

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

PJM Interconnection L.L.C.	)	
	)	Docket No. ER25-712-000
	)	

**COMMENTS AND LIMITED PROTEST OF THE MARYLAND OFFICE OF  
PEOPLE’S COUNSEL**

Pursuant to Rule 211 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or the “Commission”), the Maryland Office of People’s Counsel (“MDOPC”)<sup>1</sup> submits these comments and limited protest to the proposed revisions to the Open Access Transmission Tariff (“OATT”) of PJM Interconnection, LLC (“PJM”) filed by PJM with the Commission on December 13, 2024 and initiating this docket.

**Summary**

PJM titles the proposed revisions the Resource Reliability Initiative (“RRI”). The RRI is one of a series of reform packages PJM has recently proposed in separate filings with the Commission to remedy major failings in the design and administration of its capacity market (PJM’s “Reliability Pricing Model” or RPM).<sup>2</sup> The reasons for these

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<sup>1</sup> MDOPC previously timely filed a doc-less motion for intervention in this proceeding, dated December 18, 2024. By order dated Dec. 23, 2024, entitled “Notice of Extension of Time”, the Commission extended the date for the filing of comments, protests and motions to intervene in the proceeding up to and including January 8, 2025.

<sup>2</sup> *PJM Interconnection, L.L.C.*, Revisions to Reliability Pricing Model, Docket No. ER25-682-000 (Dec. 9, 2024) (PJM December 9 Filing); *PJM Interconnection, L.L.C.*, Tariff Revisions for Reliability Resource Initiative, Docket No. ER25-712-000 (Dec. 13, 2024) (PJM December 13 RRI Filing); *PJM Interconnection, L.L.C.*, Proposed Tariff Amendments for Surplus Interconnection Service, Docket No. ER25-778-000 (Dec. 20, 2024) (PJM December 20 SIS Filing); *PJM Interconnection, L.L.C.*, Extending

failings include the inability of new resources to enter the PJM administered power markets on a timely basis. PJM’s clogged interconnection queue process, including a multi-year moratorium, forestalls new entry and disables effective competition between and among supply offers participating in the annual base residual auctions (“BRAs”) – the auctions administered by PJM to satisfy the resource adequacy requirements of its constituent load serving entities.<sup>3</sup> If unaddressed these failings will result in the exercise of market power by incumbent resources, major undue windfalls to existing capacity resources, little effective incentive for timely expansion of capacity supply, and unjust and unreasonable prices.<sup>4</sup>

The RRI proposes to accelerate, on a one-time basis, the processing of fifty new resources through PJM’s interconnection queue process. PJM will expedite

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the Capacity Must-Offer Requirement to All Generation Capacity Resources, Docket No. ER25-785-000 (Dec. 20, 2024) (PJM December Must Offer 20 Filing) (the “PJM Related Filings”).

<sup>3</sup> See, Complaint of Sierra Club, Natural Resources Defense Council, Public Citizen, Sustainable FERC Project and Union of Concerned Scientists, Docket No. EL 24-148-000 (asserting that PJM’s capacity market rules are unjust and unreasonable because they fail to account for the resource adequacy of contributions of reliability must-run units in the RPM); Complaint of the Joint Consumer Advocates, Docket No. EL25-18 (asserting that PJM’s capacity market rules are unjust and unreasonable, including the lack of new resource entry and seeking a package of remedies to address PJM capacity market’s dysfunction); Complaint of Governor and Commonwealth of Pennsylvania, Docket No. EL25-46 (further alleging that PJM’s capacity market design is unjust and unreasonable, including the lack of new resource entry, and seeking redesign of the RPM market price cap formula by specifying the reference resource used to derive the variable resource requirement (“VRR”) curve used to set demand in the BRAs) (collectively, the “Pending Complaints”); and, finally, PJM’s own filings under section 205 of the Federal Power Act (“FPA”) (See footnote 2, *supra*) (See, *esp.*, Graf/Marzewski Affidavit, Docket No. ER25-682 (Revisions to Reliability Pricing Model) (Dec. 9, 2024) (explaining that the current RPM may deliver “multiple years of high prices that are beyond what is needed to attract new entry in the long run, but that may yet be produced in the interim period before barriers to entry can be addressed.” at 41(c)).

