

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

))
Ingenco Wholesale Power, LLC) Docket No. ER20-1863-000
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**ANSWER, MOTION FOR LEAVE TO ANSWER, AND COMMENTS
OF THE INDEPENDENT MARKET MONITOR FOR PJM**

Pursuant to Rules 211, 212 and 213 of the Commission’s Rules and Regulations,¹ Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor (“Market Monitor”) for PJM Interconnection, L.L.C. (“PJM”),² submits these comments on the answer filed by Ingenco Wholesale Power, LLC (“Ingenco”) on September 18, 2020 (“September 18th Answer”), and the filing submitted on October 19, 2020, in response to the second deficiency letter issued in this proceeding (“2nd Deficiency Response”). The 2nd Deficiency Response responds to the deficiency notice issued October 8, 2020 (“2nd Deficiency Notice”). This proceeding concerns a filing submitted by Ingenco to establish rates for reactive capability under Schedule 2 of the PJM OATT for certain generating facilities owned by Ingenco at 15 electric generating stations located at four landfills in Virginia, Pennsylvania and Maryland including (“Ingenco Facilities”).³

¹ 18 CFR §§ 385.211, 385.212 & 385.213 (2020).

² Capitalized terms used herein and not otherwise defined have the meaning used in the PJM Open Access Transmission Tariff (“OATT”), the PJM Operating Agreement (“OA”) or the PJM Reliability Assurance Agreement (“RAA”).

³ See Ingenco Filing, Docket No. ER20-1863-000 (May 20, 2020) (“Ingenco Filing”). For a list of the stations, see Ingenco’s first deficiency response, Docket No. ER20-1863-000 (August 10, 2020) at 6–7.

PJM procures reactive capability located on the portion of the grid that it plans and operates. This is critical because reactive power cannot be transferred over long distances.⁴ Neither the September 18th Answer nor the 2nd Deficiency Response establish that the Ingenco Facilities provide reactive capability to the PJM Transmission System and are eligible to collect rates pursuant to Schedule 2 of the OATT. The pending motion to reject the filing should be granted.

I. ANSWER

Schedule 2 provides that PJM must procure reactive capability for the PJM Transmission System. PJM has primary responsibility for grid operation and planning the PJM Transmission System. PJM planning must determine whether a line is part of the PJM Transmission System when it performs interconnection studies. The key criteria for such determinations are whether the line is a Reportable Transmission Facility and a Monitored Transmission Facility.

PJM defines Reportable Transmission Facility to mean transmission lines for which:

Transmission Owners are required to report scheduled and forced outages for Reportable Transmission Facilities. Outage information is reported through eDART and through the status obtained via computer link to the EMS. A Transmission Facility is reportable if a change of its status can affect, or has the potential to affect, a transmission constraint on any Monitored Transmission Facility. A facility is also reportable if it impedes the free-flowing ties within the PJM RTO and/or adjacent areas. Facilities can be designated Yes, Low or No. See description below under "PJM Status" for an explanation of these designations. For more information about Outage Reportable facilities see [PJM] Manual

⁴ See FERC, Payment for Reactive Power, Commission Staff Report, Docket No. AD14-17 (April 22, 2014) at 5 ("Transmission lines dissipate reactive power more quickly than real power, meaning that reactive power cannot be efficiently transferred long distances on transmission lines.").

3a: Energy Management System Model Updates and Quality Assurance.⁵

PJM defines Monitored Transmission Facility as follows:

Monitored Transmission Facilities are identified by the Transmission Owner and evaluated by PJM in accordance with the requirements of [PJM] Manual 3a: Energy Management System Model Updates and Quality Assurance, Section 2.4.2. Observable Facilities accepted by PJM as part of congestion control. Monitored Transmission Facilities are monitored and controlled for limit violations using PJM's Security Analysis programs. Controlling limit violations on Monitored Transmission Facilities may result in constrained operation including re-dispatch and/or TLR curtailments. PJM Open Access Transmission Tariff (OATT) Facilities operating at less than 230 kV may be monitored for any of the following criteria:

- Vital to the operation of the PJM RTO
- Affects the interconnected operation of the PJM RTO with other Control Areas
- Affects the capability and reliability of generating facilities or the power system model that is used by PJM to monitor these facilities
- Significantly impact transmission facilities with a nominal voltage of 230 kV or greater if outaged
- Affects the PJM Energy Market if outaged
- May result in constrained operations to control limit violations

Facilities in the posted information can be designated Not Monitored, Reliability & Markets, Reliability-BES, Status Only,

⁵ See PJM Transmission Providers Facilities List On-Line Help (April 5, 2016), <<https://www.pjm.com/-/media/markets-ops/trans-service/trans-fac-help.ashx?la=en>>.

External Reliability, External Status Only, Reliability Non-BES, GSUs, Future.⁶

PJM's criteria for defining Reportable Transmission Facilities and Monitored Transmission Facilities are the appropriate criteria to determine what constitutes the PJM Transmission System and what facilities are not the PJM Transmission System, but rather the responsibility of the owner of a local distribution system.

None of Amelia, Charles City, Chesterfield, Dinwiddie 1, Dinwiddie 2, Rockville 1, Rockville 2, Va. Beach, Henrico, Wicomico, Brunswick, King & Queen, Mountain View meet the two key criteria. The status of two of the 15 Ingenco Units, Pine Grove and New River, is unclear in the information made available in this matter. Ingenco bears the burden to prove that each of the Ingenco Facilities in its fleet is located on the PJM Transmission System and is eligible for compensation under Schedule 2 of the OATT. Ingenco has failed to meet its burden for any of the 15 Ingenco Units.

