

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

Stony Creek Wind Farm, LLC

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Docket Nos. Nos. EL23-98-000
ER23-2595-001

**COMMENTS OF
THE INDEPENDENT MARKET MONITOR FOR PJM
IN OPPOSITION TO OFFER OF SETTLEMENT**

Pursuant to Rule 602(f) 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.² (“PJM”), submits this reply in opposition to the offer of settlement (“Offer”) filed in this proceeding on April 19, 2024, by Stony Creek Wind Farm, LLC (“Stony Creek”).

The Offer proposes, on a black box basis, an ARR of \$142,500.00 per year, or \$2,714.29 per MW-year, or \$7.44 per MW-day. The proposed Offer ARR is excessive.

The Offer’s proposed ARR is a disproportionately large share of the total capital costs of the resource. The proposed ARR is significantly (1.41 times) higher than the average rate paid for reactive power in PJM, \$1,927 per MW-year in 2023. The proposed black box ARR for the Stony Creek Facility is \$7.44 per MW-day for the reactive ancillary service alone, or 15.0 percent of the \$49.49 per MW-day clearing price for capacity in the last PJM capacity market auction (BRA for the 2024/2025 Delivery Year) for the MAAC LDA where the plant is located.

No justification has been provided for why customers should pay 1.41 times the average PJM price of reactive for reactive from Stony Creek. There is no reasonable basis for the proposed disparity in cost for the same service. Reactive is a homogeneous product which

¹ 18 CFR § 385.602(f) (2023).

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

should have the same price for all sellers. This result has not been explained or supported by Stony Creek in their filing or their black box Offer. This disparity is inconsistent with competitive markets.

The actual excess is larger than calculated based on the nameplate capacity of the resource. This type of resource can sell only a derated level of MW in the PJM capacity auction to reflect the fact that it is not directly comparable to a thermal resource with higher availability. On an equivalent capacity basis using the class average 35.0 percent ELCC derating factor for onshore wind to be used in the PJM Base Residual Auction for the 2025/2026 Delivery Year, the Offer proposed ARR is \$7,755.10 per MW-year, \$21.25 per MW-day, or 42.9 percent of the \$49.49 per MW-day clearing price in the last PJM capacity market auction for the MAAC LDA. In effect, Stony Creek is proposing that customers pay a price for the reactive ancillary service alone from Stony Creek equal to 42.9 percent of the price that customers pay for the capacity from Stony Creek in the PJM Capacity Market. That result would be unreasonable and excessive and inconsistent with a competitive market.

The actual excess could be larger than calculated based on the class average derating factor of the resource. To the extent that the actual unit specific ELCC for Stony Creek is below the class average, the proposed cost of reactive per MW of capacity would increase and the degree of excess would increase. The opposite would be true if the actual ELCC were greater than the class average. The actual ELCC derating factor based on the actual CIR value is essential to an accurate evaluation of the actual cost per MW-day of the Stony Creek proposal. The facts about the actual ELCC derating factor and the actual CIR value are confidential but can be established at hearing.

The facts relevant to whether the level of the rate proposed by Stony Creek are appropriate should be established at hearing. The first issue that should be examined at hearing is why PJM customers should pay any revenue requirement to Stony Creek under Schedule 2. In the recent *Midcontinent Independent System Operator, Inc. (MISO)* case, the Commission approved MISO's FPA § 205 filing revising the MISO Tariff Schedule 2 to eliminate all charges under Schedule 2 for the provision of reactive power within the

standard power factor range.³ The decision found “the provision of reactive power within the standard power factor range is, in the first instance, an obligation of the interconnecting generator and good utility practice,” and there is, thus, no obligation to provide separate compensation for reactive capability.⁴ The Commission explained that its holding reaffirms its policies stated, e.g., in Order No. 2003.⁵ It is also consistent with the approach long used in other RTOs, including CAISO and SPP.⁶ The Commission rejected arguments that reactive payments should be continued “because generators have come to rely on the compensation for Reactive Service in order for the generators to remain financially viable.”⁷ The Market Monitor has argued this position in the *Fern Solar* hearing, where its brief on exceptions to the initial decision is pending before the Commission.⁸

The Commission may approve a contested offer of settlement only based on its merits.⁹ A contested settlement may be approved on its merits under one of the four approaches set forth in *Trailblazer Pipeline Company*.¹⁰ None of the approaches under

³ 182 FERC ¶ 61,033 (2023).

