

170 FERC ¶ 61,239  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

Green River Wind Farm Phase 1, LLC

Docket No. ER20-860-000

ORDER ACCEPTING AND SUSPENDING PROPOSED RATE SCHEDULE AND  
ESTABLISHING HEARING AND SETTLEMENT JUDGE PROCEDURES

(Issued March 20, 2020)

1. On January 22, 2020, pursuant to section 205 of the Federal Power Act (FPA)<sup>1</sup> and Part 35 of the Commission’s regulations,<sup>2</sup> Green River Wind Farm Phase 1, LLC (GRWF) submitted a proposed rate schedule (Rate Schedule)<sup>3</sup> setting forth the revenue requirement of its 194.25 MW wind turbine generation facility (GRWF Facility) for Reactive Supply and Voltage Control from Generation Sources Services (Reactive Service) as defined in Schedule 2 of the PJM Interconnection, L.L.C. (PJM) Open Access Transmission Tariff (Tariff).<sup>4</sup> In this order, we accept for filing GRWF’s proposed Rate Schedule and suspend it for a nominal period, to become effective March 22, 2020, as requested, subject to refund, and establish hearing and settlement judge procedures.<sup>5</sup>

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<sup>1</sup> 16 U.S.C. § 824d (2018).

<sup>2</sup> 18 C.F.R. pt. 35 (2019).

<sup>3</sup> Green River Wind Farm Phase 1, LLC, FERC FPA Electric Tariff, Rate Schedules, [Reactive Power Tariff, Rate Schedule FERC No. 2, 0.0.0](#).

<sup>4</sup> PJM, Intra-PJM Tariffs, OATT, Schedule 2 (4.0.0).

<sup>5</sup> Although GRWF has not previously filed for approval of a Reactive Service tariff, we conclude that this is a proposed rate change under section 205(d) of the FPA, rather than an initial rate, because GRWF has been providing Reactive Service to PJM prior to the instant filing. *See Calpine Oneta Power, L.P.*, 103 FERC ¶ 61,338, at P 11 (2003) (stating that, as the Oneta Project has been providing reactive power service under section 3.5 of its Interconnection Agreement, albeit, without charge, “the proposed rates for Reactive Power Service in the instant proceeding are not initial rates, but are changed rates.”).

## I. Background

2. Schedule 2 of the PJM Tariff provides that PJM will compensate owners of generation and non-generation resources for the capability to provide reactive power to PJM to maintain transmission voltages. Specifically, Schedule 2 states that, for each month of Reactive Service provided by generation and non-generation resources in the PJM region, PJM shall pay each resource owner an amount equal to the resource owner's monthly revenue requirement, as accepted or approved by the Commission.<sup>6</sup>

## II. Filing

3. GRWF states that it is a limited liability company that is wholly-owned by Green River Wind Farm Phase 1 HoldCo, LLC, which is owned by Citicorp North America, Inc., New York Life Insurance Company, and New York Life Insurance and Annuity Corporation as tax equity investors (Class A Members) and by Green River Phase 1, LLC (as the Managing Class B Member). GRWF explains that it submitted a notice of self-certification of Exempt Wholesale Generator status and has authority to engage in wholesale sales at market-based rates.<sup>7</sup>

4. GRWF states that the GRWF Facility, comprised of seventy-four Gamesa G126 turbines, is located in Lee County and Whiteside County, Illinois, has a total nameplate capacity of 194.25 MW, and is interconnected to the transmission system owned by Commonwealth Edison Company (ComEd) and operated by PJM. GRWF states that the GRWF Facility achieved commercial operation in November 2019.<sup>8</sup> GRWF states that the GRWF Facility has never been owned by a franchised public utility, nor have the costs for the GRWF Facility ever been included in the rate base of any public utility.<sup>9</sup> GRWF also states that the interconnection to the ComEd electric system is governed by an Interconnection Service Agreement between GRWF, ComEd, and PJM (GRWF ISA), which the Commission accepted on October 11, 2012, in Docket No. ER12-2574.<sup>10</sup>

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<sup>6</sup> PJM, Intra-PJM Tariffs, OATT, Schedule 2 (4.0.0).

<sup>7</sup> GRWF Transmittal at 2 (citing *Green River Wind Farm Phase 1, LLC*, Notice of Self-Certification of Exempt Wholesale Generator Status, Docket No. EG18-122-000 (Aug. 17, 2018); *Green River Wind Farm Phase 1, LLC*, Docket No. ER19-2583-000 (Oct. 10, 2019) (delegated letter order)).

