

170 FERC ¶ 61,156
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;
Richard Glick and Bernard L. McNamee.

PJM Interconnection, L.L.C.

Docket No. ER20-717-000

ORDER ON TARIFF REVISIONS

(Issued February 27, 2020)

1. On December 31, 2019, PJM Interconnection, L.L.C. (PJM) filed, 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),¹ revisions to Schedule 12-Appendix and Schedule 12-Appendix A of the Tariff (December 31 Filing) to provide updated annual cost responsibility assignments for transmission projects included in the PJM Regional Transmission Expansion Plan (RTEP).² In this order, we accept the December 31 Filing and suspend the filing to become effective January 1, 2020, as requested, subject to refund and further Commission action.

I. Background

2. PJM files cost responsibility assignments for transmission projects that the PJM Board of Directors (PJM Board) approves as part of PJM's RTEP in accordance with Schedule 12 of PJM's Tariff and Schedule 6 of the Amended and Restated Operating Agreement of PJM (Operating Agreement).³ Schedule 12 of the Tariff

¹ 16 U.S.C. § 824d (2018).

² See Appendix to this order for a list of the eTariff records at issue in this proceeding.

³ In accordance with the Operating Agreement, PJM "shall file with FERC a report identifying the expansion or enhancement, its estimated cost, the entity or entities that will be responsible for constructing and owning or financing the project, and the market participants designated under Section 1.5.6(1) above to bear responsibility for the costs of the project." PJM, Intra-PJM Tariffs, OA Schedule 6 Sec 1.6, OA Schedule 6 Sec 1.6 Approval of the Final Regional Trans, 3.0.0, § 1,6(b). The PJM Tariff provides that "[w]ithin 30 days of the approval of each [RTEP] or an addition to such plan by the PJM

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.”⁴ 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 principles and standards,⁵ and individual transmission owner Form No. 715 local

Board pursuant to Operating Agreement, Schedule 6, section 1.6, the Transmission Provider shall designate in the Tariff, Schedule 12-Appendix A and in a report filed with the FERC the customers using Point-to-Point Transmission Service and/or Network Integration Transmission Service and Merchant Transmission Facility owners that will be subject to each such Transmission Enhancement Charge (‘Responsible Customers’) based on the cost responsibility assignments determined pursuant to this Schedule 12.” PJM, Intra-PJM Tariffs, Schedule 12, OATT Schedule 12, 12.0.0, § (b)(viii).

⁴ Required Transmission Enhancements are defined as “enhancements and expansions of the Transmission System that (1) a [RTEP] 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 (‘Appendix B Agreement’) designates one or more of the Transmission Owner(s) to construct and own or finance.” PJM, Intra-PJM Tariffs, OATT Definitions – R - S, OATT Definitions – R - S, 18.2.0. Transmission Enhancement Charges are established to recover the revenue requirement with respect to a Required Transmission Enhancement. PJM, Intra-PJM Tariffs, Schedule 12, OATT Schedule 12, 12.0.0, § (a)(i).

⁵ As established by ReliabilityFirst Corporation, Southeastern Electric Reliability Council, and other applicable Regional Entities. See PJM, Intra-PJM Tariffs, OA Schedule 6 Sec 1.2, OA Schedule 6 Sec 1.2 Conformity with NERC and Other Applic, 2.0.0, §§ 1.2(b) and 1.2(d).

planning criteria. Types of Reliability Projects⁶ identified in the RTEP include Regional Facilities,⁷ Necessary Lower Voltage Facilities,⁸ and Lower Voltage Facilities.⁹

3. PJM utilizes a hybrid cost allocation method, which the Commission found complies with Order No. 1000,¹⁰ for Regional Facilities and Necessary Lower Voltage Facilities that address a reliability need.¹¹ Under this method, PJM allocates 50% of the

⁶ Reliability Projects are included in the RTEP to address one or more reliability violations or to address operational adequacy and performance issues. PJM, Intra-PJM Tariffs, Schedule 12, OATT Schedule 12, 12.0.0, § (b)(i)(A)(2)(a).

⁷ Regional Facilities are defined as Required Transmission Enhancements included in the RTEP that are transmission facilities that: (a) are alternating current (AC) facilities that operate at or above 500 kilovolt (kV); (b) are double-circuit AC facilities that operate at or above 345 kV; (c) are AC or direct current (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, Schedule 12, OATT Schedule 12, 12.0.0, § (b)(i) (Regional Facilities and Necessary Lower Voltage Facilities).

⁸ 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, Schedule 12, OATT Schedule 12, 12.0.0, § (b)(i) (Regional Facilities and Necessary Lower Voltage Facilities).

