

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

Atlantic City Electric Company)	Docket Nos. ER24-2888-000
PJM Interconnection, L.L.C.)	
)	
Baltimore Gas and Electric Company)	ER24-2889-000
PJM Interconnection, L.L.C.)	
)	
Commonwealth Edison Company)	ER24-2890-000
PJM Interconnection, L.L.C.)	
)	
Delmarva Power & Light Company)	ER24-2891-000
PJM Interconnection, L.L.C.)	
)	
PECO Energy Company)	ER24-2893-000
PJM Interconnection, L.L.C.)	
)	
Potomac Electric Power Company)	ER24-2894-000
PJM Interconnection, L.L.C.)	(not consolidated)
)	

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 for PJM

¹ 18 CFR § 385.211 (2024).

Interconnection, L.L.C. (“PJM”)² (“Market Monitor”), submits these comments to the revised rate schedules of Transmission Owners (“TOs”) Atlantic City Electric Company, Baltimore Gas and Electric Company, Commonwealth Edison Company, Delmarva Power & Light Company, PECO Energy Company, and the Potomac Electric Power Company (collectively, “Exelon TOs”) reflecting updates to each of their Attachments H-2 to the PJM OATT concerning treatment of co-located load, which were filed by PJM on behalf of the Exelon TOs on August 28, 2024.

These filings for the Exelon TOs, each of which is an Electric Distribution Company (“EDC”) and a Transmission Owning Company (“Transmission Owner” or “TO”), would clarify the federal rules related to the customer status of co-located load customers in each of their service territories. State regulation addresses the status of and rules governing such customers as retail customers.

Each of the Exelon TOs submits revisions to its specific Attachment H-2 to the OATT governing transmission service that would be effective December 2, 2024. The attachments are the same except for the name of the TO. In response to a protest, the Exelon TOs stated that they would accept Commission directed changes to their proposal to avoid changing the treatment of behind the meter generation, qualified facilities, or retail net metering arrangements.³

The Market Monitor’s comments apply to all of the identified filings.

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

³ Motion for Leave to Answer and Joint Answer of Atlantic City Electric Company, Baltimore Gas and Electric Company, Commonwealth Edison Company, Delmarva Power & Light Company, PECO Energy Company, and Potomac Electric Power Company to Limited Protest of Natural Resources Defense Council, Docket No. ER24-2888-000, et al. (September 27, 2024) at 5–7.

I. COMMENTS

The Market Monitor supports the proposed tariff changes because they clarify that all loads, including co-located loads, are transmission customers of the TOs in whose territory they are located and are also customers of the EDC. The filings provide that all such customers are subject to the standard terms and conditions of the PJM OATT, including status either as a Network Integration Transmission Service (NITS) customer or a Point to Point Transmission service customer.

Current proposals for co-located load would provide discriminatory treatment for co-located load and would set a precedent for significant changes to the PJM markets that will impose costs on other market participants. Such arrangements between generation owners and co-located loads are not private bilateral arrangements that can ignore the applicable requirements of the PJM OATT. The core result for co-located load proposals is avoiding the costs assigned to transmission and distribution customers under both state and federal regulation. Under these proposed approaches, the co-located load would simply, but inappropriately, avoid paying transmission charges and distribution charges and would not be directly subject to the rate regulation of the Commission or state public utility commissions.

The core assertion underlying such co-located arrangements, that a co-located load at a power plant can be isolated from the grid, is an illusion. It is not possible to be off the grid. Both the power plant at which the co-located load is sited and the co-located load itself depend on the grid and cannot exist or function without the grid. In addition, the co-located load will continue to rely on the grid for a range of ancillary services including frequency control, reactive, spinning reserves, reserves in general, black start, and PJM administrative functions.

The benefits of such arrangements to co-located load, if they were allowed, would come at the expense of other customers in the PJM markets. If, for example, this approach were extended to all the nuclear plants in PJM, the impact on the PJM grid and markets would

be extreme. Energy prices would increase significantly as low cost nuclear energy is displaced by higher cost energy on the overall supply curve. Capacity prices would increase as the supply of capacity to the market is reduced. Emissions would also increase as thermal resources that are next in merit order in the supply curve are dispatched to meet load to replace the nuclear energy. Establishing the precedent that co-located load can avoid paying for the transmission system on which it relies would undermine PJM reliability and PJM competitive markets. Adding large loads that are not co-located but are electrically close to the same location would have the same or very similar impacts on energy and capacity prices, but these loads would be treated as transmission and distribution customers and pay the associated costs. Given these impacts, it does not make sense to provide significant incentives to co-locate through the avoidance of transmission costs. The filings in this matter simply require that all loads follow the tariff and prevent the creation of arbitrary loopholes in that requirement.

The Commission's decision in this matter will have extremely large significance for the future of PJM markets. PJM has not explained how it plans to meet expected increases in the demand for power, given ongoing generator retirements, even without providing incentives to remove multiple large generating units from the system through bilateral arrangements with co-located load.

These filings would make it explicit that co-located load cannot avoid Commission regulation or state regulation simply by physically locating behind a generating unit. Under the proposed tariff modifications, co-located end use load would be required to pay, like all other customers, for the costs of the transmission system that it relies on and for the costs of the associated ancillary services that it relies on.

II. CONCLUSION

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

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Respectfully submitted,



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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 2nd day of October, 2024.



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