prices at the FTR's delivery and receipt buses that is larger in the day-ahead market than in the real-time market. Finally, PJM explains that it will not need to apply the "at any other bus" requirement in section 5.2.1(c) to UTC transactions, as it does when applying the FTR forfeiture rule to INCs and DEC, because fundamental differences exist between these types of transactions.⁹

5. On December 18, 2013, the Commission sent a delegated letter data request to PJM seeking additional information on: (1) how or why are UTC transactions different

⁴ August 9 Order, 144 FERC ¶ 61,121 at P 23.

⁵ Transmittal Letter at 4-8.

⁶ *Id.* at 10-11.

⁷ August 9 Order, 144 FERC ¶ 61,121 at P 27.

⁸ Transmittal Letter at 12-16.

⁹ *Id.* at 14.

from INCs and DECs; and (2) whether and how the calculations for UTC transactions in the FTR forfeiture rule would differ from the calculations for INCs and DECs. On January 16, 2014, PJM responded to the letter. On February 7, 2014, as required by the August 9 Order, PJM submitted an updated analysis of the impacts of UTC transactions and INCs/DECs on unit commitment, dispatch and operating reserve charges.

6. Notice of PJM's filing was published in the *Federal Register*, 78 Fed. Reg. 57,146 (2013), with interventions and protests due on or before September 27, 2013. No interventions or protests were received. Comments out-of-time were filed by the Independent Market Monitor (IMM) of PJM on September 30, 2013. On October 8, 2013, PJM filed an answer to the IMM's comments. On October 9, 2013, the Financial Marketers Coalition (Financial Marketers)¹⁰ filed a motion to strike, or in the alternative, for leave to answer and answer to the IMM's comments.

7. We note that the IMM's comments are repetitive of comments submitted in the ongoing proceeding in Docket No. EL14-37-000, where the Commission instituted a Section 206 investigation into PJM's application of its FTR forfeiture rule and uplift with regard to virtual transactions. We find that the comments are more appropriately tailored to that proceeding and we will therefore address the comments there.

8. We accept PJM's compliance filing as being in compliance with the August 9 Order. Therefore, we accept PJM's filing effective as of August 9, 2013.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

¹⁰ Financial Marketers consist of XO Energy MA, LLC; Red Wolf Energy Trading; Monterey MA, LLC; Solios Power, LLC; and Great Bay Energy, LLC. Financial Marketers Motion at 1.