

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

SOO Green HVDC Link ProjectCo, LLC)	Docket No. EL21-103-000
)	
v.)	
)	
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 September 21, 2021, by SOO Green HVDC Link ProjectCo, LLC (“SOO Green”) (“Complaint”). The Complaint requests (at 49) that the Commission require PJM to allow SOO Green’s HVDC project to export capacity to PJM “backed by a set of generating units located in the MISO footprint that have firm transmission service to SOO Green’s withdrawal point and firm transmission service across SOO Green to its injection point.”

SOO Green does not propose to increase competition or geographic diversity in the capacity market. SOO Green proposes to subvert the PJM Capacity Market by permitting an inferior product that does not meet any of the requirements to be a capacity resource to crowd out PJM capacity resources that meet all the requirements to be capacity resources.

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”).

SOO Green's approach would suppress capacity market prices and undermine reliability. The Complaint should be denied.

I. COMMENTS

This Complaint constitutes an improper attack on the PJM external capacity market rules. The bulk of the Complaint is comprised of variations on the assertion that HVDC lines have magical properties that somehow obviate the need for the existing PJM capacity market rules. While the HVDC line is directly controllable, that fact is not relevant to the fact that the line will connect a slice of MISO system, subject to MISO dispatch, to PJM and pretend, as a result, that the slice of system is identical to specific units with specific obligations, as defined by PJM's pseudo tie rules and capacity market rules.

The issue is not about providing energy. The issue is not about seams. The issue is not about interregional coordination. The SOO Green line could function like existing HVDC lines and provide energy in response to energy market price signals.

SOO Green seeks capacity resource status in order to increase its revenues by asserting capacity resource status despite the fact that the SOO Green line does not provide capacity as defined by PJM market rules. This is an example of rent seeking, unsupported by economic or market logic, and inconsistent with the PJM market rules that are designed to maintain reliability within PJM. Rather than enhancing reliability, this project would undermine reliability by replacing resources subject to PJM control and dispatch with resources subject to MISO control and dispatch.

SOO Green states (at 3): "The Commission recognized, at the time it approved the External Capacity Rules, the incompatibility between the External Capacity Rules and capacity imported over an HVDC line; however, it has not yet been clearly presented with the issue of external capacity imports via a controllable HVDC transmission facility in PJM until this filing."

The fact that there is an HVDC line does not create a new or different issue for the Commission. The HVDC line does not change anything fundamental about the proposed slice of system transaction. The Commission has addressed and decided these issues.

SOO Green states (at 6): “With the ability to control the converter station directly, PJM does not need to control individual external generators directly to manage power flows across the HVDC transmission facility. Instead, PJM would issue dispatch instructions to the HVDC converter station – located within and directly connected to PJM – to schedule power flows.”

The notion that the converter station is equivalent to a generator is pretense. Power flowing across the SOO Green HVDC line(s) comes from MISO and the undefined slice of system that would supply power to the line. The generating units are not defined and would not be defined with unit specific capacity obligations and subject to the pseudo tie rules. The pseudo tie rules were developed and reconfirmed by the Commission. The pseudo tie rules were developed to address all the complex issues associated with relying on external generation that wishes to be a PJM capacity resource and on which the PJM system will depend for reliability.³ SOO Green seeks, contrary to the fundamental principles of RPM design, to create a “slice of system” capacity resource. The slice of system approach was rejected in PJM because it is inconsistent with the basic PJM capacity market design. The slice of system approach should not be reestablished in whole or in part through this complaint.

SOO Green also states (at 6): “Additionally, controllable interregional HVDC facilities do not introduce new coordinated flowgates, further minimizing the need for

³ See *Potomac Economics, Ltd. v. PJM*, 171 FERC ¶ 61,039 at P 67 (2020) (“PJM’s capacity market is not unjust and unreasonable because it requires external resources to be responsible for their own capacity obligations, just as internal resources are responsible for their capacity obligations. Such a model is also consistent with the Capacity Performance construct in PJM.”).

Market-to-Market (“M2M”) coordination and enabling a less burdensome and more efficient process to dispatch and deliver external capacity.”

This argument is about delivering energy and not capacity. It is irrelevant to the SOO Green assertions that a substation linked to the MISO substation constitutes capacity in PJM. There is no bar to SOO Green delivering energy to the PJM system.

Capacity resources in PJM have specific obligations, defined in the Reliability Assurance Agreement (RAA) and in the Capacity Performance tariff rules.⁴ Those requirements include: a must offer obligation in the day-ahead energy market; the requirement to have flexible unit specific parameters; the requirement to report unit outages in GADS; and the requirement that the energy produced by capacity resources be recallable by PJM in an emergency. In addition to failing to meet the pseudo tie rules, the SOO Green cannot meet these fundamental requirements to be a capacity resource because the source of the asserted capacity is not specific units. In addition, NERC Standard INT-009-2.1 requires coordination of interchange across HVDC transmission facilities, and thus any transfer of power across the SOO Green HVDC transmission facility must be tagged. The approved External Capacity Rules require that capacity from external resources not be tagged. SOO Green does not address these conflicting requirements.

SOO Green states (at 8) that PJM’s External Capacity Rules reduced the number of qualified external capacity resources, thereby constraining competition and interregional trade. SOO Green states (at 2): “By design, these rules restrict the set of external resources able to deliver capacity to PJM in terms of resource diversity and geography, thereby constraining interregional trade.”

SOO Green does not propose to increase competition or geographic diversity in the capacity market. SOO Green proposes to subvert the PJM Capacity Market by permitting an inferior product that does not meet any of the requirements to be a capacity resource to

⁴ See RAA Schedules 9 and 10; OATT Attachment DD §§ 5.5, 5.5A ; OA Schedule 1 § 1.10.1A(d).

crowd out PJM capacity resources that meet all the requirements to be capacity resources. SOO Green's approach would suppress capacity market prices and undermine reliability.

The Complaint should be denied.

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: October 22, 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 22nd day of October, 2021.



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