⁴ *Id.* at P 53.

⁵ *Id.*

⁶ *Id.* at PP 56–57.

⁷ *Id.* at P 54.

⁸ *See Fern Solar LLC*, Docket No. ER20-2186, et al.

⁹ 18 CFR § 385.602(h)(1) (“If the Commission determines that any offer of settlement is contested in whole or in part, by any party, the Commission may decide the merits of the contested settlement issues, if the record contains substantial evidence upon which to base a reasoned decision or the Commission determines there is no genuine issue of material fact.”).

¹⁰ The four approaches for approving a settlement under *Trailblazer Pipeline Company* include: (i) addressing the contentions of the contesting party on the merits when there is any adequate record; (ii) approving a contested settlement as a package on the ground that the overall result of the settlement is just and reasonable; (iii) determining that the contesting party's interest is sufficiently attenuated such that the settlement can be analyzed under the fair and reasonable standard applicable to uncontested settlements when the settlement benefits the directly affected settling parties; or (iv) preserving the settlement for the consenting parties while allowing contesting parties to obtain a litigated result on the merits. *See Trailblazer Pipeline Company*, 85 FERC ¶ 61,345 (1998).

Trailblazer Pipeline Company can be relied on for approval of the Offer. The Offer does not resolve the issues raised in the order setting this matter for hearing.¹¹ There is no record supporting the revenue requirement as just and reasonable, including as a “package.” The Market Monitor represents the public interest in efficient and competitive markets. The settlement cannot be analyzed under the fair and reasonable standard applicable to uncontested settlements because the public interest in efficient and competitive markets is a central issue in this proceeding. There is no possibility of severing the issues in the manner contemplated under the *Trailblazer Pipeline Company* approaches.

Although the Commission encourages settlements, that policy is not a license to resolve cases at all costs.¹² An offer of settlement, as in this case, that is unfair, unreasonable, or against the public interest must be rejected.¹³ Instead, this case should proceed to hearing so that the record can be developed and issues of material fact and law can be resolved on the merits.

Article 6.3 of the Offer’s proposed settlement provides: “The Commission’s approval of this Settlement shall not constitute precedent nor be used to prejudice any otherwise available rights or arguments of any party in a future proceeding.” If the Offer is approved, it will unavoidably establish a benchmark rate level for facilities like the Stony Creek facility. The public interest is better served by resolution of the issues raised in this proceeding on the basis of a full evidentiary record and reasoned analysis.

In the attached affidavit of Dr. Joseph E. Bowring (“Affidavit”), included pursuant to Rule 602(f)(4), Dr. Bowring explains why the requested revenue requirements are excessive and unsupported.¹⁴

¹¹ *Stony Creek Wind Farm, LLC*, 184 FERC ¶ 61,163 at P 12 (2023).

¹² *See, e.g., Arkla Energy Resources*, 49 FERC ¶ 61,051, 61,217 (1989); *Transwestern Pipeline Co.*, 9 FERC ¶ 61,075, at 61,166 (1979).

¹³ 496 F.3d at 701.

¹⁴ 18 CFR § 385.602(f)(4).

The issues raised in this proceeding have significant cost implications going forward. Failing to resolve these issues means that customers must make payments to the facilities and similar facilities at levels exceeding the competitive and reasonable level for the facilities. Resolution of these issues should not be deferred. There is significantly greater administrative efficiency if new issues are resolved now, rather than after years of baseless and arbitrary settlements.

