

166 FERC ¶ 61,210
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;
Cheryl A. LaFleur, Richard Glick,
and Bernard L. McNamee.

PJM Interconnection, L.L.C.

Docket Nos. ER18-2401-000
ER18-2401-001

ORDER ON COMPLIANCE

(Issued March 21, 2019)

1. On September 7, 2018, PJM Interconnection, L.L.C. (PJM) submitted, in response to the Commission's directive issued pursuant to section 206 of the Federal Power Act (FPA),¹ revisions to the Amended and Restated Operating Agreement of PJM (Operating Agreement) to establish requirements to post zonal and resource-specific uplift payments, as well as operator-initiated commitments to comply with the requirements of the Commission's Order No. 844.² In this order, we accept PJM's compliance filing, effective January 1, 2019,³ subject to the requirements discussed below.

I. Background

2. Order No. 844 is a component of the Commission's effort to improve price formation in regional transmission organizations (RTO) and independent system operators (ISO). In Order No. 844, the Commission concluded that the existing RTO/ISO practices of reporting uplift, operator-initiated commitments, and transmission

¹ 16 U.S.C. § 824e (2012).

² *Uplift Cost Allocation and Transparency in Markets Operated by Regional Transmission Organizations and Independent System Operators*, Order No. 844, 163 FERC ¶ 61,041 (2018).

³ PJM requested a January 1, 2019 effective date for Order No. 844's reporting requirements. In light of the requirements provided in this order, if PJM was unable to meet a given requirement as of January 1, 2019 it may propose a new effective date for that requirement in a further compliance filing.

constraint penalty factors are insufficiently transparent, resulting in rates that are unjust and unreasonable. In Order No. 844, the Commission found that no RTO/ISO currently reports uplift on a resource-specific basis, some do not report uplift by zone, and some do not report in a machine-readable format. Additionally, the Commission found reporting on operator-initiated commitments is insufficient because some RTOs/ISOs do not report the reasons for these commitments, the zones in which the commitments are made, or information about the size of the system needs for which resources are committed. The Commission also found that some RTOs/ISOs do not include transmission constraint penalty factor values in their tariffs, and most do not include practices related to the use of transmission constraint penalty factors and the procedures for their modification in their tariffs. Order No. 844 was issued to remedy these deficiencies.⁴

3. In Order No. 844, the Commission directed each RTO/ISO to establish in its tariff the following three requirements related to uplift and operator-initiated commitment reporting and one requirement related to transmission constraint penalty factors, which are described in more detail below. First, each RTO/ISO must post a monthly Zonal Uplift Report of all uplift, paid in dollars, and categorized by transmission zone, day, and uplift category. Second, each RTO/ISO must post a monthly Resource-Specific Uplift Report containing the resource name and total amount of uplift paid in dollars, aggregated across the month, to each resource that received uplift payments. Third, each RTO/ISO must post a monthly Operator-Initiated Commitment Report listing the commitment size, transmission zone, commitment reason, and commitment start time of each operator-initiated commitment.⁵ Further, each RTO/ISO must follow the transmission constraint penalty factor requirements to include, in its tariff, its transmission constraint penalty factor values; the circumstances, if any, under which the transmission constraint penalty factors can set locational marginal prices (LMP); and the procedures, if any, for temporarily changing the transmission constraint penalty factor values. Any procedures for temporarily changing transmission constraint penalty factor values must provide for notice of the change to market participants as soon as practicable.⁶

II. Notice of Filing and Responsive Pleadings

4. Notice of PJM's filing was published in the *Federal Register*, 83 Fed. Reg. 46,713 (2018), with interventions and protests due on or before September 28, 2018. Timely-filed motions to intervene were submitted by the Delaware Division of the Public Advocate, Dominion Energy Services, Inc., American Municipal Power, Inc., Advanced

⁴ Order No. 844, 163 FERC ¶ 61,041 at PP 21-22, 27.

⁵ *Id.* PP 30-33.

⁶ *Id.* P 34.

Energy Management Alliance (AEMA), NRG Power Marketing LLC, and Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM (IMM). On September 28, 2018, the IMM filed comments. On October 15, 2018, AEMA filed an answer to the comments filed by the IMM.

5. On November 13, 2018, Commission staff issued a deficiency letter (Deficiency Letter) requesting additional information regarding PJM's filing. PJM submitted its response on December 13, 2018 (Deficiency Response). Notice of the Deficiency Response was published in the *Federal Register*, 83 Fed. Reg. 65,656, with interventions and protests due on or before January 3, 2019. None was filed.

