



to the PJM Motion and requests that the Commission act by the last business day before the July 6, 2020, compliance deadline contemplated by the May 21 Order. PJM states that, even if the extension is granted, PJM will submit the remaining required elements of the compliance filing on July 6, 2020, as directed by the May 21 Order.

EPSA/P3 submit this answer not to take a specific position on the PJM Motion seeking additional time, but rather to emphasize the importance of PJM developing a Forward E&AS Offset methodology that is just and reasonable, sufficiently well-supported, and ultimately a reasonably implemented estimate of forward energy and ancillary services revenues. Once that proposal is filed, it is critical for the Commission to move expeditiously to review and issue an order on compliance to allow the long-delayed Base Residual Auction (“BRA”) to proceed.

## **I. ANSWER**

The May 21 Order directed PJM “to make a compliance filing within 45 days of the date of this order” proposing tariff changes “to implement a forward-looking E&AS Offset that reasonably estimates expected future energy and ancillary services revenues for all tariff provisions that rely on a determination of the E&AS Offset.”<sup>6</sup> The May 21 Order explained that the E&AS Offset is used to calculate Net Cost of New Entry, “which impacts the capacity market demand curve, offer caps, and minimum offer price floors.”<sup>7</sup> PJM has held several stakeholder meetings since issuance of the May 21 Order to receive input, including consideration of the Independent Market Monitor’s (“IMM”) model. EPSA/P3 members have been active participants in this process and

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<sup>6</sup> May 21 Order at P 320.

<sup>7</sup> May 21 Order at P 309.

agree it is important for PJM to have sufficient time to develop for filing a Forward E&AS methodology that meets the considerations outlined in its extension request, including submittal of a proposal that is appropriately designed and supported for Commission review.

Importantly, PJM recognizes that the effort to produce a forward-looking E&AS methodology should not cause an unreasonable further delay to the already compromised BRA timeline:

PJM wishes to leave no doubt, however, that satisfaction of this compliance directive is a top priority that must be completed as soon as possible. To that end, PJM proposes—and requests—that the extension needed to encompass this further effort should be only 30 days. In PJM’s view, a 30-day extension is sufficient to successfully address the considerations listed above. In the event that PJM is able to submit this remaining component of its compliance filing prior to August 5, 2020, it will do so. To minimize delay, upon Commission action on the compliance filings pending in Docket Nos. EL16-49, et al., PJM intends to commence all pre-auction activities not predicated on the outcome of this compliance proceeding. PJM also recognizes the negative impacts that further delay in running the next capacity auction can cause to market participants. PJM encourages the Commission to make its ruling on MOPR compliance filings expeditiously to ensure the next capacity auction can be run as soon as practicable.<sup>8</sup>

EPSA/P3 have highlighted in numerous sets of comments the urgency on timing issues regarding the delayed capacity auction and the need to resume the forward capacity auction process. EPSA/P3 urge the Commission once again to move swiftly in reviewing and issuing orders on compliance in the instant proceeding, as well as the related MOPR proceeding, to allow the deferred capacity auctions to go forward.

## **II. CONCLUSION**

As discussed, EPSA/P3 submit this answer not to take a specific position on the PJM Motion seeking additional time, rather to emphasize the importance of PJM

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<sup>8</sup> PJM Motion at 3-4.

developing a Forward E&AS Offset methodology that is just and reasonable and sufficiently well-supported to allow the Commission to find it a reasonable estimate of future energy and ancillary services revenues. Once that proposal is filed, it is critical for the Commission to move expeditiously to review and issue an order on compliance to allow the long-delayed BRA to proceed.

Respectfully submitted,

**On behalf of the Electric Power Supply Association**

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**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 Washington, D.C. this 29<sup>th</sup> day of June, 2020.

**On behalf of EPSA and the PJM Power Providers  
Group**

By: /s/Sharon Royka Theodore

Sharon Royka Theodore