In the Affidavit, Dr. Bowring explains why the level of the annual revenue requirement is excessive. The issue of an appropriate rate level under Schedule 2 needs resolution on the merits in this case and for future cases. The Market Monitor opposes the Offer. The Offer should be rejected. Further, settlement discussions in the proceeding should be terminated, and the issues raised in this proceeding should be decided on the merits.

Respectfully submitted,



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Dated: May 9, 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 9th day of May, 2024.



Jeffrey W. Mayes

General Counsel

Monitoring Analytics, LLC

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Attachment
Exhibit Nos. IMM-0001–0003

Bowring Affidavit
and Supporting Exhibits

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Stony Creek Wind Farm, LLC)
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**AFFIDAVIT OF JOSEPH E. BOWRING
ON BEHALF OF THE INDEPENDENT MARKET MONITOR FOR PJM**

1 **Q 1. PLEASE STATE YOUR NAME AND POSITION.**

2 A. My name is Joseph E. Bowring. I am the Market Monitor for PJM. I am the
3 President of Monitoring Analytics, LLC. My business address is 2621 Van Buren
4 Avenue, Suite 160, Eagleville, Pennsylvania. Monitoring Analytics serves as the
5 Independent Market Monitor (IMM) for PJM, also known as the Market Monitoring
6 Unit (Market Monitor). Since March 8, 1999, I have been responsible for all the
7 market monitoring activities of PJM, first as the head of the internal PJM Market
8 Monitoring Unit and, since August 1, 2008, as President of Monitoring Analytics.
9 The market monitoring activities of PJM are defined in the PJM Market Monitoring
10 Plan, Attachment M and Attachment M-Appendix to PJM Open Access
11 Transmission Tariff (OATT).¹

12 **Q 2. WHAT IS THE PURPOSE OF YOUR AFFIDAVIT?**

13 A. The purpose of my affidavit is to explain the Market Monitor's opposition to the
14 offer of settlement ("Offer") of the annual revenue requirement ("ARR") filed in
15 this proceeding by Stony Creek Wind Farm, LLC ("Stony Creek"), which owns and
16 operates a 52.5 MW wind generating facility located in Somerset County,
17 Pennsylvania, and interconnected with the transmission system of Mid-Atlantic
18 Interstate Transmission, LLC ("Stony Creek Facility").

¹ See *PJM Interconnection, L.L.C.*, 86 FERC ¶ 61,247 (1999); 18 CFR § 35.34(k)(6).