III. Discussion

A. Procedural Matters

6. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2018), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

7. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2018), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We accept the answer submitted by AEMA because it has provided information that assisted us in our decision-making process.

B. Substantive Matters

8. As discussed below, we accept PJM's compliance filing, subject to the requirements discussed below.⁷

1. Zonal Uplift Report

9. In Order No. 844, the Commission required that each RTO/ISO post reports on the total daily uplift payments in dollars paid to the resources in each transmission zone by

⁷ On November 9, 2018, PJM filed a supplemental notice in this proceeding, stating it proposed revisions to PJM's Open Access Transmission Tariff (Tariff) to implement transmission constraint penalty factor practices in a separate section 205 filing in Docket No. ER19-323-000. On January 8, 2019, the Commission accepted PJM's proposed revisions, to be effective February 1, 2019. *See PJM Interconnection, L.L.C.*, 166 FERC ¶ 61,015 (2019). PJM's currently effective transmission constraint penalty factor provisions meet the requirements of Order No. 844.

category, day, and transmission zone within 20 calendar days of each month on a publicly-accessible portion of its website in a machine-readable format.⁸

10. The transmission zone, for the purposes of the Zonal Uplift Report, should be defined as a geographic area that is used for the local allocation of charges, such as a load zone that is used to settle charges for energy.⁹ The Commission stated that RTOs/ISOs can aggregate transmission zones containing fewer than four resources with one or more neighboring zones in such a manner that all aggregated zones have at least four resources.¹⁰ The Commission clarified that any aggregation of zones should be based on the number of resources located in the zone rather than the number of resources in the zone that receive uplift payments in a given reporting period.¹¹ The Commission also clarified that, for the purpose of zonal aggregation, the term “resource” refers to an entire generating facility and not each individual unit within a plant.¹²

11. The Commission required that, on compliance, each RTO/ISO include in its tariff the type of zone that it proposes to use in its Zonal Uplift Report and explain how the chosen type of zone meets the definition of transmission zone provided in the Final Rule, as well as explain any proposal to aggregate transmission zones.¹³ The Commission emphasized that each RTO/ISO should propose transmission zones that provide an appropriate level of geographic granularity.¹⁴ The Commission reiterated that it expected uplift categories to be based on uplift charge codes, and clarified that the term “charge codes” refers to individual charges for settlement purposes.¹⁵ The Commission also stated it would consider compliance proposals with longer timelines if an RTO/ISO

⁸ Order No. 844, 163 FERC ¶ 61,041 at PP 31, 50, 60-62.

⁹ *Id.* P 52.

¹⁰ The Commission acknowledged that RTOs/ISOs may have multiple existing types of zones that could meet the definition. *Id.* P 59.

¹¹ *Id.* P 56.

¹² *Id.* P 57.

¹³ *Id.* P 59.

¹⁴ *Id.*

¹⁵ *Id.* P 60.

demonstrates that the 20-day deadline provides insufficient time for an RTO/ISO to compile the report given its existing uplift settlement and reporting timelines.¹⁶

a. Compliance Filing

12. PJM proposes to post monthly reports that contain the total uplift payments and charges for each Zone or PJM Region, as applicable, broken out by day and existing uplift categories within 20 calendar days from the end of each month.¹⁷ These existing uplift categories include day-ahead operating reserves, balancing operating reserves (including lost opportunity costs), reactive services, synchronous condensing, and black start services.¹⁸

13. PJM states that it will post uplift payments by Zone. Additionally, although Order No. 844 only requires the reporting of uplift payments, PJM also proposes to report charges to load for uplift payments in the monthly Zonal Uplift Report.¹⁹ PJM clarifies that it will post certain charges, including balancing operating reserves, to the applicable PJM Region because certain charge codes, such as balancing operating reserves, are charged to particular PJM Regions, not individual Zones.²⁰

b. Deficiency Letter and Response

14. Regarding uplift reporting, in the Deficiency Letter, Commission staff asked PJM to: (1) explain which black start compensation PJM intends to include in the proposed

¹⁶ *Id.* P 61.

¹⁷ PJM explains that it allocates charges to the Tariff-defined term Zone for purposes of settling energy charges. PJM Transmittal at 3. PJM defines “Zone” as an area within the PJM Region, as set forth in Tariff, Attachment J and Reserve Adequacy Analysis, Schedule 15, or as such areas may be (i) combined as a result of mergers or acquisitions or (ii) added as a result of the expansion of the boundaries of the PJM Region. PJM, Intra-PJM Tariffs, OATT, W-X-Y-Z, OATT Definitions. PJM defines Region as Western or Eastern. PJM Tariff, Attachment K, Appendix, section 3.2.3(q).