⁹ 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, Schedule 12, OATT Schedule 12, 12.0.0, § (b)(ii) (Lower Voltage Facilities).

¹⁰ See *Transmission Planning & Cost Allocation by Transmission Owning & Operating Pub. Utils.*, Order No. 1000, 136 FERC ¶ 61,051 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g and clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff'd sub nom. S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014). See also *PJM Interconnection, L.L.C.*, 142 FERC ¶ 61,214 (2013), *order on reh'g and compliance*, 147 FERC ¶ 61,128 (2014), *order on reh'g and compliance*, 150 FERC ¶ 61,038, and *order on reh'g and compliance*, 151 FERC ¶ 61,250 (2015).

¹¹ 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. *PJM Interconnection, L.L.C.*, 142 FERC ¶ 61,214 at

costs of Regional Facilities or Necessary Lower Voltage Facilities on a load-ratio share basis and the other 50% 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. Cost responsibility assignments pursuant to the Order No. 1000-compliant cost allocation method are included in Schedule 12-Appendix A of the Tariff. Cost responsibility assignments for RTEP projects approved prior to the Commission's acceptance of the PJM Transmission Owners' Order No. 1000-compliant cost allocation method are included in Schedule 12-Appendix of the Tariff.

4. Schedule 12 of the Tariff provides that cost responsibility for the portion of cost responsibility assignments allocated on a load-ratio share basis will be updated annually using the applicable zonal loads at the time of each zone's annual peak load from the 12-month period ending October 31 of the calendar year preceding the calendar year for which the annual cost responsibility assignment is determined, consistent with Section 34.1 of the Tariff.¹²

5. Schedule 12 of the Tariff provides that for the portion of cost responsibility assignments allocated pursuant to the solution-based DFAX method PJM shall make a preliminary cost responsibility assignment for each Required Transmission Enhancement at the time such transmission facility is included in the RTEP. Further, beginning with the calendar year in which a transmission facility is scheduled to enter service, and thereafter annually at the beginning of each calendar year, PJM shall update the preliminary cost responsibility assignment for each transmission facility using the values and inputs used in the base case of the most recent RTEP approved by the PJM Board prior to the date of the update.¹³

6. On May 31, 2018, the Commission approved a contested settlement (Settlement) addressing the cost responsibility assignments for RTEP projects that were allocated prior to the Commission's acceptance of the PJM Transmission Owners' Order No. 1000-compliant

P 441; *see* PJM, Intra-PJM Tariffs, Schedule 12, OATT Schedule 12, 12.0.0, § (b)(v) (assigning cost responsibility for Economic Projects that are either accelerations or modifications of Reliability Projects, or new enhancements or expansions that relieve one or more economic constraints): PJM, Intra-PJM Tariffs, OA Schedule 6 Sec 1.5, OA Schedule 6 Sec 1.5 Procedure for Development of the Regi, 23.0.0, § 1.5.7(b)(iii).

¹² PJM, Intra-PJM Tariffs, Schedule 12, OATT Schedule 12, 12.0.0, § (b)(i)(A)(1).

¹³ PJM, Intra-PJM Tariffs, Schedule 12, OATT Schedule 12, 12.0.0, § (b)(iii)(H)(2). The annual update includes any projects that were included to address any individual transmission owner Form No. 715 local planning criteria.

cost allocation method (Covered Transmission Enhancements).¹⁴ The Settlement included *pro forma* Tariff records as Schedule 12-C, providing for the assignment of cost responsibility for the Covered Transmission Enhancements. On December 19, 2019, the Commission accepted PJM's compliance filing to implement the Settlement.¹⁵

II. Tariff Filing

7. PJM states that the instant filing includes revised Tariff sections that reflect updated load-ratio share cost allocations for Regional Facilities and Necessary Lower Voltage Facilities in Schedule 12-Appendix and Schedule 12-Appendix A that are based on each zone's annual peak load from the 12-month period ending October 31, 2019.¹⁶ PJM states that the cost responsibility assignments to Merchant Transmission Facilities¹⁷ with Firm Transmission Withdrawal Rights¹⁸ are based on the methodology that the

¹⁴ The Settlement defines Covered Transmission Enhancements as Required Transmission Enhancements that the PJM Board approved prior to February 1, 2013, and are planned to operate at or above 500 kV, including Necessary Lower Voltage Facilities associated with those Required Transmission Enhancements. Settlement, § 2.2(a). The Covered Transmission Enhancements are listed in the Settlement as Schedule 12-C, Appendix A.