1 **Q 3. HAVE YOU PROVIDED TESTIMONY ON COMPENSATION FOR**
2 **REACTIVE POWER IN OTHER PROCEEDINGS BEFORE THE FERC?**

3 A. Yes. I provided testimony in the *Panda Stonewall* reactive supply capability case
4 (Docket No. ER21-1821-002); the *Whitetail Solar 3, et al.* reactive supply capability
5 case (Docket No. ER20-1851-004 et al.); *Mechanicsville Solar, LLC*, reactive
6 supply capability case (Docket No. ER21-2091-000); the *Holloman Lessee, LLC*
7 reactive supply capability case (Docket No. ER20-2576-001); and the *Fern Solar*
8 *LLC* reactive supply capability case (ER20-2186-003, et al.). I provided an affidavit
9 in support of opposition to an offer of settlement in the *Meyersdale Storage, LLC*,
10 reactive supply capability case (ER21-864-000); the *Bluestone Farm Solar, LLC*,
11 reactive supply capability case (ER21-1696-000); the *Altavista Solar, LLC*, reactive
12 supply capability case (ER21-1937); the *Pleinmont Solar 1, LLC et al.*, reactive
13 supply capability case (ER21-2819 et al.); the *Camp Grove Wind Farm*, reactive
14 supply capability case (ER21-2919); the *Crescent Ridge LLC*, reactive supply
15 capability case (ER22-387); *PSEG Energy Trade & Resources LLC*, reactive supply
16 capability case (ER22-351); *Grand Ridge Energy LLC* reactive supply capability
17 case (ER19-2925); the *Panda Hummel Station LLC* reactive supply capability case
18 (ER19-391-005); and *South Field Energy LLC* reactive capability case (ER21-2819-
19 003); the *Eagle Creek Reusens Hydro, LLC, et al.* reactive capability case (ER21-
20 2832 et al.); the *Pinnacle Wind, LLC* reactive capability case (ER22-507-000); the
21 *Parkway Generation Keys Energy Center LLC, et al.*, reactive capability case
22 (ER22-279-000, et al.); the *Hawtree Farm Creek Solar, L.P.*, reactive capability
23 case (ER22-1076-001); the *Holloman Lessee, LLC*, reactive capability case (ER20-
24 2576-001); the *Albemarle Beach Solar, LLC*, reactive capability case (ER21-2364-
25 001); the *Wildwood Lessee, LLC*, reactive capability case (ER22-763-000); the
26 *Covanta Delaware Valley, L.P., et al.*, reactive capability case (ER22-965-004); the
27 *Jackson Generation, LLC* reactive capability case (ER22-1089-000, et al.); the
28 *Black Rock Wind Force, LLC* reactive capability case (ER22-944-000); the
29 *Blooming Grove Wind Energy Center LLC* reactive capability case (ER22-2148-
30 000, et al.); *Indeck Niles, LLC* reactive capability case (ER22-907-000, et al.); the
31 *Seneca Generation, LLC, et al.*, reactive capability case (ER14-1400-002, et al.); the
32 *Red Oak Power, LLC*, reactive capability case (ER22-2946-001); the *Bellflower*
33 *Solar 2, LLC*, reactive capability case (ER23-628-002); the *Headwaters Wind Farm*
34 *II, LLC*, reactive capability case (ER23-1211-000, et al.); and the *CPV Three Rivers*
35 *LLC*, reactive capability case (ER23-982-000 et al.); the *Skipjack Solar Center,*
36 *LLC*, reactive capability case (ER22-2048-000); the *Big Plain Solar, LLC*, reactive

1 capability case (EL23-78-000); and the *Guernsey Power LLC*, reactive capability
2 case (ER23-1760-000).

3 **Q 4. HAVE YOU PARTICIPATED IN OTHER FERC PROCEEDINGS**
4 **RELATED TO REACTIVE POWER?**

5 A. Yes, I was invited to participate in a Commission technical conference and provided
6 comments to the Commission in a proceeding convened to “discuss compensation
7 for Reactive Supply and Voltage Control (Reactive Supply) within the Regional
8 Transmission Organizations (RTOs) and Independent System Operators (ISOs).”²
9 Specifically, the proceeding explored “types of costs incurred by generators for
10 providing Reactive Supply capability and service; whether those costs are being
11 recovered solely as compensation for Reactive Supply or whether recovery is also
12 through compensation for other services; and different methods by which generators
13 receive compensation for Reactive Supply (e.g., Commission-approved revenue
14 requirements, market-wide rates, etc.).”³

15 On February 22 and March 23, 2022, the Market Monitor filed comments and reply
16 comments responding to the Commission’s Notice of Inquiry in Docket No. AD22-
17 2. The Notice of Inquiry included questions (at P 28 (question no. 5.d)) specifically
18 addressing the over recovery issue. The Notice of Inquiry also included questions (at
19 PP 20–28 (question no. 5) addressing the appropriateness of continuing to use the
20 *AEP* Method in reactive capability proceedings.

21 The Market Monitor has intervened in and actively participated in FERC reactive
22 power cases during the past five years.

23 The Market Monitor includes analysis and recommendations related to reactive
24 power in the State of the Market Reports for PJM.⁴

² *Reactive Supply Compensation in Markets Operated by Regional Transmission Organizations and Independent System Operators*, Docket No. AD16-17-000. I participated in a workshop convened June 20, 2016. The Market Monitor filed comments on July 29, 2016, and reply comments on September 20, 2016.