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* (citing *PJM Interconnection, L.L.C.*, Queue Position # O29 – Original Service Agreement No. 3390, Docket No. ER12-2574-000 (filed Sept. 4, 2012); *PJM Interconnection, L.L.C.*, Docket No. ER12-2574-000 (Oct. 11, 2012) (delegated letter

GRWF states that pursuant to the GRWF ISA, the GRWF Facility is obligated to provide Reactive Service.<sup>11</sup>

5. GRWF states that it derived the proposed revenue requirement for Reactive Service using the Commission-approved *American Electric Power Service Corp. (AEP)* methodology.<sup>12</sup> GRWF asserts that, consistent with the *AEP* methodology, it calculated the Fixed Capability Component by determining the costs of generator/exciters (which include the AC/DC/AC converters and turbine mounted step-up transformers), generator step-up transformers, accessory electric equipment, and the remaining production plant investment, and then allocated those costs between real and reactive power using an allocation factor to yield the reactive power portion of this investment.<sup>13</sup> GRWF explains that it allocated overhead costs to each category of direct costs based on the ratio of that category of direct cost to total direct cost, but did not include separate costs associated with heating losses (outside of the fixed costs included as part of the remaining production plant component).<sup>14</sup>

6. GRWF states that in order to convert the total investment in reactive power production facilities to an annual revenue requirement for the Fixed Capability Component, Mr. Clayton multiplied the total investment attributable to reactive power production facilities (\$10,590,639) by a levelized carrying cost percentage of 12.66%.<sup>15</sup> GRWF states it calculated the annual carrying cost percentage using a fixed charge methodology.<sup>16</sup> GRWF states that it used the return on equity, debt cost, and capital

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order)). On March 5, 2020, GRWF filed an Informational Supplement in this docket explaining that Green River Wind Farm Phase 2, LLC, the identified Interconnection Customer in the GRWF ISA, assigned its rights and delegated its duties under the GRWF ISA to GRWF. GRWF explained that a copy of the Assignment Agreement was inadvertently omitted from its original filing.

<sup>11</sup> *Id.* at 3.

<sup>12</sup> *Id.* at 5 (citing *Am. Elec. Power Serv. Corp.*, 88 FERC ¶ 61,141 (1999), *order on reh'g*, 92 FERC ¶ 61,001 (2000) (establishing the *AEP* methodology); *see also Dynegy Midwest Generation, Inc.*, 121 FERC ¶ 61,025 (2007), *order on reh'g*, 125 FERC ¶ 61,280 (2009)).

<sup>13</sup> *Id.* at 7-11.

<sup>14</sup> *Id.* at 5 n.16, 7.

<sup>15</sup> *Id.* at 11.

<sup>16</sup> *Id.*

structure of ComEd, excluding a 50 basis point adder for RTO participation, as a proxy for its calculation of the Reactive Service revenue requirement, consistent with *Bluegrass Generator Co., L.L.C.*<sup>17</sup> With these inputs, GRWF states that it calculated a total annual revenue requirement for Reactive Service of \$1,340,419.06 and a monthly revenue requirement of \$111,701.59.<sup>18</sup>

7. GRWF requests an effective date of March 22, 2020.<sup>19</sup>

### **III. Notice and Responsive Pleadings**

8. Notice of the filing was published in the *Federal Register*, 85 Fed. Reg. 4964 (Jan. 28, 2020), with interventions and protests due on or before February 12, 2020. The Illinois Municipal Electric Agency, Monitoring Analytics, acting in its capacity as the Independent Market Monitor for PJM, and PJM filed timely motions to intervene.

### **IV. Discussion**

#### **A. Procedural Matters**

9. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2019), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

#### **B. Substantive Matters**

10. Our preliminary analysis indicates that GRWF's proposed Rate Schedule has not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. GRWF's filing raises issues of material fact that cannot be resolved based on the record before us and are more appropriately addressed in the hearing and settlement judge procedures ordered below. Accordingly, we accept GRWF's proposed Rate Schedule for filing and suspend it for a nominal period, to become effective March 22, 2020, as requested, subject to refund, and establish hearing and settlement judge procedures.

11. Although we are setting the Rate Schedule for hearing in its entirety, we note that GRWF has not provided underlying support for the costs claimed.<sup>20</sup> In addition,

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<sup>17</sup> 118 FERC ¶ 61,214 (2007).

