

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

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| SOO Green HVDC Link ProjectCo, LLC |) | |
| |) | |
| v. |) | Docket No. EL21-85-000 |
| |) | |
| PJM Interconnection, L.L.C. |) | |

COMMENTS OF THE INDEPENDENT MARKET MONITOR FOR PJM

Pursuant to Rule 211 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 responding to complaint filed June 18, 2021, by SOO Green HVDC Link ProjectCo, LLC (“SOO Green”) against PJM (“Complaint”). The Complaint primarily requests (at 1) that the Commission “require PJM to modify its Tariff and OA to allow merchant transmission facilities to participate in the RTEP process with other transmission projects without passing first through the generator interconnection process.”

The current rules support competitive markets and SOO Green’s requested replacement rules do not. SOO Green misrepresents the requirement as passing through the generator interconnection process. In fact, SOO Green is required to go through the new services queue. The new services queue establishes a process to evaluate generation interconnection requests, long-term firm transmission requests, upgrade requests and

¹ 18 CFR § 385.211 (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”).

merchant transmission requests in a comparable manner. PJM's process explicitly recognizes, as it should, that merchant transmission and generation compete with one another. The combination of generation and transmission projects in the new services queue was intentional, and appropriately allows for competition between transmission and generation development. All requests that go through the new services queue will be included in the models used in the RTEP process once they meet applicable milestones as established in the tariff. The relief sought should be denied.

I. COMMENTS

A. The Complaint Does Not Show that the Inclusion of Merchant Generation in the New Services Queue Is Unjust and Unreasonable.

Before the relief proposed in the complaint can be considered, SOO Green must show that the current rules are unjust and unreasonable. The Complaint fails to do so. The problems and delays with the interconnection study process and the resulting impact on projects in the new services queue are explained at length, but these issues affect all projects. Moreover, there is broad awareness of problems with the interconnection process. Multiple proceedings exist that are attempting to address those problems.³ The Commission recently initiated a comprehensive rulemaking to address "the potential need for reforms or revisions to existing regulations to improve the electric regional transmission planning and cost allocation and generator interconnection processes."⁴

SOO Green has failed to show any problems specific to merchant transmission projects that require specially removing such projects entirely from the new services queue. The Commission agreed with PJM that the rules including merchant transmission projects

³ See, e.g., PJM and Stakeholders, Issue Charge: Interconnection Process Reform Issue Charge (April 4, 2021), which can be accessed at: <<https://www.pjm.com/committees-and-groups/task-forces/iprtf>>.

⁴ See *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, Advanced Notice of Proposed Rulemaking, Docket No. RM21-17-000, 176 FERC ¶ 61,024 at P 1 (July 15, 2021).

in the new services queue "allow for third-party participation as well as...merchant [transmission] projects outside the [RTEP]," and that failing to include the provisions "would inhibit RTOs from taking initiatives to further their intended role in the restructured electric industry and equally important, could significantly retard the development of merchant transmission as a competitive alternative to generation and other options for resolving transmission congestion and meeting increases in demand for electric service."⁵

In the course of finding solutions to the larger interconnection queue problems, the solutions will address the issues identified by SOO Green.

The Complaint fails to show that continuing to include merchant transmission projects in the new services queue is unjust and unreasonable.

B. The Complaint Does Not Support the Requested Rules Changes.

The Complaint requests (at 39) that the Commission direct PJM to revise its rules to include merchant transmission facilities directly in the RTEP process, removing the requirement that such projects first comply with the generation interconnection provisions contained in Parts IV and VI of OATT.

SOO Green admits (at 28–30) that merchant transmission projects do not meet the definition of need defined in the RTEP. The existence of a market need is best defined by the market. The projects are not needed until the supply associated with them has been committed. Completion of the generation interconnection contained in Parts IV and VI of the OATT demonstrate the required commitment. The approach in the current rules is just and reasonable. The Complaint would fundamentally change the standard for evaluating projects eligible for inclusion in the process.

⁵ *PJM Interconnection, L.L.C.*, 102 FERC ¶ 61, 277 at P 23 (2003).

Competition among supply sources is fundamental to the PJM market design. Granting the requested relief would transfer cost responsibility for associated transmission facilities from new generation customers to transmission customers. Efficient determinations about what new generation is needed must factor in the associated transmission costs. The current rules promote competition and efficiency in the competitive power markets, serve the public interest and should be retained. The requested relief should be denied.