³ *Id.* at 1.

⁴ See, for example, *2021 Annual State of the Market Report for PJM*, Section 10 (Ancillary Services Markets), which can be accessed at: <http://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2021.shtml>.

I.

Q 5. WHY SHOULD THE PROPOSED ANNUAL REVENUE REQUIREMENT FOR THE STONY CREEK FACILITY BE REJECTED?

- A. The Offer proposes, on a black box basis, an ARR of \$142,500.00 per year, or \$2,714.29 per MW-year, or \$7.44 per MW-day. The proposed Offer ARR is excessive.

The Offer's proposed ARR is a disproportionately large share of the total capital costs of the resource. The proposed ARR is significantly (1.41 times) higher than the average rate paid for reactive power in PJM, \$1,927 per MW-year in 2023. The proposed black box ARR for the Stony Creek Facility is \$7.44 per MW-day for the reactive ancillary service alone, or 15.0 percent of the \$49.49 per MW-day clearing price for capacity in the last PJM capacity market auction (BRA for the 2024/2025 Delivery Year) for the MAAC LDA where the plant is located.

The actual excess is larger than calculated based on the nameplate capacity of the resource. This type of resource can sell only a derated level of MW in the PJM capacity auction to reflect the fact that it is not directly comparable to a thermal resource with higher availability. On an equivalent capacity basis using the class average 35.0 percent ELCC derating factor for onshore wind to be used in the PJM Base Residual Auction for the 2025/2026 Delivery Year, the Offer proposed ARR is \$7,755.10 per MW-year, \$21.25 per MW-day, or 42.9 percent of the \$49.49 per MW-day clearing price in the last PJM capacity market auction for the MAAC LDA. In effect, Stony Creek is proposing that customers pay a price for the reactive ancillary service alone from Stony Creek equal to 42.9 percent of the price that customers pay for the capacity from Stony Creek in the PJM Capacity Market. That result would be unreasonable and excessive and inconsistent with a competitive market.

The actual excess could be larger than calculated based on the class average derating factor of the resource. To the extent that the actual unit specific ELCC for Stony Creek is below the class average, the proposed cost of reactive per MW of capacity would increase and the degree of excess would increase. The opposite would be true if the actual ELCC were greater than the class average. The actual ELCC derating factor based on the actual CIR value is essential to an accurate evaluation of the actual cost per MW-day of the Stony Creek proposal. The facts about the actual

1 ELCC derating factor and the actual CIR value are confidential but can be
2 established at hearing.

3 The proposed Offer ARR of \$2,714.29 per MW-year exceeds the \$2,199 per MW-
4 year level of the EAS offset included in the PJM capacity market demand curve by
5 23.4 percent. The ARR should be capped at the energy and ancillary services (EAS)
6 offset for the current delivery year, \$2,199 per MW-year, or \$6.02 per MW-day.⁵
7 The proposed black box ARR would require customers to pay \$27,052.50 more per
8 year than if the \$2,199 per MW-year value were used.

9 The proposed ARR is excessive, has not been demonstrated to have a rational basis,
10 has not been demonstrated to be just and reasonable, and should be rejected. The
11 average revenue requirement for reactive capability in PJM was \$1,927 per MW-
12 year in 2023.⁶ The revenue requirement for reactive capability included in the PJM
13 Capacity Market for the current delivery year is \$2,199 per MW-year.

14 There is no reasonable basis for the proposed disparity in cost for the same service.
15 No justification has been provided for why customers should pay 1.41 times the
16 average PJM price of reactive for reactive from Stony Creek. Reactive is a
17 homogeneous product which should have the same price for all sellers. This result
18 has not been explained or supported by Stony Creek in their filing or their black box
19 Offer. This disparity is inconsistent with competitive markets.