¹⁸ PJM defines black start services as the capability of generating units to start without an outside electrical supply or the demonstrated ability of a generating unit with a high operating factor (subject to Transmission Provider concurrence) to automatically remain operating at reduced levels when disconnected from the grid. *See* PJM, Intra-PJM Tariffs, OATT, A-B, OATT Definitions.

¹⁹ PJM Transmittal at n.8.

²⁰ *Id.* at n.10.

Zonal Uplift Report (monthly revenue requirement credits, annual testing credits, and/or lost revenue credits); and (2) provide a list and explanation of which out-of-market payments PJM intends to include in the Zonal Uplift Report and Resource-Specific Uplift Report. Commission staff also asked PJM to explain whether PJM intends to report uplift paid to imports.²¹

15. In its Deficiency Response, PJM states that it intends to include the following types of black start payments in the Zonal Uplift Report's black start services category: (1) annual testing credits; (2) monthly revenue requirement credits; and (3) lost opportunity cost credits (lost revenue credits).²² PJM maintains that it does not intend to exclude any uplift credits or charges from the Zonal Uplift Report.

16. PJM states that it intends to report uplift credits paid to imports in the Zonal Uplift Report.²³ PJM states that uplift payments for imports will be based on the transmission zone consistent with where the resource's supply is delivered, (i.e., the sink). As an example, PJM states that, if the sink is at a single transmission zone, PJM will report it at that transmission zone and, if the sink is not at a single transmission zone, like the PJM border or at a hub, PJM will report the import as "RTO."²⁴ PJM clarifies that uplift credits paid to imports include only day-ahead and balancing operating reserves.²⁵

c. Determination on Zonal Uplift Report

17. We accept PJM's proposed Zonal Uplift Report as consistent with the requirements of Order No. 844.

2. Resource-Specific Uplift Report

18. In Order No. 844, the Commission required that each RTO/ISO post a monthly report containing the resource name and total amount of uplift paid in dollars, aggregated across the month, to each resource that received uplift payments, 90 calendar days

²¹ Deficiency Letter at 1-2.

²² Deficiency Response at 2.

²³ *Id.* at 3. PJM defines "imports" as energy imports associated with NERC tags and other transactional information. PJM explains that uplift credits paid to external generators that are pseudo-tied to PJM are treated identically to internal generation resources and are not considered to be imports. Deficiency Response at n.4.

²⁴ *Id.*

²⁵ *Id.* at 4.

following the end of the reporting month on a publicly-accessible portion of its website in a machine-readable format.²⁶ The Commission stated that each RTO/ISO must indicate on compliance if it chooses to include uplift categories or other information in the Resource-Specific Uplift Report.²⁷ Finally, the Commission stated that an RTO/ISO may propose on compliance more timely reporting than 90 days if it can demonstrate that doing so will not risk revealing resources' cost or offer information.²⁸

a. Compliance Filing

19. PJM proposes to report the applicable resource name or identification number and the amount of uplift paid to each resource that received uplift payments within 90 calendar days after the end of each applicable month.²⁹ Though not required by Order No. 844, PJM also proposes to report resources' uplift payments by category.³⁰

20. PJM states that it considers black start services resources Critical Energy Infrastructure Information (CEII) and therefore does not intend to report any black start payments in the Resource-Specific Uplift Report to avoid disclosing CEII.³¹ PJM claims that this exclusion is "insignificant."³² PJM argues that its proposal balances the Commission's goal of increasing transparency with CEII concerns because "[t]here is more value in reporting resource-specific uplift payments by categories (excluding uplift payments for Black Start Services) than merely posting the total uplift payments without breaking up the payments by categories."³³

²⁶ Order No. 844, 163 FERC ¶ 61,041 at PP 32, 74, 79.

²⁷ *Id.* P 82.

²⁸ *Id.* PP 76-77.

²⁹ PJM Transmittal at 5.

³⁰ *Id.* (citing Order No. 844, 163 FERC ¶ 61,041 at P 82).

³¹ *Id.* at 6. Under the Commission's regulations, an entity may submit information to the Commission and request that it be treated as CEII, but this information will not formally be designated as CEII until there is a request to access the information and the Commission has granted CEII status. *See* 18 C.F.R. § 388.113.

