

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

PJM Interconnection, L.L.C.

)

Docket No. ER25-712-000

**COMMENTS OF THE
ORGANIZATION OF PJM STATES, INC.**

On December 13, 2024, PJM filed a proposal to open one of its transitional interconnection cycles to roughly 50 additional projects to address near-term resource adequacy issues PJM has identified.¹ The Organization of PJM States, Inc. (“OPSI”), respectfully submits these comments supporting PJM’s proposal.²

I. COMMENTS

In February 2023, PJM released a report showing the convergence of four trends that could lead to reliability risks as soon as the 2029/2030 Delivery Year.³ PJM states that since this report was released, these trends have accelerated and could result in insufficient capacity resource procurement by 2026 under a low new entry scenario or by 2028 under a high new entry scenario.⁴ Therefore, PJM proposes a one-time process, the Reliability Resource Initiative (“RRI”), to allow up to 50 additional projects to enter the PJM interconnection queue at Transitional Cycle #2.⁵ This would allow PJM to complete the interconnection study process for these projects 18 months

¹ PJM Interconnection, L.L.C., Tariff Revisions for Reliability Resource Initiative, Docket No. ER25-712-000 (Dec. 9, 2024) (“RRI Filing”).

² OPSI’s following members support these Comments: 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, and Virginia State Corporation Commission.

³ RRI filing at 10, citing PJM, Energy Transition in PJM: Resource Retirements, Replacements & Risks, PJM Interconnection, L.L.C., (Feb. 24, 2023) available at: <https://www.pjm.com/-/media/library/reports-notice/special-reports/2023/energy-transition-in-pjm-resource-retirements-replacements-and-risks.ashx> (“4R Report”).

⁴ *Id.* at 9.

⁵ *Id.* at 28.

sooner than without RRI.⁶

OPSI, too, recognizes the pressing resource adequacy challenges facing the PJM region and has stated that “[t]he trends driving these reliability risks include increasing electric demand, primarily from data centers, the pace of retirements exceeding the pace of new construction, and an interconnection queue of resources with relatively low capacity accreditation values.”⁷ However, while PJM is working towards clearing its interconnection queue backlog, the reality is that resources waiting in line or attempting to respond to high price signals cannot get through PJM’s interconnection process in the near term. The RRI is a response to these challenges.

PJM states that the RRI is needed to help address the near-term resource adequacy issues it has identified and that it will allow “shovel ready” resources with meaningful amounts of Unforced Capacity and high Effective Load Carrying Capability (“ELCC”) ratings to interconnect quickly and offer into PJM’s Reliability Pricing Model (“RPM”) auctions.⁸ PJM states that it believes this process could add up to 10 GW of reliable resources and that this is the only way PJM can bring this additional generation online prior to 2028.⁹

The RRI proposal would utilize a scoring system to identify candidate projects that have certain characteristics and could move to project completion quickly.¹⁰ PJM states that this process would not have a negative impact on projects already in its Legacy Transition Cycle #2 because, at the time of the filing, the application window had not closed and no studies have begun. PJM also explains that it is not a foregone conclusion that RRI projects would contribute to the need for

⁶ *Id.* at 18, 22.

⁷ OPSI, Letter to the PJM Board of Managers (Nov. 14, 2024) available at: <https://www.pjm.com/-/media/DotCom/about-pjm/who-we-are/public-disclosures/2024/20241114-opsi-letter-re-load-forecasts-and-reliability-analysis.pdf>.

⁸ RRI Filing at 16.

⁹ *Id.* at 22.

¹⁰ *Id.* at 28-30 (35 points – RRI Unforced Capacity; 20 points – RRI ELCC, 10 points – Location, 10 points – Commercial Operation Date, 10 points – Project Support, 10 points – RRI Uprates, 5 points – Headroom).

additional Network Upgrades, which could have the effect of increasing the costs for Network Upgrades for existing capacity resources in Transition Cycle #2.¹¹

While OPSI supported PJM’s most recent interconnection reforms in 2022, it expressed concern that “the proposed four-year transition and two-year default processing timelines are too long.”¹² Over two and a half years ago, OPSI wrote, “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.”¹³ This concern remains. OPSI stated that it expected “PJM to continue to further refine its [Generator Interconnection] process so that projects can be processed as efficiently as possible.”¹⁴

On November 21, 2024, OPSI wrote a letter to the PJM Board of Managers supporting PJM’s efforts through the RRI proposal to expand the region’s generating capacity as quickly as possible.¹⁵ In this proposal, PJM has developed “reliability-based” ranking criteria intended to identify projects to address the specific, current resource adequacy concerns of the region. Given the near-term resource adequacy threat PJM has identified, the RRI ranking criteria PJM has proposed are just and reasonable. Nonetheless, as OPSI has previously noted “it is important that the RRI proposal avoid several potential shortcomings by ensuring it reduces the potential for unduly discriminatory treatment based on fuel type to the greatest extent possible.”¹⁶

Lastly, it is imperative that the RRI proposal provide a high level of certainty that RRI projects will be completed in a timely manner and are subject to additional requirements that

¹¹ *Id.* at 26-27.

¹² OPSI, Comments of the Organization of PJM States, Docket No. ER22-2110-000 at 1 (July 14, 2022).

¹³ *Id.* at 5.

¹⁴ *Id.* at 1.

¹⁵ OPSI, Letter to the PJM Board of Managers at 1 (Nov. 21, 2024) available at: <https://opsi.us/wp-content/uploads/2024/11/OPSI-RRI-SIS-Letter-2024.11.21.pdf>.

¹⁶ *Id.*

enhance the certainty associated with these projects.¹⁷ To that end, OPSI appreciates the inclusion of an RRI-specific deposit that is separate from and additional to the Study and Readiness Deposits all Interconnection Requests are required to provide.¹⁸ In addition, and related to the issues raised in PJM's RPM Adjustments filing in ER25-682, which OPSI also supports, OPSI appreciates that RRI projects will be required to offer into PJM's RPM auctions for at least 10 years. It is imperative that resources that utilize the RRI process be required to help PJM meet its reliability requirements for the foreseeable future.

II. CONCLUSION

For the reasons stated above, the Commission should accept PJM's proposal to implement the RRI.

Respectfully Submitted,

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¹⁷ RRI Filing at 34-36 (attestation of commercial operation date, waiver of the one-year automatic milestone extension, mandatory ten-year RPM Auction participation, prohibition on changes to Maximum Facility Output or Capacity Interconnection Rights prior to GIA/WMPA, prohibition on changing fuel type and Maximum Facility Output during the ten-year RPM Auction participation.).

¹⁸ *Id.* at 34.

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.

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Dated at Newark, Delaware this January 8, 2025.