

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

PJM Interconnection, L.L.C.

)

Docket No. ER22-2110-000

COMMENTS OF THE ORGANIZATION OF PJM STATES, INC.

Pursuant to Rule 212 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) Rules of Practice and Procedure, 18 C.F.R. § 212, the Organization of PJM States, Inc. (“OPSI”),¹ respectfully submits these Comments and recommends the Commission adopt PJM’s generator interconnection (“GI”) process reforms² that PJM characterizes as a substantial improvement over the process that led to today’s backlogged interconnection queue.

PJM’s proposed “first-ready, first-served” reforms are a step in the right direction. They are in line with reforms proposed in other RTOs and a considerable improvement to the existing processes which is hindering some states’ ability to achieve their policy goals. While the proposed four-year transition and two-year default processing timelines³ are too long, OPSI encourages FERC to approve PJM’s filing expeditiously. Immediate implementation of PJM’s proposed process reforms is the best option, at this point, for ensuring the constructability of generation resources that provide economic and environmental benefits. After the proposed reforms are in place, OPSI expects PJM to continue to further refine its GI process so that projects can be processed as efficiently as possible.

¹ OPSI’s fourteen members unanimously support these comments. OPSI’s members are the Delaware Public Service Commission, Public Service Commission of the District of Columbia, Illinois Commerce Commission, Indiana Utility Regulatory Commission, Kentucky Public Service Commission, Maryland Public Service Commission, Michigan Public Service Commission, New Jersey Board of Public Utilities, North Carolina Utilities Commission, Public Utilities Commission of Ohio, Pennsylvania Public Utility Commission, Tennessee Public Utility Commission, Virginia State Corporation Commission, and Public Service Commission of West Virginia.

² *PJM Interconnection, L.L.C.*, Tariff Revisions for Interconnection Process Reform, Request for Commission Action by October 3, 2022, and Request for 30-Day Comment Period, Docket No. ER22-2110 (June 14, 2022) (“June Filing”).

³ See *infra* at §II.B.

I. BACKGROUND

A. Interconnection is vital to competitive markets and achieving state public policy goals.

Electricity markets are only competitive when new generation resources can easily enter the market and retiring generation resources can easily exit. Ease of generation entry and exit is also integral to maintaining resource adequacy, something that is of primary concern for retail electric regulators. An efficient and well-functioning interconnection queue provides more certainty for decisions related to resource adequacy and for retail electric regulators in ensuring adequacy of service. Accordingly, generators must be able to interconnect to the transmission system without undue delay.

Both the Commission and PJM recognize that “the interconnection process [is] a ‘critical component’ of open access transmission service.”⁴ Most OPSI members rely on PJM to timely interconnect new generation resources to achieve their public policies. OPSI, therefore, generally supports any effort to alleviate the current acute interconnection backlog in PJM.

Eleven of the 14 jurisdictions in the PJM footprint have Renewable Portfolio Standards (“RPS”), and the number of state policies promoting additional shifts in the generation mix has continued to grow over the past few years.⁵ For example, Illinois enacted the Climate and Equitable Jobs Act (“CEJA”) which is expected to dramatically affect the pace of fossil-based retirements in Illinois.⁶ Many other states designed their RPS standards and other energy policies to help promote economic activity and policy goals.

⁴ June Filing at 14 citing *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, 104 FERC ¶ 61,103 at P 9 (2003) (“Order 2003”).

⁵ Monitoring Analytics, 2021 PJM State of the Market at 413 (March 10, 2022) (“2021 SOM”); PJM, Comparison of Renewable Portfolio Standards (RPS) Programs in PJM States (January 3, 2022) (“RPS Comparison”) available at: <https://www.pjm-eis.com/~media/pjm-eis/documents/rps-comparison.ashx>.

⁶ RPS Comparison.

However, the PJM Independent Market Monitor (“IMM”) notes in the 2021 PJM State of the Market Report that “PJM states with RPS rely heavily on imports for RPS compliance.”⁷ The IMM further writes, “[t]he current [Renewable Energy Credit (“REC”)] production from PJM generation resources was not enough to meet the state renewable requirements for 2021, and [Load Serving Entities] purchased RECs from outside the PJM footprint.”⁸ Forcing compliance entities to purchase RECs from outside PJM while over 151,000 MW of renewable generation and storage languishes in the queue is detrimental to the region’s economic health.⁹

Retail jurisdictions rely on PJM and its markets to bring forth the generation needed to satisfy state legislation. However, the markets cannot function as intended if new generation takes years to interconnect. Therefore, immediate improvements to the interconnection queue process are urgently needed.

