



MC Legal Report
Summary of Significant Filings, Legal Activity
and
Federal Energy Regulatory Commission (Commission) and Court Orders
(April 16, 2022 – June 13, 2022)

ORDERS

On June 10, 2022, in Docket Nos. ER22-1606-000 and EL21-39-000, the Commission issued an order in response to the PJM Transmission Owners' proposed revisions to the de minimis threshold applied to the results of the solution-based DFAX methodology set forth in Tariff, Schedule 12. The order accepted and suspended the Tariff revisions for a nominal period to become effective June 11, 2022, subject to refund, established paper hearing procedures to develop a further record to determine whether the proposed revisions are just and reasonable, and consolidated ER22-1606 and EL21-39, because both dockets address the solution-based DFAX de minimis threshold provision and involve common issues of law and fact.

On June 3, 2022, in Docket No. ER22-962-000, the Secretary of the Commission granted PJM's May 26, 2022 motion for a twenty-day extension of the deadline to submit PJM's responses to Commission Staff's May 18, 2022 request for additional information in PJM's Order No. 2222 compliance proceeding. The deadline for PJM to submit its responses is now **July 7, 2022**.

On June 1, 2022, in Docket No. EL19-58-013, the Commission issued a letter order accepting the filing by PJM of a compliance filing to revise Tariff, Attachment DD, section 5.14 to make minor corrections on the requirements for calculating a unit-specific historical energy and ancillary service offset as directed by the Commission's May 13, 2022 letter order. PJM's revisions become effective as of September 29, 2021.

On May 31, 2022, in Docket No. ER22-1163-000, the Commission accepted revisions to the Joint Operating Agreement (JOA) between PJM and the Midcontinent Independent System Operator, Inc. (MISO), to conform the JOA's Congestion Management Process (CMP) document to the North American Energy Standards Board (NAESB) Wholesale Electric Quadrant (WEQ) Parallel Flow Visualization (PFV) business practice standards revisions adopted by Order No. 676-J, effective June 2, 2022.

On May 31, 2022, in Docket Nos. EL22-26-001 and ER22-957-001, the Commission issued an order on rehearing relating to the transmission constraint penalty factor rules as applied to the Northern Neck peninsula. In this order, the Commission denied Citadel's request for rehearing of the Commission's February 18, 2022 order related to this matter.

On May 23, 2022, in Docket No. ER22-1587-000, the Commission issued a letter order accepting the filing by PJM of revisions to the Operating Agreement 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's revisions to the Operating Agreement become effective of as June 7, 2022.



On May 19, 2022, in Docket No. ES22-32-000, the Commission issued an order authorizing issuances of securities and accepting the March 25, 2022 application of PJM Settlement, Inc. (PJM Settlement), which requested to continue to guarantee obligations of PJM and to provide a line of credit to PJM. The Commission's authorization is effective from May 26, 2022 through May 25, 2024.

On May 18, 2022, in Docket No. ER22-962-000, FERC Staff issued a Request for Additional Information regarding PJM's February 1, 2022 Order No. 2222 compliance filing relating to the participation of distributed energy resource (DER) aggregators in PJM's energy, capacity, and ancillary services markets.

On May 13, 2022, in Docket No. EL19-58-011, the Commission issued a letter order accepting PJM's compliance filing restoring the historical Energy and Ancillary Services (EAS) offset approach for use in PJM's capacity market. The Commission directed PJM to submit another compliance filing by May 31, 2022 with additional minor corrections.

On May 12, 2022, in Docket No. ER22-1397-000, the commission issued a delegated letter order accepting the proposed amendments to OATT Schedule 12-Appendix A to incorporate cost responsibility assignments for the 68 baseline transmission projects included in the update to the RTEP approved by the PJM Board of Managers on February 16, 2022. The tariff revisions are to become effective as of June 16, 2022.

On April 26, 2022, in Docket No. ER21-1635-004, the Commission accepted a compliance filing to revise the PJM Tariff, Schedule 6A, concerning Black Start Service, as directed by an order issued on December 16, 2022. The amendment removed from the definition of the Capital Recovery Factor (CRF) references to an assumed unit type, unit size, and level of capital investment, effective June 6, 2021.

On April 19, 2022, in Docket No. ER22-1081-000, the Commission accepted PJM's February 18, 2022, membership filing to revise the PJM Operating Agreement, Schedule 12, and the RAA, Schedule 17, to: (i) add new members, (ii) remove withdrawn members, (iii) reflect the signatories to the RAA, and (iv) reflect members' whose corporate names changed during the third and fourth quarter of 2021. The revisions are effective as of December 30, 2021.