¹⁵ *PJM Interconnection, L.L.C.*, 169 FERC ¶ 61,238 (2019) (accepting compliance filing to implement the Settlement).

¹⁶ December 31 Filing at 12.

¹⁷ Merchant Transmission Facilities are defined as AC or DC transmission facilities "that are interconnected with or added to the Transmission System pursuant to Tariff, Part IV and Part VI and that are so identified in Tariff, Attachment T, provided, however, that Merchant Transmission Facilities shall not include (i) any Customer Interconnection Facilities, (ii) any physical facilities of the Transmission System that were in existence on or before March 20, 2003; (iii) any expansions or enhancements of the Transmission System that are not identified as Merchant Transmission Facilities in the [RTEP] and Attachment T to the Tariff, or (iv) any transmission facilities that are included in the rate base of a public utility and on which a regulated return is earned." PJM, Intra-PJM Tariffs, OATT Definitions – L-M-N, OATT Definitions – L – M - N, 21.1.0.

¹⁸ Firm Transmission Withdrawal Rights are defined in the Tariff as "the rights to schedule energy and capacity withdrawals from a Point of Interconnection of a Merchant Transmission Facility with the Transmission System." PJM, Intra-PJM Tariffs, OATT Definitions – E-F, OATT Definitions – E - F, 22.1.0.

Commission set forth in Opinion No. 503.¹⁹ Specifically, PJM determined the cost responsibility assignments based on Merchant Transmission Facilities' respective peak load in the 12-month period ending October 31, 2019, up to the amount of Firm Transmission Withdrawal Rights set forth in their respective interconnection service agreements.

8. PJM states that solution-based DFAX cost allocation responsibilities for transmission projects addressing reliability issues are set at the time the project is included in the RTEP and are revisited annually beginning with the calendar year in which a Required Transmission Enhancement is scheduled to enter service.²⁰ Thus, the December 31 Filing also includes revisions to update the solution-based DFAX for those specific Regional Facilities, Necessary Lower Voltage Facilities, and Lower Voltage Facilities.

9. PJM also states that Schedule 12-C provides that 50% of cost responsibility for Covered Transmission Enhancements (with the exception of canceled or abandoned projects)²¹ shall be assigned based on the methodology set forth in Schedule 12, Section (b)(i)(A)(2)(a), which is the solution-based DFAX method the Commission accepted in compliance with Order No. 1000. PJM further states that it updates the solution-based DFAX analysis annually for such Covered Transmission Enhancements consistent with Schedule 12, Section (b)(iii)(H)(2).²²

10. PJM clarifies that for canceled or abandoned projects, 50% of the cost responsibility is assigned to Responsible Customers using the cost responsibility assignments set forth in Schedule 12-C, Appendix B,²³ and that the cost assignments for

¹⁹ *PJM Interconnection, L.L.C.*, Opinion No. 503, 129 FERC ¶ 61,161 (2009) (Opinion No. 503).

²⁰ December 31 Filing at 12-13 (citing PJM, Intra-PJM Tariffs, OATT, Schedule 12, 12.0.0, § 12(b)(iii)(H)(2)).

²¹ PJM, Intra-PJM Tariffs, OATT SCHEDULE 12-C, OATT SCHEDULE 12-C - Assignment of Cost Responsibility CTE, 0.0.0. As previously noted, Covered Transmission Enhancement are included in the Settlement as Schedule 12-C, Appendix A. Schedule 12-C, Appendix A, also identifies the cancelled or abandoned projects. PJM, Intra-PJM Tariffs, OATT SCHEDULE 12-C APPX A, OATT SCHEDULE 12-C.APPENDIX A List of Covered Trans. Enhance, 0.0.0.

²² December 31 Filing at 13.

²³ *Id.* at n.62. PJM states that these cost responsibility assignments are not updated annually. *Id.*

canceled projects in Schedule 12-Appendix vary from the allocations set forth in Schedule 12-C, Appendix B, effective prior to 2018. PJM explains that it recalculated those allocations when it removed the cost responsibility of Hudson Transmission Partners, LLC, and Linden VFT, LLC, once they replaced their Firm Transmission Withdrawal Rights with Non-Firm Transmission Withdrawal Rights, effective January 1, 2018.²⁴

11. Finally, PJM states that it is including annual updates to the cost allocations for projects that are included in the RTEP solely to address individual transmission owner Form No. 715 local planning criteria that are pending in Docket No. ER17-1344, and filed in compliance with the Order on Remand.²⁵

III. Notice and Interventions

12. Notice of the PJM December 31 Filing was published in the *Federal Register*, 85 Fed. Reg. 706 (2020), with interventions and protests due on or before January 21, 2020.