B. Interconnection Reform is Long Overdue.

Despite the fact that interconnecting new generation is a critical component of open access transmission service,¹⁰ and should be one of PJM’s core competencies, PJM’s generator interconnection queue has been inefficiently processing interconnection requests. PJM has been aware of state public policy goals for a number of years,¹¹ but PJM continues to make little progress with the queue backlog. As a result, the current queue delays put some states in jeopardy of not

⁷ 2021 SOM at 420-421 and Table 8-17.

⁸ *Id.* at 419.

⁹ PJM, Planning – Queued Generation Fuel Mix (accessed July 5, 2022) *available at*: <https://www.pjm.com/planning>.

¹⁰ Order 2003 at 12.

¹¹ PJM, 2021 Regional Transmission Expansion Plan at § 1.3 (March 7, 2022). PJM, 2020 Regional Transmission Expansion Plan at § 6 – State Summaries. (February 28, 2021). PJM, 2019 Regional Transmission Expansion Plan at § 1.1, § 5 (February 29, 2020).

meeting their near-term public policy goals as target dates inch ever closer.¹²

The June 22, 2022, Interconnection Queue Status Update presented to the PJM planning committee indicates that only 13 facilities studies were completed in April and May of 2022 against a backlog of 1,585.¹³ This slow pace will not clear the backlog and illustrates the urgent need to immediately reform the broken interconnection process.

While the stakeholder process took 18 months¹⁴ to develop this proposal, the final sector weighted vote achieved 4.518 out of a total of 5.0 at the Members Committee, which indicates this proposal achieved a high level of support from PJM Members. OPSI hopes this is just the first step in a series of reforms that will increase how efficiently PJM processes interconnection requests.¹⁵ For these reasons and the reasons below, OPSI looks forward to engaging with the Commission's proposed interconnection rulemaking in RM22-14 to continue to make much needed changes to PJM's interconnection process.¹⁶

II. OPSI GENERALLY SUPPORTS PJM'S INTERCONNECTION REFORM BUT MORE WORK IS NEEDED

A. OPSI supports PJM's "First-Ready, First-Served approach," but looks forward to further timeline reductions.

PJM's transition to a "First-Ready, First-Served" approach would allow projects that have made financial and site control commitments to continue to the next step in the queue without needing to wait behind projects that have not yet made such commitments.¹⁷ This first-ready, first-

¹² 2021 SOM at 433-434.

¹³ PJM, Interconnection Queue Status Update at slides 4-5 (June 7, 2022) *available at*: <https://pjm.com/-/media/committees-groups/committees/pc/2022/20220607/item-10---interconnection-queue-status-update.ashx>.

¹⁴ June Filing at 2, 25, 26; Attachment C: Affidavit of Jason P. Connell at P 17.

¹⁵ *Id.* at 2.

¹⁶ *Improvements to Generator Interconnection Procedures and Agreements*, Notice of Proposed Rulemaking, 179 FERC ¶ 61,194 (2022) ("Interconnection NOPR").

¹⁷ June Filing at §§I.A and IV.B.4.

served process that uses a clustered, instead of serial, study approach is designed to be less time intensive and mitigate the need for multiple restudies as projects drop out of the queue.¹⁸ Compared to the status quo, this provides more certainty for projects in each cluster and avoids the circular effect of cascading withdrawals and endless restudies.¹⁹ These reforms are similar to reforms approved in other RTOs,²⁰ and they are similar to the reforms contemplated in FERC's recent Notice of Proposed Rulemaking on generator interconnection.²¹ However, the length of the proposed process does not live up to the standards set by other RTOs.²²

Timely reforms to PJM's interconnection processes are needed to not only improve PJM's own queue, but also to improve PJM's processing of affected system studies which have caused delays in neighboring RTOs.²³ PJM's proposal is a needed step to improve the functioning of the interconnection queue and acceptance of this filing should not be delayed while further reform is considered under RM22-14 and future PJM filings.

B. While eliminating the current queue backlog is necessary, OPSI has concerns with PJM's proposed transition timeline.

PJM's proposed transition period attempts to balance the interests of projects already in

¹⁸ *Id.* at § I.A.

¹⁹ *Id.* at § IV.A.