FILINGS

On June 13, 2022, in Docket No. ER22-1200-001, PJM submitted a response to Commission staff's May 13, 2022 deficiency notice that was issued in response to PJM's March 4, 2022 filing to revise the PJM Tariff and Operating Agreement to implement intelligent reserve deployment. PJM requests Commission action by August 12, 2022 and for the tariff revisions to become effective as of September 1, 2022.

On June 9, 2022, at the request of House Science Committee Staff, PJM filed a letter for consideration by the House Science Committee Subcommittee on the Environment at its upcoming June 14 hearing on research priorities for the National Oceanic and Atmospheric Administration (NOAA).

On June 6, 2022, in AD21-15-000, PJM submitted comments pursuant the noticed issued on May 23, 2022 inviting comments on agenda topics for the fourth public meeting of the Joint Federal-State Task Force on Electric Transmission.



On June 3, 2022, in Docket No. ER22-2029-000, PJM filed proposed Tariff changes to revise the calculation of the FTR Credit Requirement. The proposed changes more accurately reflect in collateral requirements the risk that an FTR portfolio could suffer market losses, and thus will better protect PJM Members from potential losses resulting from default. PJM requested an effective date of August 3, 2022, for the proposed Tariff changes.

On June 3, 2022, in Docket No. ER22-2026-000, PJM submitted proposed revisions to the PJM Operating Agreement, Schedule 12, and the RAA, Schedule 17, to (i) add the new members, (ii) remove withdrawn members, (iii) reflect the signatories to the RAA, and (iv) reflect members' whose corporate names changed during the 1st quarter of 2022. PJM requested the revisions be effective as of March 31, 2022.

On June 1, 2022, in AD21-15-000, PJM submitted comments pursuant the notice issued on May 11, 2022 inviting comments on issues raised at the May 6, 2022 third public meeting of the Joint Federal-State Task Force on Electric Transmission.

On May 31, 2022, in Docket No. EL22-32-000, PJM filed a motion to hold in abeyance the Federal Power Act (FPA) section 206 proceeding concerning PJM's FTR Credit Requirement. PJM requested that the proceeding be held in abeyance, because PJM is submitting under FPA section 205, on or about June 3, 2022, proposed revisions to the FTR Credit Requirement, and is further working with stakeholders to determine how best to apply PJM's existing Tariff tools to protect against participant-related risks or whether further Tariff changes may be needed. During the pendency of the requested abeyance, PJM will provide updates on the status of the stakeholder process every sixty days.

On May 26, 2022, in Docket No. ER22-962-000, PJM filed a motion for a twenty-day extension of the deadline to submit its responses to Commission Staff's May 18, 2022 request for additional information in PJM's Order No. 2222 compliance proceeding. PJM requested an extension of the original June 17, 2022 response deadline, to July 7, 2022.

On May 26, 2022, in Docket No. ER22-2524-004, PJM filed an additional errata (Errata #2) to their May 19 errata filing amending PJM's March 31, 2022 compliance filing (Compliance Filing) to comply with the Commission's March 7, 2022 Order (March 7 Order) on Compliance and Request for Waivers. The Compliance Filing was made by PJM to comply with the Commission's final rule, Order No. 676-I directing PJM to incorporate by reference NAESB Standards v. 003.2. In the May 19 Errata Filing, PJM amended a citation in Tariff, section 4.2 to the order granting the waiver requests to the Order No. 676-I. This Errata #2 Filing corrects the amended citation to the March 7 Order. In accordance with the March 7 Order, PJM requests a May 1, 2022, effective date for the Tariff revision proposed in the Compliance Filing as amended by this Errata #2 Filing.

On May 25, 2022, in Docket Nos. PL18-1-001 and PL21-3-001, PJM and the Midcontinent Independent System Operator, Inc. (MISO) filed limited reply comments relating to the Commission's Updated Draft Policy Statement and Draft GHG Policy Statement (collectively, the Draft Policy Statements) on natural gas infrastructure.

On May 20, 2022, in Docket No. EL19-58-013, PJM submitted a compliance filing to revise Tariff, Attachment DD, section 5.14 to make minor corrections on the requirements for calculating a unit-specific historical energy and ancillary service offset as directed by the Commission's May 13, 2022 letter order.



PJM requested the revisions to be effective September 29, 2021, as directed in the letter order, and requested a shortened comment period of five days.