<sup>4</sup> See, footnote 3, *supra*.

interconnections based on a ranking and filtering framework intended to facilitate earlier in-service dates for selected projects and, in turn, greater contribution to RPM supply.

As a general matter, the MDOPC is not opposed to PJM's intention to encourage new, targeted and augmented entry of resources into PJM's capacity market construct.

However, even if the Commission approves the RRI, it will have no impact on the next two BRAs for RPM delivery years 2026/2027 and 2027/2028 and will likely continue to have no impact for delivery year 2028/2029, because the upcoming auctions will take place too soon in time for the RRI procedures to produce significant new entry bidding into these auctions.<sup>5</sup> As such, MDOPC emphasizes that implementation of the RRI will not alleviate the immediate and ongoing adverse impacts on consumers of PJM's dysfunctional capacity market construct noted in the various complaints filed with and pending before the Commission. In addition, because the RRI is intended as a one-off procedure, by design it will not solve the longer-term structural issues arising from the RPM's dysfunction, which are exacerbated by increasing forecasted demand and present and continuing deficiencies in the administration of PJM's interconnection procedures.<sup>6</sup>

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<sup>5</sup> "PJM is now proposing its new Reliability Resource Initiative to expedite interconnections for new projects to come online for 2028/2029 and uprates as early as next year." Brattle Aff. ¶ 12, *PJM Interconnection, L.L.C.*, Docket No. ER25-682 (Dec. 9, 2024). Nowhere in PJM's RRI filing, however, does PJM depart from its prediction of "sustained price cap events." *PJM Interconnection, L.L.C., Revisions to Reliability Pricing Model* at 62 (Dec. 9, 2024), Docket No. ER25-682-000, eLibrary No. 20241209-5207.

<sup>6</sup> See, the Pending Complaints filed in Docket Nos. EL24-148, EL25-18 and EL25-46.

MDOPC notes that these issues are compounded by PJM’s failure to provide estimates of the impacts of the RRI on resource adequacy and BRA clearing prices.

As a result, whatever the fate of PJM’s proposed RRI, there remains a pressing, immediate need for the Commission to direct adoption of the additional remedies proposed in the three pending complaints (in Docket Nos. EL24-148, EL25-18 and EL25-46). Unlike the RRI, implementation of the relief requested in those proceedings would help address issues that would otherwise plague the next two and possibly three BRAs for RPM delivery years (2026/2027 and 2028/2029 and possibly 2029/2030). The relief requested in those dockets, unlike the RRI, also has the potential to provide the structural reforms the RPM requires in order to produce just and reasonable rates into the indefinite future.

### **Background**

Under the RRI, PJM proposes “one-off” procedures for qualifying a limited set of generating facilities for expedited interconnection queue processing. PJM’s proposal would assign each RRI applicant a score from 0 to 100 based on a variety of metrics for ranking and vetting the projects. The facilities with the top 50 scores would be afforded interconnection service entitling them to deliverability status, which would enable their participation in PJM’s capacity market auctions earlier than if the facilities had been considered through the ordinary interconnection queue process. More specifically, PJM would select up to fifty generating facilities (RRI Facilities) to interconnect to the PJM transmission system as part of its “Transition Cycle #2” (“TC2”) for processing projects

queued under its interconnection procedures. TC2 presently includes projects that entered PJM's interconnection queue between October 1, 2020, and September 30, 2021.

