UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

	)	
Newark Energy Center, LLC	)	Docket No. ER24-1927-000
	)	ER15-1706-005
	)	EL23-76-001
	)	

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 May 2, 2024, by Newark Energy Center, LLC ("NEC").

NEC proposes on a black box basis an annual total revenue requirement (ARR) for reactive capability of $1,950,000, or $2,582.78 per MW-year, or $7.08 per MW-day for the 755 MW facility, on an ICAP basis. There is no record in this case that supports the proposed ARR. As a result, the settlement rate cannot be evaluated based on record evidence provided to support a revised rate. The proceeding involves an investigation ordered by the Commission as a result of an informational filing reporting a change in ownership. This case was set for hearing after an impasse was declared in the settlement judge proceeding, but the black box settlement rate was negotiated prior to the first prehearing conference. The current rate became effective September 21, 2015.[3]

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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").

3 *See Newark Energy Center, LLC*, Delegated Letter Order, Docket No. ER15-1706-004 (October 4, 2016), as corrected by an errata notice issued October 6, 2016, correcting the effective date.

The proposed ARR for the NEC facility is significantly higher than the average rate paid for reactive power in PJM. The average revenue requirement for reactive capability in PJM was $1,927 per MW-year in 2023. No supporting rationale or justification has been provided for why customers should pay 1.34 times the average PJM price of reactive for reactive from NEC. There is no reasonable basis for the proposed disparity in cost for the same service. Reactive is a homogeneous product which should have the same price for all sellers. This result has not been explained or supported by NEC in their filing or their black box Offer. This disparity is inconsistent with competitive markets.

The facts relevant to whether the level of the rate proposed by NEC 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 NEC 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.[4] 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.[5] The Commission explained that its holding reaffirms its stated policies, e.g., in Order No. 2003.[6] It is also consistent with the approach long used in other RTOs, including CAISO and SPP.[7] 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."[8] The Market Monitor has argued this position in

4 182 FERC ¶ 61,033 (2023).

5 *Id*. at P 53.

6 *Id*.

7 *Id*. at PP 56–57.

8 *Id*. at P 54.

the *Fern Solar* hearing, where its brief on exceptions to the initial decision is pending before the Commission.[9]

The Commission may approve a contested offer of settlement only based on its merits.[10] A contested settlement may be approved on its merits under one of the four approaches set forth in *Trailblazer Pipeline Company*.[11] None of the approaches under *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, even though an investigation of whether the current rate remains just and reasonable was the purpose of this Section 206 proceeding.[12] 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

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

10 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.").

11 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).

12 *Newark Energy Center, LLC*, 184 FERC ¶ 61,037 at P 12 (2023) ("[W]e find that the informational filing raises concerns about the continued justness and reasonableness of NEC's Rate Schedule. First, there appears to be degradation in the reactive power output capability of the NEC Facility based upon the reactive power test data supplied by NEC.[footnote omitted] Second, because the federal corporate income tax rate has been reduced to 21%, absent a change to NEC's Rate Schedule, which is a stated rate, NEC's Rate Schedule may not accurately reflect its cost of service.[footnote omitted] Accordingly, we institute proceedings pursuant to section 206 of the FPA in Docket No. EL23-76-000 to determine whether NEC's Rate Schedule remains just and reasonable.").

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.[13] An offer of settlement, as in this case, that is unfair, unreasonable, or against the public interest must be rejected.[14] 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 11 of the Offer's proposed settlement provides: "The Offer of Settlement is not intended to establish precedent with respect to any issue in this proceeding." If the Offer is approved, it will unavoidably establish a benchmark rate level for facilities like the NEC 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.[15]

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

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

14 496 F.3d at 701.

15 18 CFR § 385.602(f)(4).

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 22, 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 22nd day of May, 2024.