Neither the September 18th Answer nor the 2nd Deficiency Response provide or can provide any countervailing facts. Ingenco does not argue that the Ingenco Facilities are on the PJM Transmission System. Ingenco does not even acknowledge that it must be on the PJM Transmission System to establish eligibility to receive payments for reactive capability. Ingenco instead mischaracterizes the issue as primarily one of dispatch control. The result is misplaced reliance on arguments that are irrelevant or pertain to tangential matters.⁷

For example, the Market Monitor does not assert that voltage level alone determines which lines are included in the PJM Transmission System and which ones are not.⁸ The voltage level can serve as an indicator, but is not dispositive of whether a facility is on the

⁶ See PJM Manual 3a: Energy Management System (EMS) Model Updates and Quality Assurance (QA) Rev. 18 (Dec. 5, 2019); PJM Transmission Providers Facilities List On-Line Help, (April 5, 2016), <<https://www.pjm.com/-/media/markets-ops/trans-service/trans-fac-help.ashx?la=en>>.

⁷ The September 18th Answer conflates the issue of location and control.

⁸ See September 18th Answer at 2.

PJM Transmission System and therefore entitled to receive payment from PJM for reactive capability.

Factors showing a lack of PJM control over dispatch of generation units or the exemption of units from the obligation to provide reactive capability reinforce the case that certain units are ineligible.⁹ The reverse is not true. Factors showing PJM control over dispatch decisions do not substitute for the failure to establish that the unit interconnects to the PJM Transmission System and provides reactive capability to PJM.

Ingenco does not establish that PJM ever dispatches the Ingenco Facilities to provide reactive power to the PJM Transmission System. Ingenco concedes this point when it observes that "...the generator lead from the distribution-connected generator can have multiple distribution customers and other reactive resources in the path between the generator and the transmission grid."¹⁰

Simply showing that a unit may respond to PJM dispatch instructions does not demonstrate PJM's reliance on the unit to provide reactive capability within the specific scope of Schedule 2 to the OATT. The obligation to follow PJM dispatch is not the same thing as providing reactive capability to the PJM Transmission System. For example, generation resources pseudo tied to PJM are under PJM's dispatch authority and meet the criteria that Ingenco argues should apply. Pseudo tied units are explicitly excluded from

⁹ VEPCO points out that the interconnection agreements for eight of the 15 units in Ingenco's fleet explicitly excuse Ingenco from any obligation to provide reactive capability to PJM, or even to VEPCO as the local LDC. *See* Comments and Answer of Dominion Energy Services, Inc. on Behalf of Virginia Electric and Power Company, Docket No. ER20-1863-000 (September 18, 2020) ("VEPCO"). The Market Monitor agrees with VEPCO that Ingenco's argument that Order No. 2003 has implicitly modified its obligations is incorrect. *Id.* at 3. As VEPCO observes, per the interconnection agreements, "these facilities are not obligated to provide reactive power as directed by PJM." *Id.*

¹⁰ Ingenco Filing, Joint Affidavit of Thomas M. Piascik and Harry E. Hackman, Jr. (August 10, 2020) at 7.

eligibility to file for reactive rates under Schedule 2 of the OATT.¹¹ Like the Ingenco Facilities, pseudo tied units are not located on the PJM Transmission System. The Ingenco Facilities and similarly situated units (off the PJM Transmission System) should not receive compensation from PJM for reactive capability for the same reasons that pseudo tied facilities do not receive compensation. Limiting eligibility for PJM reactive capability payments to facilities located on the PJM Transmission System is consistent with how the PJM Transmission System is planned and operated. Reactive power is different from real power because it is local.¹²

Ingenco has not met its burden to establish the eligibility of the Ingenco Facilities to receive payments for reactive capability under Schedule 2 of the OATT. The Market Monitor's motion should be granted and the filing should be rejected.

II. MOTION FOR LEAVE TO ANSWER

The Commission's Rules of Practice and Procedure, 18 CFR § 385.213(a)(2), do not permit answers to answers or protests unless otherwise ordered by the decisional authority. The Commission has made exceptions, however, where an answer clarifies the issues or assists in creating a complete record.¹³ In this answer, the Market Monitor provides the Commission with information useful to the Commission's decision-making process and

¹¹ See OA Schedule 1 § 1.12.

¹² See FERC, Payment for Reactive Power, Commission Staff Report, Docket No. AD14-17 (April 22, 2014) at 5.

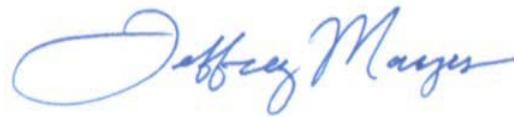
¹³ See, e.g., *PJM Interconnection, L.L.C.*, 119 FERC ¶61,318 at P 36 (2007) (accepted answer to answer that "provided information that assisted ... decision-making process"); *California Independent System Operator Corporation*, 110 FERC ¶ 61,007 (2005) (answer to answer permitted to assist Commission in decision-making process); *New Power Company v. PJM Interconnection, L.L.C.*, 98 FERC ¶ 61,208 (2002) (answer accepted to provide new factual and legal material to assist the Commission in decision-making process); *N.Y. Independent System Operator, Inc.*, 121 FERC ¶61,112 at P 4 (2007) (answer to protest accepted because it provided information that assisted the Commission in its decision-making process).

which provides a more complete record. Accordingly, the Market Monitor respectfully requests that this answer be permitted.

III. CONCLUSION

The Market Monitor respectfully requests that the Commission afford due consideration to these comments and grant its motion to reject the Ingenco Filing with prejudice.

Respectfully submitted,



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Dated: November 4, 2020

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Eagleville, Pennsylvania,
this 4th day of November, 2020.



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