⁵ The energy and ancillary services offset for reactive revenues included in the PJM capacity demand curve (VRR curve) (EAS Offset) is set forth in Section 5.10(v-1)(A) of Attachment DD to the OATT. Current capacity prices through the 2024/2025 Delivery Year were set using an EAS Offset of \$2,199 per MW-year. The EAS Offset for reactive revenues was calculated by the Market Monitor and was based solely on Schedule 2 revenues. Effective December 21, 2022, the EAS Offset was revised to \$2,546 per MW-year for Delivery Years beginning with 2026/2027. *See PJM Interconnection, L.L.C*, 182 FERC ¶ 61,073 (2023). The new EAS Offset is based on the total settled reactive revenue requirement for a combined-cycle plant included in the 2022 Quarterly State of the Market Report for PJM: January through June (August 11, 2022) at 603, Table 10-67. *Id.* at P 135. As a result, starting with the 2026/2027 Delivery Year, the maximum rate consistent with the EAS Offset will be \$2,546 per MW-year.

⁶ *See 2023 Annual State of the Market Report for PJM*, Vol. 2 (March 14, 2024) at 612–613, Table 10-68.

1 **II.**

2 **Q 6. HOW DO PJM MARKET RULES PROVIDE THE OPPORTUNITY TO**
3 **RECOVER REACTIVE CAPABILITY COSTS?**

4 A. The PJM market rules that account for recovery of reactive revenues are built into
5 the auction parameters, specifically, the VRR curve. The PJM market rules
6 explicitly account for recovery of reactive revenues of \$2,199 per MW-year through
7 inclusion of the EAS offset in the Net CONE parameter of the capacity market
8 demand (VRR) curve.⁷ The Net CONE parameter directly affects clearing prices by
9 affecting both the maximum capacity price and the location of the downward
10 sloping part of the VRR curve.

11 **Q 7. HOW DOES THE REACTIVE EAS OFFSET PER MW-YEAR NUMBER**
12 **AFFECT THE DEMAND CURVE FOR CAPACITY?**

13 A. Elimination of the reactive EAS offset of \$2,199 per MW-year would mean that the
14 prices on the capacity market demand curve (VRR curve) for each MW level would
15 be higher and the clearing prices for capacity that result from the interaction of the
16 supply curve and the VRR curve, would be higher. The result would be the recovery
17 of additional reactive capacity revenues in the price of capacity for all resources.

18 **Q 8. WHY IS THE DEMAND CURVE RELEVANT?**

19 A. If there were no nonmarket recovery of reactive revenue, there would be no reactive
20 revenue offset to Net CONE and the demand curve would result in higher capacity
21 market prices, all else held constant. If there were no nonmarket recovery of reactive
22 revenue, the shape and location of the demand curve would give unit owners the
23 opportunity to recover all reactive capability costs in the capacity market.

24 This is how the capacity market works for all the other costs of a generating plant
25 other than short run marginal costs.

26 Payments based on cost of service approaches result in distortionary impacts on
27 PJM markets. Elimination of the reactive revenue requirement and the recognition
28 that capital costs are not distinguishable by function would increase prices in the
29 capacity market. The VRR curve would shift to the right, the maximum VRR price
30 would increase and offer caps in the capacity market would increase. The simplest

⁷ See OATT Attachment DD § 5.10(a)(v)(A).

1 way to address this distortion would be to recognize that all capacity costs are
2 recoverable in the PJM markets.

3 The best approach would be to eliminate cost of service rates for reactive capability
4 and allow for recovery of capacity costs through existing markets, including a
5 removal of any offset for reactive revenue in offers and in the capacity market
6 demand (VRR) curve. A second best approach would be to limit the revenue
7 requirement that could be filed for under the OATT Schedule 2 to a level less than
8 or equal to the reactive revenue credit included in the capacity market design, in the
9 VRR curve Net CONE value, \$2,199 per MW-year for the current delivery year.

