

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

Constellation Energy Generation, LLC)	
)	
v.)	Docket No. EL25-20-000
)	
PJM Interconnection, L.L.C.)	
)	

**ANSWER AND MOTION FOR LEAVE TO ANSWER
OF THE INDEPENDENT MARKET MONITOR FOR PJM**

Pursuant to Rules 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 this answer to the answer and motion to dismiss submitted by PJM on December 12, 2024, and to various comments and protests submitted on or around December 12, 2024. The Market Monitor agrees with PJM and protestors that the Complaint should be rejected.

On November 22, 2024, Constellation Energy Generation, LLC (“CEG”), filed a complaint arguing (at 1) that a “lack of Tariff rules is allowing transmission owners across the PJM system to treat generators seeking to serve Fully Isolated Co-Located Load differently.” CEG requests (at 2) that the Commission direct PJM to “adopt a replacement rate that ... incorporates into the Tariff Sections 2, 3, 5, and 7 of PJM’s Guidance on Co-

¹ 18 CFR §§ 385.212 & 385.213 (2024).

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”).

Located Load (as updated in April 2024), which set forth the rules PJM has been applying to generators seeking to provide service to Fully Isolated Co-Located Load (“Complaint”).”

In order for the Complaint to prevail, CEG must show that the existing rules are unjust and unreasonable or unduly discriminatory.³ If and only if the Commission makes such findings, would the Commission determine the appropriate relief. The specific relief proposed by CEG would be approved only if CEG could show that the proposed relief is just and reasonable and if the Commission finds it better than the just and reasonable alternatives.⁴

CEG has not shown that the OATT is unjust and unreasonable because it fails to include rules that permit co-located loads. The Complaint should be rejected because it fails to show that the OATT requires the inclusion of rules that would, contrary to the applicable standards, provide unjust, unreasonable and unduly discriminatory rules specifically benefitting co-located loads at the expense of all other loads. The Complaint should be dismissed without any further consideration of directing PJM to adopt rule changes.⁵

The current OATT does not permit co-located loads. Attempts to circumvent the OATT via private multiparty ISAs should be rejected, as the Commission rejected the Amended ISA of Susquehanna and PPL.⁶

CEG fails to show that its proposed relief is just and reasonable and not unduly discriminatory.

³ See 16 U.S.C. § 824e.

⁴ *Id.*

⁵ The rules for studying large load additions require reform, but that is beyond the scope of this Complaint.

⁶ See PJM Interconnection, L.L.C., 189 FERC ¶ 61,078 (2024).

I. ANSWER

A. CEG Has Not Shown that the Tariff Rules for Interconnecting Loads Are Unjust and Unreasonable.

CEG has not shown that the OATT is not just and reasonable because it does not permit co-located loads.

Co-located load is and should be treated like other Network Load. CEG would create a separate category of co-located loads eligible for unduly discriminatory treatment. The goal of CEG's Complaint is to create a category of load exempt from paying the costs of the grid along with other network load. Failing to charge co-located load in the same way as other load should not be permitted. Special and unduly discriminatory treatment of co-located load is contrary to the public interest and contrary to the standards of Section 206 of the Federal Power Act.⁷ The Complaint should be denied.

B. The PJM Guidance Document Is Flawed.

CEG's Complaint proposes to require that PJM add selected portions of its informal Guidance Document to the OATT.⁸ This approach would create rules from CEG's cherry picked subset of PJM guidance that have not been vetted by stakeholders or the Commission and that are already stale and irrelevant. CEG attempts to establish an unsupported claim simply by naming its approach "fully isolated" load which it is not and cannot be. CEG's rush to implement its co-location proposal despite the fact that its premises are incorrect and despite the fact that the Commission has begun an appropriate deliberative process should be rejected.⁹

⁷ 16 U.S.C. § 824e

⁸ PJM Guidance on Co-Located Load ("Guidance Document") (Updated April 17, 2024). <<https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/pjm-guidance-on-co-located-load.pdf>>

⁹ See Comments of the Independent Market Monitor for PJM, Docket No. AD24-11-000 (December 16, 2024) ("IMM Comments re Co-Located Loads").

