



**MC Legal Report
Summary of Significant Filings, Legal Activity and
Federal Energy Regulatory Commission (Commission) and Court Orders
(March 15, 2022 – April 15, 2022)**

ORDERS

On April 14, 2022, the Commission accepted an executed State Agreement Approach Agreement between PJM and the New Jersey Board of Public Utilities, designated as Rate Schedule FERC No. 49 (SAA Agreement). The Commission accepted the SAA Agreement to become effective April 15, 2022, as requested. (Docket No. ER22-902-000)

On April 5, 2022, the Commission issued an order accepting the filing by PJM on behalf of Public Service Electric and Gas Company (PSE&G) of amendments to the Consolidated Transmission Owners Agreement, Rate Schedule FERC No. 42, sections 8.4.3, 8.4.4, 8.5.1, and 8.5.2 that were approved on October 21, 2021. PSE&G's amendments to the Consolidated Transmission Owners Agreement become effective as of January 10, 2022. (ER22-358-000 and ER22-358-001)

On March 29, 2022, the Commission issued a letter order accepting the filing by PJM of proposed revisions to PJM Tariff, Schedule 12-Appendix A to incorporate cost responsibility assignments for 30 baseline upgrades included in the recent update to the Regional Transmission Expansion Plan approved by the PJM Board of Managers on December 8, 2021. PJM's revisions become effective as of April 7, 2022. (ER22-788-000)

On March 24, 2022, the Commission issued a letter order accepting PJM's compliance filing to remove references to the application of the 10% adder in the modeled energy market offers of the Reference Resource used to establish the Variable Resource Requirement Curve. PJM's revisions associated with this compliance filing become effective as of February 19, 2022. (ER19-105-007)

FILINGS

On April 12, 2022, PJM submitted comments pursuant the noticed issued on March 22, 2022 inviting comments on agenda topics for the third public meeting of the Joint Federal-State Task Force on Electric Transmission. (AD21-15-000)

On April 11, 2022, PJM submitted a motion for leave to answer and answer to the comments and protest submitted in response to PJM's March 4, 2022 filing to implement the Intelligent Reserve Deployment model. (ER22-1200-000)

On April 6, 2022, PJM submitted Operating Agreement revisions to: (1) add an explicit requirement that Fuel Cost Policies must be verifiable and systematic to PJM's fuel cost policy requirements; and (2) clarify that incorrect cost-based offers caused by the same underlying error will be treated as a single penalty inclusive of all hours associated with the error. PJM requested an effective date of June 7, 2022 for the Operating Agreement revisions. (ER22-1587-000)

On April 1, 2022, PJM submitted an informational filing to apprise the Commission of the March 31, 2022 filing of an executed Service Agreement for Network Integration Transmission Service among PJM, PJM Settlement Inc., and the Borough of Chambersburg, in Docket No. ER22-1536-000. (ER22-1433-000)



On April 1, 2022, PJM submitted its annual compliance report on unreserved use penalties, late study penalties, and the distribution of such penalties pursuant to Order No. 890 and Order No. 890-A to report PJM's assessment and distribution of operating penalties for the period of January 1, 2021 through December 31, 2021. PJM did not assess, collect, or distribute any operational penalties for late studies or unreserved use for the year 2021. (ER15-994-000)

On April 1, 2021, PJM submitted comments pursuant to the notice issued on March 2, 2022 inviting post-meeting comments regarding the second public meeting of the Joint Federal-State Task Force on Electric Transmission. (AD21-15-000)

On March 31, 2022, PJM filed comments in response to the February 24, 2022 Office of Ohio Consumers' Counsel's Complaint. PJM's comments emphasize two points: First, Congress directed that the Commission provide the RTO-Participation Incentive to each transmitting utility or electric utility that joins a regional transmission organization ("RTO") with no requirement that membership be voluntary. Second, the benefits of RTO membership flow mostly to customers. (EL22-34-000)

On March 31, 2022, PJM submitted a Settlement Agreement and Offer of Settlement (Settlement) resolving all matters in the proceeding concerning PJM's proposal, pursuant to Federal Power Act section 205, to change its administrative cost recovery from the then-current practice of initial charges at stated rate levels with a varying quarterly refund, to a new practice of monthly rates based on that month's costs and that month's billing determinants. The Settlement, in particular, resolves the billing determinants for used to recover the costs of PJM Settlement Inc. under Tariff, Schedule 9-PJMSettlement. (ER22-26-002)