²⁰ *Id.* at fn. 83 (*See Midwest Indep. Sys. Operation, Inc.*, 124 FERC ¶ 61,183 (2008); *Sw. Power Pool, Inc.*, 128 FERC ¶ 61,114, order on compliance, 129 FERC ¶ 61,226 (2009), order on compliance, 133 FERC ¶ 61,139 (2010); *see also Sw. Power Pool, Inc.*, 167 FERC ¶ 61,275 (2019).).

²¹ Interconnection NOPR.

²² For example, the Commission recently approved modifications to the MISO process that will move generation through the queue in 373 calendar days under their default path, whereas PJM's proposal here would take 710 days. *See*, PJM, Interconnection Process Reform at 6 and 20 (April 27, 2022) *available at*: <https://pjm.com/-/media/committees-groups/committees/mrc/2022/20220427/20220427-item-02a-interconnection-process-reform-presentation.ashx>; *See also*, *Midcontinent Indep. Sys. Operator*, 178 FERC ¶ 61,141 (2022), *Midcontinent Indep. Sys. Operator*, 179 FERC ¶ 61,148, and *Sw. Power Pool, Inc.* 179 FERC ¶ 61,148 (2022).

²³ There are numerous examples over several years of PJM affected system study delays impacting MISO projects. *See e.g.* MISO, Current DPP Schedule version: 6/1/22, *available at*: <https://cdn.misoenergy.org/Definitive%20Planning%20Phase%20Schedule106547.pdf>

the queue with the need to begin processing new requests in a timely manner. Ultimately, as proposed, existing projects that have not provided readiness commitments by a certain date need to be moved aside to make way for projects that are ready to be processed, and that is reasonable.

However, OPSI is deeply concerned that, even under PJM's proposed reforms, a project entering the queue today may not be able to achieve commercial operation until nearly 2030.²⁴ This is because PJM proposes to not process any new interconnection applications until as late as 2026, at which point projects would then have to undergo a two-year interconnection process.²⁵ The prospect of such a lengthy timeline is troubling. It is important that PJM's proposed four-year pause on reviewing new applications be an absolute upper limit and that PJM invest the time and resources to substantially reduce this transition period. Not only would exceeding the proposed timeline hamper the construction of public policy projects, but it would also risk driving developers outside of the PJM region. Therefore, OPSI encourages PJM to do everything it can to exceed the targets set out in this filing.

C. Reporting

FERC and PJM stakeholders, including OPSI, must closely monitor PJM's implementation of the proposed reforms. Too much time has already been lost. To that end, OPSI requests that FERC continue to monitor PJM's interconnection queue statistics via the Order 845 compliance process and other relevant processes to ensure that PJM is meeting or exceeding the transition timeline. These quarterly reports are important tools that the Commission can use to monitor PJM's progress.²⁶ Should the interconnection timeline begin to slip, PJM or FERC should take immediate

²⁴ June Filing at § IV.B

²⁵ *Id.* at § IV.B.4.

²⁶ *See e.g.* PJM Interconnection, L.L.C., Informational Report on Interconnection Study Performance Metrics, Docket No. ER19-1958-003 (Feb. 14, 2022).

corrective action to bring the GI queue timeline back into alignment with the timeline in this docket.

III. CONCLUSION

OPSI recommends FERC expeditiously approve PJM's filing in order to make needed improvements to the interconnection queue. OPSI stresses that reform is urgently needed and that falling short of the transition timeline is not an option if a number of states are to meet their public policy goals. OPSI encourages the Commission to accept PJM's filing and looks forward to future improvements being made in the PJM stakeholder processes or as a result of further developments in Docket No. RM22-14.²⁷

Respectfully Submitted,

Gregory Carmean
Executive Director
Organization of PJM States, Inc.
700 Barksdale Road, Suite 1
Newark, DE 19711
302-266-0914
greg@opsi.us

Ben Sloan
Director of Legal and Regulatory Affairs
Organization of PJM States, Inc.
700 Barksdale Road, Suite 1
Newark, DE 19711
601-214-8481
ben@opsi.us

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²⁷ Interconnection NOPR.

CERTIFICATE OF SERVICE

I hereby certify that the foregoing has been served in accordance with 18 C.F.R. Section 385.2010 upon each person designated on the official service list compiled by the Secretary in this proceeding.

Gregory Carmean
Executive Director
Organization of PJM States, Inc.
700 Barksdale Road, Suite 1
Newark, DE 19711
Tel: 302-266-0914

Dated at Newark, Delaware this July 14, 2022.