PJM's Guidance Document is incorrect on key points. The OATT does not permit or provide for co-located load. Despite the disclaimers, PJM's Guidance Document ignores that basic fact. PJM's Guidance Document would permit generation capacity resources dedicated to PJM load to provide backup to co-located loads while not requiring a corresponding recognition that CIRs should be reduced for that backup generation also. PJM's Guidance Document would permit generators to violate the definition of an outage when generators that are not included in the co-located arrangement provide backup service for the co-located load. (Page 3, Section 2.f.) This illustrates the point that it is simply not possible to be off the grid if you are interconnected to the grid. It is not possible to be fully isolated from the grid if you are interconnected to the grid. As one example, PJM's Power Point presentation about the Guidance Document graphically illustrates the issues that arise for the grid when the load drops unexpectedly and later comes back on. (Slides 7 – 8.)

C. CEG Has Not Demonstrated that the PJM Guidance Document Is Just and Reasonable.

CEG asks the Commission to require PJM to add selected portions of PJM's Guidance Document on co-located load to the tariff. The Guidance Document was PJM's attempt to inform stakeholders of its views at a moment in time.

CEG proposes to ignore the opening disclaimer at the top of the Guidance Document that states that the document is "intended to be used for general informational purposes only and is subject to change." The document also states that the Guidance Document does not supersede the OATT and PJM Market Rules and PJM Market Rules control in the event of any inconsistency.

CEG also proposes to ignore essential parts of the Guidance Document. The Guidance Document states as its first point (page 1, Part 1):

PJM continues to recommend that all co-located load be served from the PJM Transmission System as PJM Network Load with applicable firm transmission service (e.g., Regional Network Integration Transmission Service (NITS) under PJM Tariff, Part III).

PJM's Guidance Document does address the possibility that a party could want to add co-located load that is not Network Load in Part 2. PJM's views on co-location have evolved very significantly since PJM provided an earlier and very different guidance document at the December 1, 2021, MIC meeting.¹⁰

PJM's views on co-location have evolved even since publication of the updated Guidance Document in April 2024. PJM's Guidance Document was not subject to the type of stakeholder discussion or review or analysis or voting that significant policy, reliability and markets issues of this type receive and deserve in the PJM process. The Market Monitor's view is that the Guidance Document is outdated and incorrect. CEG's attempt to bypass the normal review process and implement only selected parts of the Guidance Document should be rejected. As appeared clear at the Commission's Co-Located Loads Technical Conference, CEG is the primary proponent of a controversial approach to siting large new loads that is opposed by a range of other parties with a wide range of interests. The precursor to Constellation's current proposal was introduced by Exelon at the MIC meeting on December 1, 2021 (prior to Exelon's separation into Exelon and Constellation).¹¹ As evidenced by the emphatic rejection of that proposal (Constellation proposal after separation of Exelon and Constellation) for co-located load in the PJM stakeholder process in poll results presented on

¹⁰ PJM, "PJM Rules Regarding the Siting of New Load Behind the Meter of Existing Generation," (December 1, 2021). <<https://www.pjm.com/-/media/DotCom/committees-groups/committees/mic/2021/20211201/20211201-item-10b-pjm-rules-on-siting-new-load-behind-the-meter-of-existing-generation.pdf>>.

¹¹ Brookfield Renewable and Exelon, presentations to the MIC, "*Capacity Offer Opportunities for Generation with Co-Located -Load*," Issue Charge and "*Capacity Co-Located Load*," Problem/Opportunity Statement (December 1, 2021).

December 7, 2022,¹² and again in voting results presented on August 9, 2023,^{13 14} CEG's views on the subject are not widely shared. The issues are complex and require policy decisions by the Commission that are not well suited to resolution in the narrowly and misleadingly constructed CEG Complaint.

CEG is attempting to bypass the Commission's review process that began with the Co-Located Loads Technical Conference and continues with the comments submitted to the Commission in connection with the conference.

CEG's narrow self interest is not consistent with competitive markets or system reliability. PJM's excess reserves after the last auction, for the 2025/2026 Delivery Year, are less than 1,000 MW. CEG's proposal would remove more than the existing excess from the system, reduce the PJM reserve margin below its target level and negatively affect PJM reliability as a result. PJM's presentation about PJM's Guidance Document to the MRC on April 25, 2024, stated that even at that time PJM had received 5,000 MW of requests for studies of co-location arrangements.¹⁵

¹² Morelli, Lisa *"Poll Results Capacity Offer Opportunities for Generation with Co-Located Load,"* December 7, 2022), <<https://www.pjm.com/-/media/DotCom/committees-groups/committees/mic/2022/20221207/item-06a---co-located-load-poll-results.pdf>>.