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Attachment
Exhibit Nos. IMM-0001–0003

Bowring Affidavit
and Supporting Exhibits

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Newark Energy Center, LLC	)))))	Docket No. ER24-1927-000 ER15-1706-005 EL23-76-001

AFFIDAVIT OF JOSEPH E. BOWRING
ON BEHALF OF THE INDEPENDENT MARKET MONITOR FOR PJM

Q 1. PLEASE STATE YOUR NAME AND POSITION.

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

Q 2. WHAT IS THE PURPOSE OF YOUR AFFIDAVIT?

A. The purpose of my affidavit is to explain the Market Monitor's opposition to the offer of settlement ("Offer") of the annual revenue requirement ("ARR") filed in this proceeding by Newark Energy Center, LLC ("NEC"), which owns and operates a 755 MW natural gas fired combined cycle electric generation facility located in

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

Newark, New Jersey, and is interconnected to the transmission system of Public Service Electric and Gas Company (“NEC Facility”).

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

A. Yes. I provided testimony in the *Panda Stonewall* reactive supply capability case (Docket No. ER21-1821-002); the *Whitetail Solar 3, et al.* reactive supply capability case (Docket No. ER20-1851-004 et al.); *Mechanicsville Solar, LLC*, reactive supply capability case (Docket No. ER21-2091-000); the *Holloman Lessee, LLC* reactive supply capability case (Docket No. ER20-2576-001); and the *Fern Solar LLC* reactive supply capability case (ER20-2186-003, et al.). I provided an affidavit in support of opposition to an offer of settlement in the *Meyersdale Storage, LLC*, reactive supply capability case (ER21-864-000); the *Bluestone Farm Solar, LLC*, reactive supply capability case (ER21-1696-000); the *Altavista Solar, LLC*, reactive supply capability case (ER21-1937); the *Pleinmont Solar 1, LLC et al.*, reactive supply capability case (ER21-2819 et al.); the *Camp Grove Wind Farm*, reactive supply capability case (ER21-2919); the *Crescent Ridge LLC*, reactive supply capability case (ER22-387); *PSEG Energy Trade & Resources LLC*, reactive supply capability case (ER22-351); *Grand Ridge Energy LLC* reactive supply capability case (ER19-2925); the *Panda Hummel Station LLC* reactive supply capability case (ER19-391-005); and *South Field Energy LLC* reactive capability case (ER21-2819-003); the *Eagle Creek Reusens Hydro, LLC, et al.* reactive capability case (ER21-2832 et al.); the *Pinnacle Wind, LLC* reactive capability case (ER22-507-000); the *Parkway Generation Keys Energy Center LLC, et al.*, reactive capability case (ER22-279-000, et al.); the *Hawtree Farm Creek Solar, L.P.*, reactive capability case (ER22-1076-001); the *Holloman Lessee, LLC*, reactive capability case (ER20-2576-001); the *Albemarle Beach Solar, LLC*, reactive capability case (ER21-2364-001); the *Wildwood Lessee, LLC*, reactive capability case (ER22-763-000); the *Covanta Delaware Valley, L.P., et al.*, reactive capability case (ER22-965-004); the *Jackson Generation, LLC* reactive capability case (ER22-1089-000, et al.); the *Black Rock Wind Force, LLC* reactive capability case (ER22-944-000); the *Blooming Grove Wind Energy Center LLC* reactive capability case (ER22-2148-000, et al.); *Indeck Niles, LLC* reactive capability case (ER22-907-000, et al.); the *Seneca Generation, LLC, et al.*, reactive capability case (ER14-1400-002, et al.); the *Red Oak Power, LLC*, reactive capability case (ER22-2946-001); the *Bellflower Solar 2, LLC*, reactive capability case (ER23-628-002); the *Headwaters Wind Farm II, LLC*, reactive capability case (ER23-1211-000); the *Skipjack Solar Center, LLC,* reactive capability case (ER22-2048-000); and the *Big Plain Solar, LLC*, reactive capability case (EL23-78-000); the *Guernsey Power Station LLC*, reactive capability case (ER23-1760-000); and the *Stony Creek Wind Farm, LLC*, reactive capability case (EL23-98-000, et al.).

