

**BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Calpine Corporation, Dynegy Inc.,	:	
Eastern Generation, LLC, Homer	:	
City Generation, L.P., NRG Power	:	
Marketing LLC, GenOn Energy	:	
Management, LLC, Carroll County	:	
Energy LLC, C.P. Crane LLC,	:	
Essential Power, LLC, Essential	:	
Power OPP, LLC, Essential Power	:	
Rock Springs, LLC, Lakewood	:	
Cogeneration, L.P., GDF SUEZ	:	
Energy Marketing NA, Inc., Oregon	:	
Clean Energy, LLC and Panda	:	
Power Generation Infrastructure	:	
Fund, LLC,	:	Docket No. EL16-49-000
	:	
Complainants,	:	
	:	
v.	:	
	:	
PJM Interconnection, L.L.C.	:	
	:	
Respondent	:	

**COMMENTS OF THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

The Pennsylvania Public Utility Commission (PAPUC) herein files
Comments in Docket No. EL16-49 in response to the Motion to Amend and

Amended Complaint and Request for Expedited Action filed by the Electric Power Supply Association (EPSA) on January 9, 2017 as further detailed below:¹

I. INTRODUCTION

On January 9, 2017, EPSA filed a Motion to Amend and Amended Complaint and Request for Expedited Action seeking expansion of PJM LLC's (PJM) Minimum Offer Price Rule (MOPR) to encompass state-sponsored subsidies for certain nuclear power plants located in Illinois.² Calpine requests FERC issue an order, on an expedited basis, that requires PJM to expand the application of the MOPR and adopt appropriate mitigation measures prior to the Base Residual Auction (BRA) for the 2020/2021 Delivery Year.

EPSA contends these market mitigation measures are necessary to prevent state-approved out-of-market subsidies to Illinois nuclear facilities from artificially suppressing prices in the 2020/2021 BRA scheduled for May 2017. The out-of-market subsidies relate to certain Illinois legislation which authorizes the Illinois Power Agency (IPA) to procure, on behalf of the state's load-serving utilities,

¹ EPSA is a national trade association representing independent power producers and marketers. The Complaint lists all of the EPSA members beginning with Calpine Corporation.

² This Amended Complaint amends a prior Complaint filed by EPSA seeking expansion of the MOPR to encompass existing generation facilities dated March 21, 2016. The Complaint was prompted by certain actions taken by the Public Utility Commission of Ohio (PUCO) to provide subsidies to generation facilities owned by subsidiaries of First Energy and American Electric Power through purchased power agreements (PPAs). EPSA's original Complaint raised concerns that the PPAs constituted out-of-market subsidies to existing generation and presented a threat to the Reliability Pricing Model (RPM). EPSA contended that this threat was not addressed by the current MOPR and, consequently, expansion of the MOPR was needed to protect the integrity of the RPM. To date, FERC has not acted on the original Complaint.

contracts for “zero emission credits” (ZECs) that represent the environmental attributes of energy produced from a zero emission facility.³ EPSA additionally requests that FERC direct PJM to conduct a stakeholder process to develop a longer term remedy for the out-of- market subsidy issue that can be implemented following the BRA for the 2021/2022 Delivery Year.

FERC has not acted on the original EPSA Complaint filed in March 2016. The PAPUC is currently an intervenor in the proceeding.

II. COMMENTS

The PAPUC files these limited Comments to apprise FERC of its concerns regarding EPSA’s Amended Complaint seeking a FERC order requiring PJM Open Access Transmission Tariff (OATT) modifications in time for the upcoming BRA scheduled to commence in May 2017 for the 2020/2021 Delivery Year. At the outset, the PAPUC states that it is not commenting on the merits of the EPSA Complaint. However, the PAPUC is concerned that this request to modify the MOPR process prior to the 2017 BRA disregards the well-established PJM stakeholder process for addressing issues related to the operation of the MOPR.

The PAPUC has supported both the MOPR mechanism and the PJM stakeholder process where all parties have the opportunity to develop solutions in

³ *Motion to Amend and Amendment to Complaint and Request for Expedited Action on Amended Complaint*, Docket No. EL16-49 (filed March 21, 2016) at 3, 6-8.

a deliberative atmosphere. The Amended Complaint (as well as the original Complaint) requests FERC to intervene in PJM's existing Reliability Pricing Model (RPM) process only two months before the next auction. The PAPUC is concerned that acting now both to reform and implement new provisions may result in disruption and uncertainty among market participants and that the harm of this disruption may outweigh the benefits of allowing the 2017 BRA to proceed as planned.

For the reasons above, the PAPUC requests FERC to direct that the issues raised in EPSA's Complaint be addressed through the PJM stakeholder process in order to analyze the potential impact of the Illinois ZEC program, develop efficient market solutions if ultimately found necessary and implement any necessary modifications to the MOPR or implement other market-based market design changes, for the 2018 BRA.

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III. CONCLUSION

For the foregoing reasons, the PAPUC respectfully requests the Commission to: (i) consider its Comments in its deliberations in this proceeding; (ii) dismiss the Amended Complaint of EPSA without prejudice; (iii) and direct that the matter raised by EPSA in its Amended Complaint be assigned to the PJM stakeholder process for consideration and resolution.

Respectfully submitted,

/s/ James P. Melia
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Dated: January 30, 2017

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I am on this date serving a copy of the foregoing document upon each person designated on the official service list compiled by the Federal Energy Regulatory Commission in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure.

Dated at Harrisburg, PA this 30th day of January, 2017.

Respectfully submitted,

/s/ James P. Melia
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