³² PJM states that uplift payments for black start services from 2016 and 2017 represented only 0.2 percent of the total uplift payments for each year. *Id.*

³³ *Id.*

21. To address concerns from curtailment service providers about disclosing commercially-sensitive and confidential customer information for demand resources and economic load response participants, PJM proposes to post: (1) the individual resource identification number associated with the demand resource or economic load response participant's relevant dispatch group or registration; (2) the name of the associated curtailment service provider; (3) the associated Zone and energy pricing point used to settle the energy transaction; and (4) the corresponding amount of uplift credits by applicable uplift charge codes for the dispatch group or resource that received uplift credits.³⁴ PJM contends that this information will allow market participants to ascertain the geographical information for any uplift payments made to demand response and economic load response participants, while concealing commercially-sensitive customer information.³⁵

b. Pleadings

22. The IMM argues that PJM's proposal to identify demand resources and economic load response participants by number, not name, does not comply with Order No. 844.³⁶ The IMM argues that the names of these resources are not confidential because they are publicly available through the United States Energy Information Administration.³⁷ The IMM contends that demand resources should not be able to mask their identity when participating in markets that require other participants to provide transparency.³⁸

23. In its answer to the IMM's protest, AEMA argues that PJM's proposal responds to Order No. 844's requirements.³⁹ AEMA contends that the IMM's recommendation would compromise competitive information and customer confidentiality.⁴⁰ AEMA states that Order No. 844's 90-day lag in posting the Resource-Specific Uplift Report does not satisfy confidentiality concerns regarding sensitive customer information because the key commercially-sensitive information for curtailment service providers is

³⁴ *Id.* at 7.

³⁵ *Id.* (citing Order No. 844, 163 FERC ¶ 61,041 at P 75).

³⁶ IMM Comments at 8-9.

³⁷ *Id.* at 8.

³⁸ *Id.*

³⁹ AEMA Comments at 1-2.

⁴⁰ *Id.* at 2.

customer names, not bids.⁴¹ AEMA states that curtailment service providers invest considerable resources in identifying and recruiting customers who can participate in demand response programs, and customer names are considered “highly proprietary.”⁴² AEMA maintains that identifying customer names will not offer additional information regarding location that the individual resource identification number does not also reveal.⁴³

24. AEMA argues that, if the Commission accepts the IMM’s recommendation that PJM identify demand resources by name, it should also direct PJM to phase-in posting of this information consistent with the delivery year associated with PJM’s next Base Residual Auction.⁴⁴ AEMA explains that confidentiality concerns are largely associated with the forward capacity market because most of the uplift from demand resources will occur from emergency energy payments associated with capacity resources.⁴⁵ AEMA contends that delayed implementation would avoid usurping the commercial terms of demand response contracts.

c. Deficiency Letter and Response

25. As noted above, Commission staff asked PJM to list and explain which out-of-market payments it intends to include in the Resource-Specific Report.⁴⁶ For the Resource-Specific Uplift Report, PJM intends to report all out-of-market payments, except for black start service. PJM reiterates that excluding uplift payments for black start service would avoid disclosing CEII.⁴⁷

d. Determination on Resource-Specific Uplift Report

26. We accept PJM’s proposal, finding that PJM’s proposal is consistent with or superior to Order No. 844’s requirements. PJM’s proposal to report the uplift payments it intends to include in the Resource-Specific Uplift Report by category provides more

⁴¹ *Id.* at 3.

⁴² *Id.*

⁴³ *Id.*

⁴⁴ *Id.*

⁴⁵ *Id.* at 3-4.

⁴⁶ Deficiency Letter at 2.

⁴⁷ Deficiency Response at 2-3.

information to PJM stakeholders than if PJM were to report uplift payments related to black start service without categorical distinction.

27. We find that, compared to Order No. 844's Resource-Specific Uplift Report requirement, which does not require uplift reporting by category, PJM's proposal to report resource-specific uplift information by category will provide more granular geographic information regarding the specific types of uplift costs market participants incur. With more granular information in the Resource-Specific Uplift Report, market participants can evaluate and act on solutions to reduce uplift and call attention to these solutions on an expedited basis. We find that the additional information provided by reporting categories in the Resource-Specific Uplift Report will be valuable to market participants. We will not require PJM to report black start payment information in the Resource-Specific Uplift Report and note that these payments will be reported by PJM in the Zonal Uplift Report.