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

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

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

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

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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.

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

I.

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

A. The Offer proposes, on a black box basis, an ARR of $1,950,000.00 per year, or $2,582.78 per MW-year, or $7.08 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 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 NEC Facility is $7.08 per MW-day for the reactive ancillary service alone, or 13.2 percent of the $53.60 per MW-day clearing price for capacity in the last PJM capacity market auction (BRA for the 2024/2025 Delivery Year, as revised following a court decision on appeal and a resubmission by PJM) for the EMAAC LDA where the plant is located.[5]

The proposed Offer ARR of $2,582.78 per MW-year exceeds the $2,199 per MW-year level of the EAS offset included in the PJM capacity market demand curve by $383.78 per MW-year, or 17.5 percent. The ARR should be capped at the energy and ancillary services (EAS) offset for the current delivery year, $2,199 per MW-year, or $6.02 per MW-day.[6] The proposed black box ARR would require customers to pay $289,755.00 more per year than if the $2,199 per MW-year value were used.

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[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*>.

[5] *See* Constellation Energy Generation LLC, et al. v. FERC, Case No. 23-1790, et al. (3rd Cir. January 31, 2024) (vacating in part the FERC orders approving changes to the parameters affecting the EMAAC LDA based on the filed rate doctrine); *PJM Interconnection, L.L.C.*, 187 FERC ¶ 61,065 (2024).

[6] 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 proposed ARRs are excessive, have not been demonstrated to have a rational basis, have not been demonstrated to be just and reasonable, and should be rejected.[7] The average revenue requirement for reactive capability in PJM was $1,927 per MW-year in 2023.[8] The revenue requirement for reactive capability included in the PJM Capacity Market for the current delivery year is $2,199 per MW-year.

There is no reasonable basis for the proposed disparity in cost for the same service. No justification has been provided for why customers should pay 1.34 times the average PJM price of reactive for reactive from NEC. Reactive is a homogeneous product which should have the same price for all sellers. This result has not been explained or supported by NEC in the black box Offer. This disparity is inconsistent with competitive markets.

II.

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

A. The PJM market rules that account for recovery of reactive revenues are built into the auction parameters, specifically, the VRR curve. The PJM market rules explicitly account for recovery of reactive revenues of $2,199 per MW-year through inclusion of the EAS offset in the Net CONE parameter of the capacity market demand (VRR) curve.[9] The Net CONE parameter directly affects clearing prices by

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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.

[7] *See American Electric Power Service Corp.*, 80 FERC ¶ 63,006 (1997), *aff'd*, 88 FERC ¶ 61,141 (1999); *see also Reactive Power Capability Compensation*, Notice of Inquiry, 177 FERC ¶ 61,118 (2021) (“Notice of Inquiry”).

[8] *See 2022 Annual State of the Market Report for PJM*, Vol. 2 (March 9, 2023) at 619–620, Table 10-78.

[9] *See* OATT Attachment DD § 5.10(a)(v)(A).

affecting both the maximum capacity price and the location of the downward sloping part of the VRR curve.

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

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

Q 8. WHY IS THE DEMAND CURVE RELEVANT?

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

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

Payments based on cost of service approaches result in distortionary impacts on PJM markets. Elimination of the reactive revenue requirement and the recognition that capital costs are not distinguishable by function would increase prices in the capacity market. The VRR curve would shift to the right, the maximum VRR price would increase and offer caps in the capacity market would increase. The simplest way to address this distortion would be to recognize that all capacity costs are recoverable in the PJM markets.

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

Q 9. DOES THIS CONCLUDE YOUR AFFIDAVIT?

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:

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.

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.

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Newark Energy Center, LLC	)	Docket No. ER24-1927-000
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	)	

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 22, 2024.

Joseph E. Bowring