¹³ See Brookfield Renewable U.S. and Constellation, Capacity Sales for Host Generation With Curtailable Co-located Load, PJM Market Implementation Committee (August 9, 2023), which can be accessed at: <<https://www.pjm.com/-/media/DotCom/committees-groups/committees/mic/2023/20230809/20230809-item-02---info-only---constellation-brookfield-co-location-configuration-presentation.pdf>>.

¹⁴ See Market Implementation Committee Meeting Minutes, August 9, 2023, which can be accessed at <<https://www.pjm.com/-/media/DotCom/committees-groups/committees/mic/2023/20230809/20230809-minutes.pdf>>

¹⁵ See PJM, Tim Horger, Co-Located Load Guidance, PJM Markets and Reliability Committee, which can be accessed at <<https://www.pjm.com/-/media/DotCom/committees-groups/committees/mrc/2024/20240425/20240425-item-09---1-co-located-load-guidance---presentation.pdf>>.

The Commission recently rejected the Amended ISA of Susquehanna and PPL on the basis of issues that are closely related to CEG's position.¹⁶ CEG fails to distinguish its approach from the rejected approach and cannot distinguish its approach from the rejected approach.

CEG should not be permitted to go forward with its plans to add co-located load to multiple nuclear plants in PJM. CEG has inappropriately treated the attempt to implement co-located load arrangements as a private negotiation despite the fact that CEG's approach would have significant impacts on the entire PJM market. The Market Monitor has pointed this out to CEG and to the PJM stakeholders since Exelon first introduced their proposed approach in PJM in 2021.¹⁷

Adopting CEG's approach would have significant adverse consequences to the public interest. The PJM Capacity Market is already extremely tight. Implementation of co-located load at the sites referenced by CEG and other potential CEG sites would threaten reliability in PJM by reducing capacity below the required reserve margin.¹⁸

If the Commission chooses to require any changes to the PJM rules, those changes should be informed by the Commission's conclusions in its technical conference convened November 1, 2024, regarding large loads co-located at generating facilities ("Co-Located Loads Technical Conference").¹⁹

¹⁶ See *PJM Interconnection, L.L.C.*, 189 FERC ¶ 61,078 at P 87 (2024).

¹⁷ Market Monitor presentations to the MIC, "Behind the Generator Load: Issues," (March 9, 2022) <https://www.monitoringanalytics.com/reports/Presentations/2022/IMM_MIC_Behind_the_Generator_Load_Issues_20220309.pdf>, "Market Approach to Behind the Generator Load," (September 7, 2022) <https://www.monitoringanalytics.com/reports/Presentations/2022/IMM_MIC_Market_Approach_to_BGL_20220907.pdf> and "Market Approach to Behind the Generator Load (BGL)," (October 13, 2022), <https://www.monitoringanalytics.com/reports/Presentations/2022/IMM_MIC_Market_Approach_to_BGL_20221013.pdf>.

¹⁸ See IMM Comments re Co-Located Loads, Attachments.

¹⁹ See *Large Loads Co-Located at Generating Facilities*, Notice of Commissioner-Led Technical Conference, Docket No. AD24-11-000 (August 2, 2024).

The addition of large loads raises broad policy issues regardless of whether it is co-located. These issues should be discussed in a public and transparent manner so that all parties can participate and share their own commercial and policy perspectives. The rules and policy approach need to be clarified, but in a thoughtful and comprehensive manner. Simply adding PJM's outdated and incorrect Guidance Document is not the way to meet that objective. The Commission's ultimate approach to these questions will be core to defining the evolution of the wholesale power markets for the future.

PJM's response to the CEG complaint emphasizes that there are multiple, broad policy issues that should be addressed and that the discussion and decision making process on these issues should be transparent. The Market Monitor supports PJM's corresponding statements.

The Market Monitor recommends that the Commission reject the CEG Complaint and continue to develop a policy approach that recognizes the multiple and complex transmission, reliability and markets issues raised by the addition of large loads to PJM and other wholesale power markets.²⁰

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.²¹ In this answer, the Market Monitor provides the

²⁰ See IMM Comments re Co-Located Loads; *Large Loads Co-Located at Generating Facilities*, Docket No. AD24-11-000.

²¹ 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).

Commission with information useful to the Commission's decision making process and 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 this answer as the Commission resolves the issues raised in this proceeding.

Respectfully submitted,



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Dated: December 20, 2024

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 20th day of December, 2024.



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