28. We disagree with the IMM and find that PJM's proposal to report the identification number associated with the demand resource or economic load response participant and the location information provides the same level of geographical granularity as there would be if PJM used specific resource names. Accordingly, the proposal meets Order No. 844's requirements.⁴⁸

3. Operator-Initiated Commitment Report

29. In Order No. 844, the Commission required that each RTO/ISO post on a publicly-accessible part of its website in machine-readable format all operator-initiated commitments, including the commitment size, transmission zone, commitment reason, and commitment start time, no later than 30 days after the end of the month.⁴⁹

30. The definition of an operator-initiated commitment is a commitment after the day-ahead market, whether manual or automated, for a reason other than minimizing the total production costs of serving load.⁵⁰ The Commission required that, on compliance, each RTO/ISO indicate, for each commitment process (whether automated or manual) that it executes after the day-ahead market, whether the definition of operator-initiated

⁴⁸ Order No. 844, 163 FERC ¶ 61,041 at P 106.

⁴⁹ *Id.* PP 33, 99, 102, 105.

⁵⁰ *Id.* P 100.

commitments implicates some or all commitments from the process and justify any commitments that it does not plan to report.⁵¹

31. The Commission stated that RTOs/ISOs should report commitment size using the upper economic operating limit (i.e., economic maximum) of the committed resource, but noted that, on compliance, RTOs/ISOs may propose an alternative metric and must demonstrate that it provides transparency into the size of the system need associated with the operator-initiated commitment that is consistent with or superior to that provided by the economic maximum of each committed resource.⁵² For the purposes of the Operator-Initiated Commitment Report, the Commission defined transmission zone as a geographic area that is used for the local allocation of charges.⁵³ The Commission also stated that, on compliance, each RTO/ISO must include in its tariff the type of zone that it proposes to use in its Operator-Initiated Commitment Report, explain how the chosen type of zone meets the definition of transmission zone, and provide justification for any differences between the sets of zones used for the Zonal Uplift Report and the Operator-Initiated Commitment Report.⁵⁴ The Commission also required that commitment reasons include, at a minimum, system-wide capacity, constraint management, and voltage support, but also allowed RTOs/ISOs to include additional or more detailed commitment reasons.⁵⁵

32. The Commission clarified that resource names or specific constraints are not required for the Operator-Initiated Commitment Report, but that each RTO/ISO may report more information about operator-initiated commitments or other operator actions.⁵⁶ The Commission also clarified that, on compliance, each RTO/ISO may propose modifications to the report to avoid disclosing information that could be used to harm system security.⁵⁷

⁵¹ *Id.* P 101.

⁵² *Id.* P 103.

⁵³ *Id.* P 104.

⁵⁴ *Id.*

⁵⁵ *Id.* P 105.

⁵⁶ *Id.* PP 106, 108.

⁵⁷ *Id.* P 107.

a. **Compliance Filing**

33. PJM proposes to post all operator-initiated commitments executed after the day-ahead market for any reason other than minimizing total production costs of serving load, within 30 calendar days from the end of each month.⁵⁸ PJM states that the posted information will include the number of megawatts equal to the economic maximum, Zone, commitment reason, and commitment start time for each operator-initiated commitment.⁵⁹

34. PJM proposes to define operator-initiated commitment as a new commitment made after the day-ahead market and Day-Ahead Scheduling Reserves (DASR) market, whether manual or automated, for a reason other than minimizing the total production costs of serving load.⁶⁰ PJM states that, if the market commitment optimization systems are unable to maintain system operating limits, PJM dispatchers may manually commit resources. For each operator-initiated commitment, PJM proposes to provide the commitment reason.⁶¹

35. PJM clarifies that “operator-initiated commitment” will exclude commitments for resources manually dispatched to turn on or off within one hour of an automated commitment recommendation.⁶² PJM states that, while its automated commitment process commits generation simultaneously at the start of each hour, PJM manually dispatches these committed units on a staggered basis within the recommended hour to maintain voltage and power balance.⁶³ PJM explains that, since these commitments are manually dispatched based on the recommendation of the automated commitment process to minimize the total production costs of serving load, these commitments are not considered operator-initiated commitments.⁶⁴

⁵⁸ PJM Transmittal at 8.

⁵⁹ *Id.* at 8-9.

⁶⁰ *Id.* at 9; *see also* PJM Deficiency Response at 7-8.

⁶¹ PJM Transmittal at 10.

⁶² *Id.* at 9.

⁶³ *Id.*

⁶⁴ *Id.* at 9-10.

b. Pleadings

36. The IMM states that PJM uses computer algorithms, including security constrained unit commitment (SCUC) and security constrained economic dispatch (SCED), to minimize the total production costs of serving load. The IMM argues that, consistent with Order No. 844's definition of an operator-initiated commitment, PJM should report all commitments made without a recommendation from applications that use SCUC and SCED algorithms.⁶⁵

37. The IMM states that PJM does not propose to report units cleared in the DASR market. The IMM argues that a real-time commitment obligation does not depend on whether a unit clears in the DASR market.⁶⁶ The IMM argues that PJM or the IMM should report operator-initiated commitments regardless of the results of the DASR market.