C. The Complaint Does Not Support the Request for Special Alternative Relief.

The Complaint asks (at 42–44) for, in the alternative, an order directing PJM, pursuant to the Commission’s Section 309 authority, to fix a time frame for the remainder of SOO Green’s interconnection process. SOO Green has not shown why its project is entitled to special treatment. The treatment of one project in the new services queue necessarily impacts the treatment of others. PJM should administer its process in an orderly and efficient manner, without discriminatory preference for any project in the queue. The relief requested by SOO Green cannot be granted without according its project an undue discriminatory preference. The requested alternative relief should also be denied.

D. Merchant Transmission Projects Are Not Entitled to Be Treated as Transmission or Generation According to Whether It Benefits Them.

As SOO Green made clear in the PJM stakeholder process, the purpose and economics of the SOO Green project depend on the delivery point of the proposed HVDC line being treated as capacity in the PJM Capacity Market. But as was made clear to SOO Green in the stakeholder process, the project does not meet the definition of capacity under the PJM capacity market design. Despite SOO Green’s denials, SOO Green proposes to sell a slice of MISO generation, rather than specifically identified capacity resources, as capacity in the PJM Capacity Market. This is inconsistent with the definition of capacity in PJM.

In addition to all the reasons that SOO Green belongs in the new services queue if it were only a merchant transmission line, SOO Green is actually intended to be a capacity

resource.⁶ This further supports the recognition, in the definition of the PJM new services queue, that merchant transmission and generation are direct competitors.

SOO Green argues in the Complaint that its merchant transmission project should be treated like a reliability driven transmission project in the planning process. Unlike transmission projects, SOO Green would not have to show its project is needed for reliability. In the PJM stakeholder process, SOO Green argues that its merchant transmission project should be treated like a generation project.⁷ SOO Green's positions are contradictory and reveal that SOO Green wants its projects to be treated as transmission or generation depending on what treatment is advantageous. The Complaint should be denied.

As PJM stated in 2003: "Only a comprehensive regional planning process can ensure that developers of competing transmission and generation facilities all get equivalent information about the costs and time required to obtain interconnection and that all users'

⁶ See, e.g., SOO Green High Voltage Direct Current Link Presentation, MRC Special Session – HVDC Converter Education (May 22, 2020) <<https://www.pjm.com/-/media/committees-groups/committees/mrc/2020/20200522-hvdc/20200522-item-03-soo-green-hvdc-link-presentation.ashx>> SOO Green HVDC Converter Technology & Reliability Overview, Meeting #1, (July 13 2020) <<https://www.pjm.com/-/media/committees-groups/task-forces/hvdcstf/2020/20200713/20200713-item-03-soo-green-a-technology-and-reliability-overview.ashx>> SOO Green HVDC Link – Securing Supply & Delivering Capacity, PJM HVDC Senior Task Force, Meeting #2 (August 17, 2020) <<https://www.pjm.com/-/media/committees-groups/task-forces/hvdcstf/2020/20200817/20200817-item-02-soo-green-hvdc-link-securing-supply-and-delivering-capacity.ashx>> SOO Green HVDC Link: Obtaining and Demonstrating Capacity Obligations, PJM HVDC Senior Task Force, Meeting #3 (September 15, 2020) at 17, which can be accessed at: <<https://www.pjm.com/-/media/committees-groups/task-forces/hvdcstf/2020/20200915/20200915-item-02-soo-green-capacity-performance-education.ashx>>; see also Market Monitor, Issues with HVDC as Capacity, HVDCSTF (October 19, 2020) (explaining that the definition of capacity and the associated rules in PJM are designed around identifiable units and not a slice of system approach), which can be accessed at: <<https://www.pjm.com/-/media/committees-groups/task-forces/hvdcstf/2020/20201019/20201019-item-04-imm-issues-with-hvdc-as-capacity-resource.ashx>> .

⁷ See SOO Green, Issue Charge: Integration of HVDC Converter as a New Type of Capacity Resource (July 13, 2020), which can be accessed at <<https://www.pjm.com/-/media/committees-groups/task-forces/hvdcstf/2020/20200713/20200713-item-02b-issue-charge.ashx>> .

interests in access to the transmission system are fairly accommodated. Accordingly, it is logical and appropriate, as PJM proposes, to utilize essentially the same interconnection study procedures and contractual terms for merchant transmission that the PJM Tariff now applies to generation interconnection.”⁸

II. CONCLUSION

The Market Monitor respectfully requests that the Commission afford due consideration to these comments as it resolves the issues raised in this proceeding.

Respectfully submitted,



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Dated: July 27, 2021

⁸ See PJM Filing, Docket No. ER03-405-000 (January 10, 2003) at 6.

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 27th day of July, 2021.



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