

The Market Monitor understands that this is a black box offer of settlement that does not purport to resolve the issues on the merits.

The issue of eligibility cannot be resolved on a black box basis. The basis for the level of the rate is concealed. The existence of the rate schedule is not concealed. Even if the other terms of the offer of settlement are approved, the issue of eligibility can and should be severed and litigated.

The Market Monitor is not aware of any factual dispute that requires resolution in this proceeding. Accordingly, there is no reason to include an affidavit supporting a position on the facts.⁴ Nothing in the Rules prohibits opposing an offer settlement because it is legally deficient.⁵

for Leave to Answer of the Independent Market Monitor for PJM, Docket No. ER21-936-000 (March 24, 2021); *Whitetail Solar 3, LLC*, Comments and Motion of the Independent Market Monitor for PJM, Docket No. ER20-1851-000 (August 31, 2020); *Whitetail Solar 3, LLC*, Answer, Motion for Leave to Answer, and Comments of the Independent Market Monitor for PJM, Docket No. ER20-1851-000, -001 (November 12, 2020); *Ingenco Wholesale Power, LLC*, Comments and Motion of the Independent Market Monitor for PJM, Docket No. ER20-1863-000, -001 (August 31, 2020); *Ingenco Wholesale Power, LLC*, Answer and Motion for Leave to Answer of the Independent Market Monitor for PJM, Docket No. ER20-1863-000, -001 (November 4, 2020).

⁴ See 18 CFR 602(f)(4) (“Any comment that contests an offer of settlement by alleging a dispute as to a genuine issue of material fact must include an affidavit detailing any genuine issue of material fact by specific reference to documents, testimony, or other items included in the offer of settlement, or items not included in the settlement, that are relevant to support the claim. Reply comments may include responding affidavits.”). This reply does not allege a genuine issue of material fact.

⁵ *Id.*

The offer of settlement should not be approved without a decision resolving the issue of whether Oxbow 1 is eligible to file a rate for reactive capability under Schedule 2 to the OATT.

Respectfully submitted,



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Dated: June 16, 2021

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 16th day of June, 2021.



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Attachment

reactive capability to the PJM Transmission System and is eligible to collect rates pursuant to Schedule 2 of the OATT. The filing should be rejected.

The same issue has been raised in other pending cases, notably, the Whitetail Solar 3 proceeding in Docket No. ER20-1851 and the Ingenco Wholesale Power proceeding in Docket No. ER20-1863. The issue is significant because the number of facilities interconnecting off system can be expected to increase, such facilities do not contribute reactive capability useful to PJM, and based on anticipated power factor levels and the way the *AEP* method has been applied for calculating reactive rates under Schedule 2, such facilities may receive significantly larger payments per MW than the facilities that do provide reactive power capability useful to PJM.

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 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

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 part of the PJM Transmission System, but rather the responsibility of the owner of a local distribution system.

Whitetail 2 bears the burden to prove that the Whitetail 2 Facility is located on the PJM Transmission System and is eligible for compensation under Schedule 2 of the OATT. Whitetail 2 has failed to meet its burden.

The Market Monitor does not assert that voltage level alone determines which lines are included in the PJM Transmission System.⁷ The voltage level can serve as an indicator, but is not dispositive of whether a facility is on the 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 would reinforce the case that certain units are ineligible. The reverse is not true. Factors showing PJM control over dispatch decisions would not substitute for the failure to establish that the unit interconnects to the PJM Transmission System and provides reactive capability to PJM.

Whitetail 2 does not establish that PJM ever dispatches the Whitetail 2 Facility to provide reactive power to the PJM Transmission System. The witness for the Whitetail 3 Facility, which has characteristics similar if not identical to the Whitetail 2 Facility, concedes this point when he observes that "... the generator lead from the distribution-connected

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 Cf. Whitetail 2 at 2 n.2.

generator can have multiple distribution customers and other reactive resources in the path between the generator and the transmission grid.”⁸

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 Whitetail 2 argues should apply. Pseudo tied units are explicitly excluded from eligibility to file for reactive rates under Schedule 2 of the OATT.⁹ Like the Whitetail 2 Facility, pseudo tied units are not located on the PJM Transmission System. The Whitetail 2 Facility 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.¹⁰

Whitetail 2 has not met its burden to establish the eligibility of the Whitetail 2 Facility 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.

⁸ Whitetail 3 Response to First Deficiency Notice, Joint Affidavit of Thomas M. Piascik and Harry E. Hackman, Jr., Docket No. ER20-1851 (August 12, 2020) at 7.

⁹ See OA Schedule 1 § 1.12.

¹⁰ See FERC, Payment for Reactive Power, Commission Staff Report, Docket No. AD14-17 (April 22, 2014) at 5.

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.¹¹ In this answer, the Market Monitor provides the Commission with information useful to the Commission's decision making process and 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 Whitetail 2 Filing with prejudice.

Respectfully submitted,



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¹¹ 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).

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Dated: February 16, 2021

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 16th day of February, 2021.



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