On March 31, 2022, PJM submitted a filing to comply with FERC's order issued on March 7, 2022 (the "March 7 Order"), in Docket No. ER22-2524-001, in response to PJM's July 27, 2021, compliance filing for Order No. 676-I ("July 27 Filing"). Order No. 676-I required PJM to incorporate by reference version 3.2 of the NAESB Business Practice Standards into the PJM Tariff. In the March 7 Order, FERC accepted PJM's revised tariff record, effective May 1, 2022, subject to an additional compliance filing within 30 days of the date of the March 7 Order, and grants the requested waivers. In the compliance filing, PJM addressed two oversights in the Tariff changes filed on July 27, 2021, and confirms FERC's understanding on two other points stated in the March 7 Order. (ER21-2524-002)

On March 30, 2022, PJM filed a request for rehearing of the Commission's February 28, 2022 order rejecting PJM's Federal Power Act (FPA) section 205 filing of revisions to the Financial Transmission Rights (FTR) Credit Requirement. PJM argued that the Commission erred by disregarding nearly all of the substantial evidence PJM presented in support of its filing. In the alternative, PJM requested that the Commission clarify that the order does not foreclose any argument PJM may present in support of any or all of the rejected section 205 changes based on a new record in either the FPA section 206 proceeding in Docket No. EL22-32-000, or a new FPA section 205 proceeding. (ER22-703-002 and EL22-32-001)

On March 25, 2022, in Environmental Protection Agency (EPA) PJM submitted comments in response to the EPA's January 11, 2022 Proposed Decisions issued in the above-referenced dockets, which impacts PJM's capacity resources as part of the bulk electric system. PJM addressed its generation outage scheduling process, and explained why coordination between PJM and the EPA regarding the sequencing of coal unit outages and retirements as part of the CCR Rule implementation are necessary to ensure the reliability of the bulk electric system. In conclusion, PJM suggested that the EPA solicit a recommendation from PJM as to how certain required CCR Rule compliance generation outages should be scheduled to ensure the continued reliability of the grid. (EPA-HQ-OLEM-2021-0587, EPA-HQ-OLEM-2021-0590 and EPA-HQ-OLEM-2021-0595)

On March 25, 2022, PJM Settlement requested the Commission issue an order under Federal Power Act, section 204, authorizing PJM Settlement to: (1) guarantee obligations of PJM Interconnection, L.L.C. (PJM) in an amount not exceeding the \$220.6 million amount previously authorized by the Commission; and (2) provide a line of credit to



PJM in an amount not exceeding the cash that PJM Settlement holds due to remittances from Market Participants that PJM Settlement is not yet obligated to disburse, in an amount not to exceed \$170 million. PJM Settlement requested that the Commission issue an order granting the requested authorizations by May 25, 2022. (ES22-32-000)

On March 23, 2022, PJM submitted a motion for leave to answer and limited answer to comments and protests submitted in response to PJM's February 22, 2022 compliance filing in the reserve price formation proceeding. (EL19-58-012)

On March 22, 2022, PJM submitted revisions to the Tariff and Operating Agreement to clarify rules for participation of PJM's Hybrid Resources. PJM requested that the Commission grant an effective date of June 1, 2022, for the proposed Tariff and Operating Agreement revisions regarding classification and categorization of various types of Mixed Technology Facilities, as well as miscellaneous other provisions. Additionally, PJM requested an effective date of December 31, 9998, for proposed Tariff and Operating Agreement revisions regarding energy and ancillary services market provisions. (ER22-1420-000 and ER22-1420-001)

On March 21, 2022, PJM submitted an answer in response to the Commission's January 21, 2021 Order to Show Cause. In this Answer, PJM concurs with the Commission's preliminary finding that the existing alternative offer cap provisions are no longer necessary and should be removed from the Tariff. In its place, PJM proposes specific language to allow for the use of Market Seller Offer Caps that may be calculated after the Tariff deadlines if the Capacity Market Seller and Market Monitor mutually agree, and PJM verifies that such a revised value is consistent with the Tariff. (EL22-22-000)

On March 18, 2022, PJM submitted proposed revisions to PJM Tariff, Schedule 12-Appendix A to incorporate cost responsibility assignments for 68 baseline upgrades included in the recent update to the Regional Transmission Expansion Plan approved by the PJM Board of Managers on February 16, 2022. PJM requested an effective date of June 16, 2022, which is 90 days after the date of this filing, to allow a 30 day comment period. (ER22-1397-000)

On March 15, 2022, PJM submitted comments in response to matters raised in the Docket concerning PJM's risk management practices and the adoption of minimum capitalization requirements by RTOs. (ER22-108-000)