To select the fifty RRI Facilities, PJM would assign each facility a score on a 100-point scale based on a set of weighted criteria, comprised of: (i) unforced capacity ("UCAP") (35 maximum possible points); (ii) effective load carrying capacity ("ELCC") (20 maximum points); (iii) location (10 points); (iv) commercial operation date ("COD") (10 points); (v) project support (10 points); (vi) uprates (10 points); and (v) headroom (5 points).<sup>7</sup>

Notably, earlier COD is only afforded up to 10 out of a maximum 100 points in the ranking criteria for project selection. As discussed further below, even within this potential maximum allocation of 10 points, preference for projects achieving COD by June 1, 2029, only are favored by 5 points when compared to projects achieving COD on or after June 1, 2031, or later (without limitations on the COD). Given the comparatively very low preference for early COD, the RRI is mis-described as enabling "shovel ready" projects to address the serious immediate and near-term supply and demand imbalances projected by PJM for its capacity market and is, therefore, unlikely to address the short and intermediate term dysfunctions of PJM's capacity market. For the longer term, if RRI projects CODs are further delayed beyond 2030, PJM has not established or quantified

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<sup>7</sup> Transmittal at 29-30.

how the RRI will improve upon its current procedures for advancing projects to commercial operation and entry into PJM's capacity market.

### **Comments and Limited Protest**

As described above and in multiple pleadings pending before the Commission, significant structural issues undermine the PJM capacity market's competitiveness and pose very substantial risks for electric customers throughout the PJM footprint. These issues have unquestionably infected the results obtained in the completed BRA for delivery year 2025/2026 and, absent corrective action, similarly will infect the BRAs for delivery year 2026/2027, 2027/2028 and subsequent BRAs. From the perspective of the next few BRAs, the RRI is an ineffective and hollow remedy. Its failure to prioritize sufficiently facilities that enter operation before 2030, means that it will likely have no impact on the immediate several upcoming BRAs. The maximum weighted score advantage afforded by the RRI for capacity commencing commercial operation on or before June 1, 2028, is only 10 out of 100 points. This capacity would be able to participate in BRA 2028/2029, but not in the two earlier still pending BRAs for delivery years 2026/2027 and 2027/2028. But selected generation, able to participate in the RRI, might come online even later. Capacity with a COD before June 1, 2029 (which would miss the next, succeeding BRA for delivery year 2028/2029) is proposed to receive 7.5 points out of the 10 points available for earlier COD --- an amount again itself only 10% of the weighting of the total evaluation criteria. A facility with a COD before June 1, 2030 (which would still miss the 2026/2027, 2027/2028, 2028/2029, and 2029/2030 BRAs) would receive

only five points (out of total of 100 points for the overall scoring system) more than a facility with a COD of June 2031 or later.

Notwithstanding the foregoing, PJM uses the label “Commercial Operation Date Viability” to characterize and group the different ranking criteria. PJM employs this term to group with a project’s COD other ranking factors it will employ (i.e., “Project Support” (afforded an additional 10 points out of 100), “Uprate” (afforded an additional 10 points out of 100), and “Headroom” (afforded an additional 5 points out of 100))<sup>8</sup>. Nevertheless, it remains the case, as stated *supra*, that the most objective measure of project acceleration – its COD – is only afforded 10 out of possible 100 ranking points. This low weighting provides little relative distinction to favor projects with earlier CODs. Grouping the COD criteria with other ranking criteria under the same label, as PJM does in its filing, misstates and exaggerates the role that acceleration of new entry will play in the RRI.

Accordingly, the RRI will **not** address the barriers to entry of new resources for the next several BRAs. The urgent need remains for the Commission to adopt the remedies to the PJM capacity market construct for the next three BRAs as requested by the MDOPC and other parties in the multiple, currently pending complaints.<sup>9</sup> This is true, regardless of and unaffected by the outcome of the Commission’s consideration of the

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<sup>8</sup> See PJM Filing at 32-33. By summing the ranking criteria points allocated to these additional factors in addition to COD, PJM asserts that it “assigned over one-third of the points to the Commercial Operation Date Viability as a whole.” PJM Filing at 33.

<sup>9</sup> The complaints filed in EL24-148, EL25-18 and EL25-46.

RRI. The need for those requested remedies applicable to the longer-term operation of PJM's RPM also continues, especially given the one-off and limited nature of the RRI.

Respectfully submitted,

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January 8, 2025.



## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Baltimore, Maryland, this 8<sup>th</sup> day of January 2025.

/s/ Philip L. Sussler

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