13. Timely motions to intervene were filed by American Electric Power Service Corporation, American Municipal Power, Inc., Calpine Corporation, Dominion Energy Services, Inc., East Kentucky Power Cooperative, Inc., Exelon Corporation, Old Dominion Electric Cooperative (ODEC), and Public Service Electric and Gas Company. ODEC filed a protest.

IV. Protest

14. ODEC states that the December 31 Filing does not contain sufficient information to demonstrate that the updated cost responsibility assignments are just and reasonable, or to allow ODEC to verify the updated cost allocation calculations. Specifically, ODEC

²⁴ *Id.* at n.63.

²⁵ *Id.* at n.58. See *PJM Interconnection, L.L.C.*, 154 FERC ¶ 61,096, *order on reh'g*, 157 FERC ¶ 61,192 (2016) (accepting a PJM Transmission Owners-proposed Tariff revision to allocate 100% 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), *remanded sub nom. Old Dominion Elec. Coop. v. FERC*, 898 F.3d 1254 (D.C. Cir. 2018) (setting aside the Commission's order accepting PJM Transmission Owners' proposed Tariff revisions, and remanding for further proceedings); *PJM Interconnection, L.L.C.*, 168 FERC ¶ 61,133 (2019) (Order on Remand) (rejecting PJM Transmission Owners' Tariff revisions on remand).

maintains that the December 31 Filing does not specify each zone's peak megawatt value or the date and time of each zonal peak. ODEC states that the time of the zonal peak and demand at the time of the peak is integral to the cost allocation methodology as set forth in Schedule 12, Section (b)(i)(A), of the Tariff. ODEC requests that the Commission direct PJM to provide in this proceeding the date and time of the zonal peaks and the megawatt value of those peaks. ODEC states that its protest of the December 31 Filing is contingent on the review of the requested information. ODEC adds that if its review of the additional information reveals discrepancies or errors in the cost allocation calculations, ODEC preserves the right to challenge those specific cost responsibility assignments.²⁶

V. Discussion

A. Procedural Matters

15. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2019), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

B. Substantive Matters

16. As discussed below, we accept and suspend PJM's proposed Tariff revisions, effective January 1, 2020, as requested, subject to refund and further Commission action.

17. In its December 31 Filing, PJM states that it is including updates to the cost allocations for the projects that are included in the RTEP solely to address individual transmission owner Form No. 715 local planning criteria.²⁷ As PJM notes, action on PJM's filing submitted in compliance with the Order on Remand is currently pending. Accordingly, we accept the December 31 Filing Tariff revisions, subject to further Commission action on PJM's filing submitted in compliance with the Order on Remand.²⁸

18. ODEC argues that the December 31 Filing does not contain enough information to allow ODEC to verify the updated cost allocation calculations. Under the PJM Operating Agreement and OATT, PJM must present its projects within the Transmission Expansion

²⁶ ODEC Protest at 2-3.

²⁷ December 31 Filing at 11 n.58.

²⁸ Order on Remand, 168 FERC ¶ 61,133. *See* PJM Interconnection, L.L.C., Compliance Filing, Docket No. ER15-1344-007 (filed Oct. 29, 2019).

Advisory Committee (TEAC) process.²⁹ PJM also responds to specific questions from stakeholders as to its data and assumptions.³⁰ Accordingly, the TEAC process is the proper forum to obtain the information that ODEC seeks. Furthermore, the specific information requested by ODEC is available on the PJM website.³¹ We thus dismiss ODEC's protest as the information ODEC seeks is readily available to verify PJM's updated cost allocation calculations, and we find that PJM's Tariff revisions comply with the requirements of its Tariff.

The Commission orders:

The proposed Tariff revisions are hereby accepted and suspended, effective January 1, 2020, as requested, subject to refund and further Commission action, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

²⁹ Schedule 6 of the Operating Agreement provides details of the process to identify new expansions and enhancements that PJM uses to vet (including the notice provisions) the modeling assumptions (etc.) with stakeholders. *See* PJM, Intra-PJM Tariffs, OA Schedule 6 Sec 1.5, OA Schedule 6 Sec 1.5 Procedure for Development of the Regi, 23.0.0 (Procedure for Development of the Regional Transmission Expansion Plan); *PJM Interconnection, L.L.C.*, 165 FERC ¶ 61,078, at P 23 (2018) (“PJM provides market participants with the opportunity to learn the details of its cost responsibility assignments. It conducts an open and transparent RTEP in which market participants can explore these issues.”). *See also* *PJM Interconnection, L.L.C.*, 147 FERC ¶ 61,028, at P 45 (2014) (“The judgments and assumptions made by PJM in implementing the Solution-Based DFAX methodology should be available within the [TEAC] process.”).