10 **Q 9. DOES THIS CONCLUDE YOUR AFFIDAVIT?**

11 A. Yes.

Exhibit No. IMM-0002
PJM OATT Schedule 2

PJM OATT Schedule 2 - Reactive Supply
and Voltage Control from Generation or
Other Sources Service

SCHEDULE 2
Reactive Supply and Voltage Control from
Generation or Other Sources Service

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities and non-generation resources capable of providing this service that are under the control of the control area operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation or Other Sources Service must be provided for each transaction on the Transmission Provider's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation or Other Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider.

Reactive Supply and Voltage Control from Generation or Other Sources Service is to be provided directly by the Transmission Provider. The Transmission Customer must purchase this service from the Transmission Provider.

In addition to the charges and payments set forth in this Tariff, Schedule 2, Market Sellers providing reactive services at the direction of the Office of the Interconnection shall be credited for such services, and Market Participants shall be charged for such services, as set forth in Tariff, Attachment K-Appendix, section 3.2.3B.

The Transmission Provider shall administer the purchases and sales of Reactive Supply. PJMSettlement shall be the Counterparty to (a) the purchases of Reactive Supply from owners of Generation or Other Sources and Market Sellers and (b) the sales of Reactive Supply to Transmission Customers and Market Participants.

Charges

Purchasers of Reactive Supply and Voltage Control from Generation or Other Sources Service shall be charged for such service in accordance with the following formulae.

Monthly Charge for a purchaser receiving Network Integration Transmission Service or Point-to-Point Transmission Service to serve Non-Zone Load = Allocation Factor * Total Generation Owner or other source owner Monthly Revenue Requirement

Monthly Charge for a purchaser receiving Network Integration Transmission Service or Point-to-Point Transmission Service to serve Zone Load = Allocation Factor * Zonal Generation Owner or other source owner Monthly Revenue Requirement * Adjustment Factor

Where:

Intra-PJM Tariffs --> OPEN ACCESS TRANSMISSION TARIFF --> OATT VI. ADMINISTRATION AND STUDY OF NEW SERVICE REQUESTS; R --> OATT SCHEDULE 2

Purchaser serving Non-Zone Load is a Network Customer serving Non-Zone Network Load or serving Network Load in a zone with no revenue requirement for Reactive Supply and Voltage Control from Generation or Other Sources Service, or a Transmission Customer where the Point of Delivery is at the boundary of the PJM Region.

Zonal Generation Owner or other source owner Monthly Revenue Requirement is the sum of the monthly revenue requirements for each generator or other source located in a Zone, as such revenue requirements have been accepted or approved, upon application, by the Commission.

Total Generation Owner or other source owner Monthly Revenue Requirement is the sum of the Zonal Generation or other source owner Monthly Revenue Requirements for all Zones in the PJM Region.

Allocation Factor is the monthly transmission use of each Network Customer or Transmission Customer per Zone or Non-Zone, as applicable, on a megawatt basis divided by the total transmission use in the Zone or in the PJM Region, as applicable, on a megawatt basis.

For Network Customers, monthly transmission use on a megawatt basis is the sum of a Network Customer's daily values of DCPZ or DCPNZ (as those terms are defined in Tariff, Part III, section 34.1) as applicable, for all days of the month.

For Transmission Customers, monthly transmission use on a megawatt basis is the sum of the Transmission Customer's hourly amounts of Reserved Capacity for each day of the month (not curtailed by PJM) divided by the number of hours in the day.

Adjustment Factor is determined as the sum of the total monthly transmission use in the PJM Region, exclusive of such use by Transmission Customers serving Non-Zone Load, divided by the total monthly transmission use in the PJM Region on a megawatt basis.

In the event that a single customer is serving load in more than one Zone, or serving Non-Zone Load as well as load in one or more Zones, or is both a Network Customer and a Transmission Customer, the Monthly Charge for such a customer shall be the sum of the Monthly Charges determined by applying the appropriate formulae set forth in this Schedule 2 for each category of service.