38. The IMM argues that PJM or the IMM should report commitment end times and operator-initiated commitment extensions. The IMM states that "the length of commitments beyond the time frame recommended by the software to minimize costs and beyond a unit's minimum run time are significant drivers of uplift."⁶⁷

39. The IMM argues that PJM's proposal does not authorize PJM to disclose operator-initiated commitments cleared before the day-ahead market closes. The IMM claims that, in practice, the PJM operators designate certain large resources as day-ahead must-run generation for reliability purposes which then automatically clear the day-ahead market. Thus, the IMM asserts, under PJM's definition of "operator-initiated commitments," these resources would be excluded from PJM's Operator-Initiated Commitment Report because they are committed *before* the day-ahead market. The IMM argues that PJM's definition therefore undermines the Order No. 844 goal to "provide market participants with information to properly address and respond to system needs that drive uplift payments."⁶⁸

c. Deficiency Letter and Response

40. In the Deficiency Letter, Commission staff asked PJM to: (1) supply a comprehensive list of the types of operator-initiated commitments that are made after the

⁶⁵ IMM Comments at 6-7.

⁶⁶ *Id.* at 7.

⁶⁷ *Id.*

⁶⁸ *Id.* at 5.

day-ahead market that PJM intends to include in its Operator-Initiated Commitment Report; (2) indicate the relevant commitment processes that PJM believes are implicated under Order No. 844; (3) explain whether PJM intends to report commitments for units that receive an award in the DASR market but would be committed in a different process; (4) explain whether PJM intends to report operator-initiated commitment extensions; and (5) explain whether PJM intends to report commitment extensions when PJM requests that an online unit continue to operate beyond its initial commitment period for a specific reliability reason.⁶⁹

41. In its Deficiency Response, PJM states that its proposed definition of Operator-Initiated Commitment includes the following commitments executed after the day-ahead market: system wide capacity/conservative operations; voltage support; and constraint management.⁷⁰

42. PJM states that its commitment process initiates if an operating criterion cannot automatically be met by the optimization systems.⁷¹ PJM clarifies that, pursuant to PJM Manual 3: Transmission Operations and NERC Interconnection Reliability Operations and Transmission Operations standards, PJM is required to “ensure that loading on all PJM [system operating limits] are within normal continuous ratings.”⁷² PJM states that, if its market commitment optimization systems “are unable to enforce these operating criteria for any reason, the PJM dispatcher may manually commit resources to ensure reliable system operations are maintained.”⁷³

43. PJM states that DASR commitments are made as part of the day-ahead market and notes that the DASR market and day-ahead market are co-optimized to clear simultaneously.⁷⁴ PJM contends that it does not maintain real-time DASR requirements and, therefore, PJM does not have any other processes that commit units for DASR outside of the DASR market.⁷⁵

⁶⁹ Deficiency Letter at 2-3.

⁷⁰ PJM Deficiency Response at 6.

⁷¹ *Id.*

⁷² *Id.*

⁷³ *Id.*

⁷⁴ *Id.* at 7.

⁷⁵ *Id.*

44. PJM explains that it does not intend to report commitment extensions because PJM considers commitment extensions to be outside the scope of Order No. 844.⁷⁶ PJM states that it interprets the term “commitment” as referring to the action of bringing a unit on and does not consider an online unit that is extended to stay on to be a “commitment.”⁷⁷ PJM also argues that commitment extensions may not always result in uplift, as units may be extended for economic reasons during periods of pricing volatility.⁷⁸ PJM also notes that physical limitations for larger units may require logging extensions to allow them to adequately meet their next day-ahead commitment awards and reduce overall bid-production costs.⁷⁹ PJM therefore argues that extensions in these instances would not be related to the original operational need for committing the unit outside of the market.⁸⁰

d. **Determination on Operator-Initiated Commitment Report**

45. We accept PJM’s proposed Operating Agreement revisions to establish the Operator-Initiated Commitment Report as generally consistent with the requirements of Order No. 844. However, we disagree with PJM’s and the IMM’s characterization of the Order No. 844 requirements and require PJM to implement these provisions as discussed below in order to be consistent with the requirements of Order No. 844. We find that PJM’s proposed Operator-Initiated Commitment Report meets Order No. 844’s requirements to report the commitment size, transmission zone, commitment reason, and commitment start time, no later than 30 days after the end of the month. We also direct PJM to include several types of operator-initiated commitments in this reporting requirement, as discussed below.

