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September 3, 2014

E-FILED

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

**Re: Implementation of the Alternative Energy Portfolio Standards Act of 2004
Docket No. L-2014-2404361**

Dear Secretary Chiavetta:

Please find enclosed for filing with the Pennsylvania Public Utility Commission the Comments of PJM Interconnection, L.L.C in response to the February 20, 2014 Proposed Rulemaking Order entered in the above-captioned order. PJM appreciates the opportunity to provide feedback. Copies have been served as indicated on the attached Certificate of Service.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'James M. Burlew', written in a cursive style.

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generator.⁵ Two of those requirements pertain to PJM.⁶ First, to qualify for large customer-generator status, the distributed generation system must be designated by an RTO as a generation resource that may be called upon to respond to grid emergencies pursuant to a Federal Energy Regulatory Commission (“FERC”) approved tariff or agreement.⁷ Second, the distributed generation system must be able to provide the emergency support consistent with the RTO’s tariff or agreement.⁸

PJM supports the Commission’s requirement that each distributed generation system be “...able to support the transmission grid during an emergency....”⁹ However, most if not all distributed generation systems participating in the Commission’s retail net metering program do not satisfy the requirements under PJM’s governing agreements to be designated and compensated as generator that may be called upon to respond to grid emergencies. Therefore, the proposed regulations as currently written will not result in the distributed generation systems being available to respond to grid emergencies.

Under PJM’s governing agreements, PJM’s authority to require generation resources to operate on PJM’s behalf during emergencies is primarily limited to capacity resources that cleared PJM’s Reliability Pricing Model¹⁰ capacity market auctions and, therefore, have a requirement to offer supply in PJM’s day-ahead energy market (“Must-offer Requirement”). In addition to requiring the market sellers of these cleared generation capacity resources to make those resources available to PJM in its day-ahead energy market, the Must-offer Requirement

⁵ Order at p. 20.

⁶ While proposed 52 Pa. Code § 75.16 references a regional transmission organization (“RTO”), PJM is currently the only RTO serving Pennsylvania.

⁷ Order, Annex A, at 52 Pa. Code § 75.16.

⁸ *Id.*

⁹ Order at p. 20.

¹⁰ Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”), PJM Open Access Transmission Tariff (“PJM Tariff”), and Reliability Assurance Agreement Among Load Serving Entities in the PJM Region (“RAA”).

also obligates them to make their cleared generation capacity resources available during the following operating day. Moreover, capacity resources must be available during both emergency and non-emergency conditions.

Generally, distributed generation systems participating in the Commission's retail net metering program cannot be capacity resources in PJM because the generators operate primarily in the retail electric market or supply their own demand rendering them unavailable to participate in PJM's wholesale day-ahead energy market and for emergency and non-emergency situations.¹¹ Therefore, PJM cannot designate or compensate such distributed generation systems as generation resources that may be called upon to respond to grid emergencies pursuant to PJM's FERC-approved governing agreements.

However, PJM can utilize the distributed generation systems for reliability purposes during PJM emergencies *pursuant to the Commission's regulations and authority*. In order to utilize these generators, PJM must be aware of, among other information, each distributed generation system's location, size, capability, contact information, and other technical characteristics of the unit. Upon receipt of this information, PJM could confirm the distributed generation system is a generator that could be called upon to respond to grid emergencies in the PJM Region. Then, during a grid emergency within the PJM Region, the customer-generator could be called upon to provide support by the Commission, the customer-generator's electric distribution company ("EDC"), or PJM's emergency notification procedures. PJM requests the Commission adopt a preferred method that the Commission will use to request support from customer-generators during grid emergencies. Based on the Commission's preferred

¹¹ PJM believes it is possible for a net metered distributed generation system to be "designated" to operate during an emergency by PJM if it meets the definition of a Non-Retail Behind the Meter Generation ("BTMG") resource (i.e. BTMG used by municipal electric systems, electric cooperatives, or electric distribution systems). Non-Retail BTMG resources are not capacity resources under PJM's Tariff, however they are required to operate at their full output during the first ten Maximum Generation Emergencies between November 1 and October 31 of any given year.

communication methodology and operating protocols that are compatible and consistent with PJM's existing governing documents (e.g., the PJM Tariff, Operating Agreement, manuals, etc.), PJM will develop operating procedures to utilize customer-generators for support during a grid emergency.¹²

II. RECOMMENDED REGULATORY LANGUAGE

Should the Commission decide to move forward with such an approach, PJM recommends the Commission revise section 75.16 in a manner similar to the following:

(b) A retail electric customer may qualify its alternative energy system for customer-generator status if it makes its system available to operate in parallel with the grid during grid emergencies by satisfying all of the following requirements:

(1) An RTO confirmed, pursuant to the RTO's procedures, that the alternative energy system is a generation resource that may be called upon to respond to grid emergencies.

(2) Pursuant to this section 75.16, and not the RTO's tariff, the alternative energy system provides emergency support as requested by the PA PUC, EDC, or RTO's emergency notification procedures without compensation from the RTO.

III. CONCLUSION

PJM appreciates this opportunity to provide its comments regarding this proceeding.

Respectfully submitted,



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¹² All such communication and operating procedures must be compatible with the PJM's governing agreements, documents, and manuals.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Implementation of the Alternative Energy :
Portfolio Standards Act of 2004 : Docket No. L-2014-2404361
:

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of § 1.54.

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Dated this 3rd day of September, 2014.

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