

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

LS Power Development, LLC)	
)	
v.)	
)	
PJM Interconnection, L.L.C. and Monitoring Analytics, LLC, as the Independent Market Monitor for PJM)	Docket No. EL24-91-000

**COMMENTS OF THE ELECTRIC POWER SUPPLY ASSOCIATION
IN SUPPORT OF COMPLAINT**

Pursuant to the March 21, 2024 Combined Notice of Filings #1 issued by the Federal Energy Regulatory Commission (the “Commission” or “FERC”) in the above-captioned proceeding, the Electric Power Supply Association (“EPSA”)¹ respectfully submits these comments in support of the March 20, 2024 complaint filed by LS Power Development, L.L.C. (“LS Power”) against PJM Interconnection, L.L.C. (“PJM”) and Monitoring Analytics, LLC, as the Independent Market Monitor for PJM (“IMM”). The LS Power complaint (“Complaint”)² concerns the calculation of opportunity cost adders (“OCAs”) under Schedule 2 to PJM’s Amended and Restated Operating Agreement (“Operating Agreement”) and provisions of PJM Manual 15.

¹ EPSA is the national trade association representing competitive power suppliers in the U.S. EPSA members provide reliable and competitively priced electricity from environmentally responsible facilities using a diverse mix of fuels and technologies. EPSA seeks to bring the benefits of competition to all power customers. This pleading represents the position of EPSA as an organization, but not necessarily the views of any particular member with respect to any issue. EPSA filed a timely document-less Motion to Intervene in this proceeding on March 28, 2024.

² *LS Power Complaint v. PJM Interconnection, L.L.C. and Monitoring Analytics, L.L.C., as the Independent Market Monitor for PJM*, Docket No. EL24-91-000 (filed March 20, 2024) (“Complaint”).

The Complaint details that PJM's current OCA rules fail to provide market participants the necessary transparency and predictability with respect to the calculation of OCAs, or any means of seeking effective and timely relief with respect to erroneous OCAs.³ The Complaint is accompanied by three expert affidavits that provide specific examples of the serious errors in the OCAs, process issues and inability to obtain timely relief, and the broader potential harm from inaccurate OCAs to reliability and resource adequacy in PJM.

I. COMMENTS IN SUPPORT

EPSA urges the Commission to expeditiously approve the Complaint and direct the relief requested. EPSA agrees the current calculation method of OCAs can lead to inaccurate OCAs that fail to properly reflect the full opportunity costs of generation facilities with run-hour limitations, where operating the units means foregoing the ability to operate in a future time period when the needs of the electric systems are greater and thus prices are higher. Inaccurate OCAs impede price formation, resulting in sub-optimal dispatch of resources, to the harm not just of individual suppliers but also the reliability of the PJM system as a whole.⁴

As explained in the Complaint, Manual 15 identifies two methods for computing opportunity costs: the PJM Calculator and the IMM Calculator. However, the PJM Calculator currently is suspended and, therefore, sellers wishing to include an OCA in their cost-based offers must use the IMM Calculator.⁵ Concerningly, Manual 15 does not contain adequate information for a market participant to fully understand how the

³ Complaint at p. 2.
⁴ Complaint at p. 2.
⁵ Complaint at p. 10.

IMM Calculator works and a lack of transparency exists throughout the process to establish OCA values.⁶

The Complaint explains that due to serious errors in the OCAs as a result of an unclear and non-transparent process, LS Power's units were forced to submit offers that did not properly reflect their opportunity costs for extended periods of time, which in turn caused the units to use up their limited run hours when prices were lower and were therefore unable to operate when prices were higher, indicating a greater system need for these resources to maintain reliability.⁷

EPSA finds the process and transparency issues surrounding the OCAs very troubling and in need of a remedy. As explained in the Complaint, the IMM Calculator has resulted in unjust and unreasonable OCAs, harming individual market participants and the PJM market as a whole, and in contravention of PJM's Operating Agreement and Manual 15, as well as FERC precedent. The Commission has long held that rate calculations must be transparent and replicable, and it is paramount that the Commission require this with respect to the OCA calculations and process. This required transparency is critical for *all* PJM market rules and processes, as well as the IMM's market oversight functions, to ensure accurate price formation and competitive outcomes. At a time when resource adequacy and reliability is at risk in PJM – and other regions – transparency and certainty for market participants is a fundamental requirement.

EPSA supports the LS Power Complaint's request that the Commission (1) find that PJM's implementation of provisions relating to OCAs under the Operating

⁶ Complaint at p. 13, generally pp. 12-20.

⁷ Complaint at pp.12-13.

Agreement is unjust and unreasonable; (2) order PJM and the IMM to provide additional transparency regarding the IMM Calculator, and to work with stakeholders to make necessary improvements to the opportunity cost calculator currently used by the IMM to calculate OCAs; and, (3) require PJM to make and file necessary modifications for OCA determinations and the review process as set forth in PJM's Operating Agreement and Manual 15.⁸

II. CONCLUSION

WHEREFORE, EPSA urges the Commission to expeditiously issue an order accepting the Complaint and granting the requested relief as discussed herein.

Respectfully submitted,

/s/Nancy Bagot

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Dated: April 18, 2024

⁸ Complaint at p. 2.

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 18th day of April, 2024.

On behalf of the Electric Power Supply Association

/s/Sharon Theodore

Sharon Theodore, VP, Regulatory Affairs