46. As it relates to operator-initiated commitments PJM is required to report, we find PJM’s proposal to exclude commitments manually dispatched for staggering purposes reasonable. These commitments are made through software that minimizes production costs. Excluding this type of commitment is reasonable given the incongruence between

⁷⁶ *Id.*

⁷⁷ *Id.*

⁷⁸ *Id.*

⁷⁹ *Id.*

⁸⁰ *Id.*

day-ahead scheduling, which occurs on an hourly basis, and real-time reliability decisions made by operators to address short-term reliability issues.

47. We accept PJM's proposed definition of operator-initiated commitment as consistent with Order No. 844. This definition provides that PJM will report commitments that do not involve minimizing the total production costs of serving load. PJM states that its manual commitment process initiates if an operating criterion cannot automatically be met by PJM's market commitment optimization systems.⁸¹ We agree that, because PJM's market software automatically commits resources based on minimizing total production costs, manual commitments would be the only commitment process that could be used when dispatching units out of economic order.⁸² Accordingly, we find that PJM's proposed definition of an operator-initiated commitment requires PJM to report commitments that are made after the day-ahead market, without a recommendation from applications that use SCUC and SCED algorithms.

i. Operator-initiated commitments in the Day-Ahead Scheduling Reserves Market

48. We find that commitments made in the DASR market are properly excluded from the operator-initiated commitments reporting requirement. The DASR market is both a part of the day-ahead market and a process that minimizes total production costs.⁸³ Therefore, commitments made in the DASR market meet the criteria for exclusion from the reporting requirement.

49. With respect to the IMM's request for clarification that it may be possible for a resource to receive an award in the DASR market without being committed, we clarify that, whether a resource receives a DASR market award should have no bearing on whether a resource's commitment is reported in the Operator-Initiated Commitment Report, which turns entirely on whether or not the commitment meets PJM's proposed definition of an operator-initiated commitment. For example, because the DASR market

⁸¹ *Id.* at 6.

⁸² PJM Transmittal at 8.

⁸³ PJM's Resource Scheduling and Commitment software makes security-constrained resource commitments based on generation offers, demand bids, Day-ahead Scheduling Reserve Offers, Increment Offers, Decrement Bids and transaction schedules submitted by participants and based on reliability requirements. It provides an optimized economic resource commitment schedule for the next seven days and creates an initial resource dispatch for the next operating day. *See* PJM Manual 11, Energy & Ancillary Services Market Operations.

is a 30-minute reserve market, it may be possible for resources with start-up times of 30 minutes or less to clear the market without being committed. If a resource is given a DASR market award, but committed in a later commitment process that does not use SCUC and SCED algorithms, PJM is required to report such a commitment in the Operator-Initiated Commitment Report because it meets the definition of an operator-initiated commitment under Order No. 844.

ii. **Reporting commitment end times and operator-initiated commitment extensions**

50. We disagree with PJM's interpretation that the definition of operator-initiated commitment is limited to new commitments that are brought online from an offline status.⁸⁴ Therefore, PJM is required to report commitment extensions that go beyond the hour in which they were committed by PJM's SCED software.

51. We find that excluding commitment extensions would not meet the requirements of Order No. 844, which made no distinction between new or extended commitments. Consistent with Order No. 844's definition of an operator-initiated commitment, reporting commitment extensions in the Operator-Initiated Commitment Report will provide transparency into system conditions that warrant action beyond the economic dispatch solution. This will allow market participants to assess operator-initiated commitment practices and raise any issues of concern through the stakeholder process.⁸⁵

52. PJM also states that it will not report extensions because these extensions may be made for economic reasons, arguing SCED could find instances where an extension reduces production costs.⁸⁶ While we agree that PJM need not report commitment extensions that may occur for purposes of minimizing total production costs during periods of price volatility,⁸⁷ we note that PJM may need to extend a commitment to maintain system reliability during stressed system conditions. Accordingly, we find that manual adjustments not made for purposes of minimizing total production costs should be reported. Specifically, manual adjustments by PJM to increase or decrease the amount of committed capacity, or to extend the commitments of units that are currently running beyond the hour for which they were committed by PJM's SCED software (i.e., a process to minimize total production costs), must be included in the Operator-Initiated

⁸⁴ PJM Deficiency Response at 7.

⁸⁵ Order No. 844, 163 FERC ¶ 61,041 at P 99.

⁸⁶ PJM Deficiency Response at 7.