On May 19, 2022, in Docket No. ER22-2524-003, PJM filed an errata to their March 31, 2022 compliance filing (Compliance Filing) to comply with the Commission's March 7, 2022 Order on Compliance and Request for Waivers. The Compliance Filing was made by PJM to comply with the Commission's final rule, Order No.676-I directing PJM to incorporate by reference NAESB Standards v. 003.2. Specifically, PJM amends a citation in Tariff, section 4.2 to Order No. 676-I.

On May 18, 2022, in Docket Nos. ER22-957-000 and EL22-26-000 (not consolidated), PJM submitted an informational update to provide the Commission with the most updated congestion pattern information on the Northern Neck Peninsula and to provide an update on the ongoing work with stakeholders that may potentially further reform the existing application of the Transmission Constraint Penalty Factor.

On May 13, 2022, in Docket No. ER22-1420-002, PJM submitted an amendment to provide clarification and correct minor clerical errors that were included in its March 22, 2022 filing of revisions to the Tariff and Operating Agreement to clarify rules for participation of PJM's Hybrid Resources in Docket Nos. ER22-1420-000 and ER22-1420-001. PJM requested a shortened comment period of five days. Also, PJM requested that the Commission grant an effective date for this amendment filing of July 13, 2022.

On May 10, 2022, in Docket No. RM21-17-000, the ISO/RTO Council and several trade associations submitted a motion for extension of time to submit comments in the Notice of Proposed Rulemaking (NOPR) proceeding related to "Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection." The motion requests that that the Commission grant a brief fifteen (15) day extension of the period for initial comments and a seven (7) day extension of the period for reply comments, such that initial comments would be due no later than August 2, 2022 and reply comments no later than September 8, 2022.

On May 9, 2022, in Docket No. AD22-5-000, PJM filed comments in response to the Commission's Notice of Inquiry regarding the implementation of dynamic line ratings (DLR). PJM's comments express support for DLR use in targeted, cost beneficial circumstances. The comments note that DLR can yield benefits in near real-time system optimization by addressing a limited set of operational constraints on actual limiting equipment, principally thermal conductor limits. The comments also note that DLR deployment can inform economic/market efficiency regional planning under certain conditions. The comments caution against suggesting DLR can or should be used as a substitute for (or to delay) addressing identified reliability criteria violations.

On May 6, 2022, in Docket No. ER22-1539-000, PJM submitted limited comments in response to NRG Power Marketing LLC's (NRG-PML) proposed Reliability Must-Run (RMR) rate schedule for Indian River Unit 4, which was submitted on April 1, 2022.

On April 29, 2022, in Docket No. AD22-4-000, PJM filed a Statement in the Joint Technical Conference to Discuss Improving Winter Readiness of Generating Units.

On April 29, 2022, in Docket No. EL22-22-000, PJM submitted a motion for leave to answer and answer (Answer) in response to the comments filed by Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM (Market Monitor). In the Answer, PJM explains that the Market Monitor and PJM are aligned with respect to providing additional flexibility to the Tariff deadlines for



calculating the unit-specific Market Seller Offer Cap. PJM also supports the adoption of the Market Monitor's proposed alternative language, subject to a minor modification as agreed to by the Market Monitor.

On April 28, 2022, in Docket No. RM22-5-000, PJM, CAISO, MISO and SPP submitted joint reply comments in the Notice of Inquiry docket relating to rate recovery of certain civil, political, and related expenses. The joint comments emphasize that RTO rates are subject to Commission and stakeholder oversight and input, and clarify that a recent Supreme Court First Amendment decision neither applies to nor alters the ability of RTOs to recover government affairs costs.

On April 26, 2022, in Docket No. ER22-486-002, PJM submitted additional clarifying information regarding certain eTariff records in the proceeding initiated by PJM's November 29, 2021 Governing Documents Enhancement and Clarifications Subcommittee (GDECS) Federal Power Act section 205 filing.

On April 26, 2022, in Docket No. ER22-962-000, PJM submitted an answer to comments and protests filed in response to PJM's February 1, 2022 Order No. 2222 compliance filing relating to the participation of distributed energy resource (DER) aggregators in PJM's energy, capacity, and ancillary services markets.

On April 22, 2022, in Docket No. EL22-32-000, PJM filed a motion for a sixty day extension of time to make the informational filing required by the Commission's February 28, 2022 order in this proceeding. PJM requested the extension to allow for completion of further analyses, and to conduct further engagement with PJM stakeholders, to assist with preparation and support for any just and reasonable revisions to PJM's Financial Transmission Right Credit Requirement and to fully address the concerns identified in the February 28 order.