Payment to Generation or Other Source Owners

Each month, the Transmission Provider shall pay each Generation Owner or other source owner an amount equal to the Generation Owner's or other source owner's monthly revenue requirement as accepted or approved by the Commission. In the event a Generation Owner or

other source owner sells a generator or other source which is included in its current effective monthly revenue requirement accepted or approved by the Commission, payments in that Generation Owner's or other source owner's Zone may be allocated as agreed to by the owners of the generator or other source in that Zone. Such Generation Owner or other source owners shall inform the Transmission Provider of any such agreement and submit either a filing to revise its cost-based rate or an informational filing in accordance with the requirements below in this Schedule 2. In the absence of agreement among such Generation Owners or other source owners, the Commission, upon application, shall establish the allocation. Generation Owners shall not be eligible for payment, pursuant to this Schedule 2, of monthly revenue requirement associated with those portions of generating units designated as Behind The Meter Generation. The Transmission Provider shall post on its website a list for each Zone of the annual revenue requirements for each Generation Owner receiving payment within such Zone and specify the total annual revenue requirement for all of the Transmission provider.

At least 90 days prior to the Deactivation Date or disposition date of a generator or other source receiving payment in accordance with a Commission accepted or approved revenue requirement for providing reactive supply and voltage control service under this Schedule 2, the Generation Owner or other source owner must either:

(1) submit to the Commission the appropriate filings to terminate or revise its cost-based revenue requirement for supplying reactive supply and voltage control service under this Schedule 2 to account for the deactivated or transferred generator or other source; or

(2) provide to the Transmission Provider and file with the Commission an informational filing that includes the following information:

- (i) the acquisition date, Deactivation Date, and transfer date of the generator or other source;
- (ii) an explanation of the basis for the decision by the Generation Owner or other source owner not to terminate or revise the cost-based rate approved or accepted by the Commission associated with the planned generator or other source deactivation or disposition;
- (iii) a list of all of the generators or other sources covered by the Generation Owner's or other source owner's cost-based tariff from the date the revenue requirement was first established until the date of the informational filing;
- (iv) the type (i.e., fuel type and prime mover) of each generator or other source;
- (v) the actual (site-rated) megavolt-ampere reactive ("MVAR") capability, megavolt-ampere ("MVA") capability, and megawatt capability of each generator or other source, as supported by test data; and
- (vi) the nameplate MVAR rating, nameplate MVA rating, nameplate megawatt rating, and nameplate power factor for each generator or other source.

Intra-PJM Tariffs --> OPEN ACCESS TRANSMISSION TARIFF --> OATT VI. ADMINISTRATION AND STUDY OF NEW SERVICE REQUESTS; R --> OATT SCHEDULE 2

The Generation Owner or other source owner must submit the informational filing in the docket in which its cost-based revenue requirement was approved or accepted by the Commission or as otherwise directed by the Commission.

The requirement to submit the filings at least 90 days prior to the Deactivation Date or disposition date of a generator or other source shall not apply to generators or other source deactivations or transfers occurring between June 18, 2015, and September 16, 2015. For generator or other source deactivations or transfers occurring between June 18, 2015, and September 16, 2015, the Generation Owner or other source owner shall submit the informational filing or filings to terminate or revise its cost-based revenue requirement by September 16, 2015.

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

Stony Creek Wind Farm, LLC)	Docket Nos. Nos. EL23-98-000
)	ER23-2595-000
)	
)	

DECLARATION

JOSEPH E. BOWRING states that I prepared the affidavit to which this declaration is attached with the assistance of the staff of Monitoring Analytics, LLC, and that the statements contained therein are true and correct to the best of my knowledge and belief. Monitoring Analytics, LLC, is acting in its capacity as the Independent Market Monitor for PJM.

Pursuant to Rule 2005(b)(3) (18 CFR § 385.2005(b)(3), citing 28 U.S.C. § 1746), I further state under penalty of perjury that the foregoing is true and correct.

Executed on May 9, 2024.



Joseph E. Bowring