⁸⁷ *Id.*

Commitment Report, if those commitments are made for non-economic reasons. Reporting these commitments will provide transparency into system needs and uplift drivers.⁸⁸

53. In Order No. 844, the Commission noted that the timing of operator-initiated commitments is important to understanding system conditions surrounding those commitments.⁸⁹ As a result, the Commission required each RTO/ISO to include in its report the start time of each commitment in order to enable stakeholders to understand the system conditions surrounding an operator-initiated commitment.⁹⁰ Order No. 844 did not require each RTO/ISO to include in its report the end time of each commitment, and therefore, we reject the IMM's request to require that PJM report this information.

iii. Resources that clear before the Day-Ahead Market

54. We reject the IMM's request to require PJM to disclose operator-initiated commitments cleared before the day-ahead market closes as a collateral attack on Order No. 844.⁹¹ In the Notice of Proposed Rulemaking, the Commission considered including day-ahead must-run generation in the definition of operator-initiated commitments. However, after considering concerns that day-ahead must-run generation clears the day-ahead market on the basis of reliability *and* economics, the Commission modified the definition to explicitly exclude these commitments.⁹² The IMM did not seek rehearing on the definition of operator-initiated commitments in Order No. 844. PJM's proposed

⁸⁸ Order No. 844, 163 FERC ¶ 61,041 at P 7.

⁸⁹ *Id.* PP 99, 102.

⁹⁰ *Id.* P 102.

⁹¹ *ISO New England Inc. & New England Power Pool*, 132 FERC ¶ 61,098, at P 12 (2010) (“The Commission has held that requests to alter a compliance filing in a manner that differs from the order requiring the compliance filing constitute a collateral attack on the order requiring the compliance filing.”); *ISO New England Inc.*, 122 FERC ¶ 61,173, at P 139 (2008) (“[S]imilar arguments were considered and rejected in Order No. 681. Thus, raising them here constitutes a collateral attack on the Final Rule.”); *NSTAR Elec. Co.*, 120 FERC ¶ 61,261, at P 33 (2007) (“Collateral attacks on final orders and relitigation of applicable precedent, especially by parties that were active in the earlier case, thwart the finality and repose that are essential to administrative efficiency, and are therefore strongly discouraged.”).

⁹² Order No. 844, 163 FERC ¶ 61,041 at P 100.

definition of operator-initiated commitments adopts the Order No. 844 definition and excludes these commitments.⁹³ Accordingly, we reject the IMM's request.

4. Clarification of Reporting Requirements

a. Compliance Filing

55. PJM proposes to include its Order No. 844 posting requirements in the existing section of PJM's confidentiality provisions contained within the Operating Agreement. PJM explains that this will clarify that any information posted by PJM with respect to uplift and operator-initiated commitments will not violate the Operating Agreement's confidentiality provisions.⁹⁴

b. Pleadings

56. The IMM seeks clarification that neither PJM's proposed Operating Agreement revisions nor the applicable PJM market rules protecting the confidential information of PJM Members prohibit the IMM from reporting uplift data to the maximum extent allowable under Order No. 844, including uplift, resource's uplift, operator-initiated commitments, and categories of uplift, including operator-initiated commitments made prior to clearing the day-ahead market and the names of demand response resources.⁹⁵ The IMM also seeks clarification that it can report all commitments made without a recommendation from applications that use SCUC and SCED algorithms.⁹⁶

c. Determination

57. We deny the IMM's requests for clarification. While Order No. 844 does not apply to market monitors, we find that the IMM is not precluded from continuing to report uplift data, such as operator-initiated must-run commitments made prior to the

⁹³ PJM Transmittal at 9 (*compare with* Order No. 844, 163 FERC ¶ 61,041 at P 100).

⁹⁴ *Id.* at 2-3. Proposed Operating Agreement Section 18.17.1(b) ("Except as may be provided in this Agreement or in the PJM Open Access Transmission Tariff, the Office of the Interconnection shall not disclose to its Members or to third parties, any documents, data, or other information of a Member or entity applying for Membership, to the extent such documents, data, or other information has been designated confidential pursuant...").

⁹⁵ IMM Comments at 2-3.

⁹⁶ *Id.* at 6-7.

clearing of the day-ahead market and commitments made without a recommendation from applications that use SCUC and SCED algorithms, in the IMM's State of the Market Reports, to the extent this information does not violate the confidentiality provisions of the Tariff and Operating Agreement.⁹⁷

⁹⁷ See PJM Tariff, Attachment M-Appendix. See also PJM Operating Agreement, section 18.17.1.

The Commission orders:

PJM's compliance filing is hereby accepted, effective January 1, 2019, subject to the requirements discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.