<sup>18</sup> GRWF Transmittal at 5, 12.

<sup>19</sup> *Id.* at 1, 12.

<sup>20</sup> See *Wabash Valley Power Ass'n, Inc.*, 154 FERC ¶ 61,245, at P 29 (2016).

GRWF's filing includes accessory electric equipment allocator costs, generator and exciter costs, generator step-up transformer costs, operation and maintenance costs, administrative and general cost, and balance of plant costs that may be excessive. GRWF did not provide support from the generator manufacturer regarding nameplate MVAR and MVA output for the generation units in the facility. We also note that GRWF has incorrectly used a weighted power factor instead of the lagging power factor to calculate the reactive power allocator.<sup>21</sup>

12. While we are setting this matter for a trial-type evidentiary hearing, we encourage the parties to make every effort to settle their dispute before hearing procedures commence. To aid the parties in their settlement efforts, we will hold the hearing in abeyance and direct that a settlement judge be appointed, pursuant to Rule 603 of the Commission's Rules of Practice and Procedure.<sup>22</sup> If the parties desire, they may, by mutual agreement, request a specific judge as the settlement judge in the proceeding. The Chief Judge, however, may not be able to designate the requested settlement judge based on workload requirements which determine judges' availability.<sup>23</sup> The settlement judge shall report to the Chief Judge and the Commission within 30 days of the date of the appointment of the settlement judge, concerning the status of settlement discussions. Based on this report, the Chief Judge shall provide the parties with additional time to continue their settlement discussions or provide for commencement of a hearing by assigning the case to a presiding judge.

The Commission orders:

(A) GRWF's proposed Rate Schedule is hereby accepted for filing and suspended for a nominal period, to become effective, March 22, 2020, subject to refund, as discussed in the body of this order.

(B) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Commission by section 402(a) of the Department of Energy Organization Act and the FPA, particularly section 205 and 206 thereof, and pursuant to

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<sup>21</sup> *American Electric Power Service Corp.*, Opinion No. 440, 88 FERC ¶ 61,141, at 61,457 (1999) ("We agree with AEP (and the judge) that the allocation factor should be based on the capability of the generators to produce VARs...").

<sup>22</sup> 18 C.F.R. § 385.603 (2019).

<sup>23</sup> If the parties decide to request a specific judge, they must make their joint request to the Chief Judge by telephone at (202) 502-8500 within five days of this order. The Commission's website contains a list of Commission judges available for settlement proceedings and a summary of their background and experience (<http://www.ferc.gov/legal/adr/avail-judge.asp>).

the Commission's Rules of Practice and Procedure and the regulations under the FPA (18 C.F.R. Chapter I), a public hearing shall be held concerning the justness and reasonableness of GRWF's Rate Schedule, as discussed in the body of this order. However, the hearing shall be held in abeyance to provide time for settlement judge procedures, as discussed in Ordering Paragraphs (C) and (D) below.

(C) Pursuant to Rule 603 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.603 (2019), the Chief Judge is hereby directed to appoint a settlement judge in this proceeding within 15 days of the date of this order. Such settlement judge shall have all powers and duties enumerated in Rule 603 and shall convene a settlement conference as soon as practicable after the Chief Judge designates the settlement judge. If the participants decide to request a specific judge, they must make their request to the Chief Judge within five days of the date of this order.

(D) Within 30 days of the appointment of the settlement judge, the settlement judge shall file a report with the Commission and the Chief Judge on the status of the settlement discussions. Based on this report, the Chief Judge shall provide the participants with additional time to continue their settlement discussions, if appropriate, or assign this case to a presiding judge for a trial-type evidentiary hearing, if appropriate. If settlement discussions continue, the settlement judge shall file a report at least every 60 days thereafter, informing the Commission and the Chief Judge of the participants' progress toward settlement.

(E) If settlement judge procedures fail and a trial-type evidentiary hearing is to be held, a presiding judge, to be designated by the Chief Judge, shall, within 15 days of the date of the presiding judge's designation, convene a prehearing conference in these proceedings in a hearing room of the Commission, 888 First Street NE, Washington, DC 20426. Such a conference shall be held for the purpose of establishing a procedural schedule. The presiding judge is authorized to establish procedural dates, and to rule on all motions (except motions to dismiss) as provided in the Commission's Rules of Practice and Procedure.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.