³⁰ 165 FERC ¶ 61,078 at P 23.

³¹ <https://www.pjm.com/-/media/markets-ops/settlements/network-service-peak-loads-2020.ashx?la=en>

Appendix

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

- [SCHEDULE 12.APPENDIX 1, OATT SCHEDULE 12.APPENDIX 1 Atlantic City Electric Company, 17.0.0.](#)
- [SCHEDULE 12.APPENDIX 2, OATT SCHEDULE 12.APPENDIX 2 Baltimore Gas and Electric Com, 12.0.0.](#)
- [SCHEDULE 12.APPENDIX 3, OATT SCHEDULE 12.APPENDIX 3 Delmarva Power & Light Company, 18.0.0.](#)
- [SCHEDULE 12.APPENDIX 5, OATT SCHEDULE 12.APPENDIX 5 Metropolitan Edison Company, 21.0.0.](#)
- [SCHEDULE 12.APPENDIX 7, OATT SCHEDULE 12.APPENDIX 7 Pennsylvania Electric Company, 23.0.0.](#)
- [SCHEDULE 12.APPENDIX 8, OATT SCHEDULE 12.APPENDIX 8 PECO Energy Company, 20.0.0.](#)
- [SCHEDULE 12.APPENDIX 9, OATT SCHEDULE 12.APPENDIX 9 PPL Electric Utilities Corpora, 21.0.0.](#)
- [SCHEDULE 12.APPENDIX 10, OATT SCHEDULE 12.APPENDIX 10 Potomac Electric Power Compan, 19.0.0.](#)
- [SCHEDULE 12.APPENDIX 12, OATT SCHEDULE 12.APPENDIX 12 Public Service Electric and G, 21.0.0.](#)
- [SCHEDULE 12.APPENDIX 14, OATT SCHEDULE 12.APPENDIX 14 Monongahela Power Company, Th, 24.0.0.](#)
- [SCHEDULE 12.APPENDIX 17, OATT SCHEDULE 12.APPENDIX 17 AEP Service Corporation, 22.0.0.](#)
- [SCHEDULE 12.APPENDIX 20, OATT SCHEDULE 12.APPENDIX 20 Virginia Electric and Power, 21.0.0.](#)
- [SCHEDULE 12.APPENDIX 22, OATT SCHEDULE 12.APPENDIX 22 NAEA Rock Springs, LLC, 13.0.0.](#)
- [SCHEDULE 12.APPX A - 2, OATT SCHEDULE 12.APPENDIX A - 2 Baltimore Gas and Electric, 11.0.0.](#)
- [SCHEDULE 12.APPX A - 3, OATT SCHEDULE 12.APPENDIX A - 3 Delmarva Power & Light Comp, 12.0.0.](#)
- [SCHEDULE 12.APPX A - 4, OATT SCHEDULE 12.APPENDIX A - 4 Jersey Central Power & Ligh, 13.1.1.](#)
- [SCHEDULE 12.APPX A - 5, OATT SCHEDULE 12.APPENDIX A - 5 Metropolitan Edison Company, 17.0.0.](#)
- [SCHEDULE 12.APPX A - 7, OATT SCHEDULE 12.APPENDIX A - 7 Pennsylvania Electric Compan, 20.0.0.](#)
- [SCHEDULE 12.APPX A - 8, OATT SCHEDULE 12.APPENDIX A - 8 PECO Energy Company, 15.0.0.](#)
- [SCHEDULE 12.APPX A - 9, OATT SCHEDULE 12.APPENDIX A - 9 PPL](#)

- [Electric Utilities Corpo, 16.0.0.](#)
- [SCHEDULE 12.APPX A - 12, OATT SCHEDULE 12.APPENDIX A - 12 Public Service Electric and, 22.0.0.](#)
- [SCHEDULE 12.APPX A - 14, OATT SCHEDULE 12.APPENDIX A - 14 Monongahela Power Company, 16.0.1.](#)
- [SCHEDULE 12.APPX A - 17, OATT SCHEDULE 12.APPENDIX A - 17 AEP Service Corporation, 22.0.1.](#)
- [SCHEDULE 12.APPX A - 20, OATT SCHEDULE 12.APPENDIX A - 20 Virginia Electric and Power, 23.0.0.](#)