



MC Legal Report
Summary of Significant Filings
and
Federal Energy Regulatory Commission (“Commission”) Orders
(June 12, 2017 – July 16, 2017)

COMMISSION ORDERS

On June 15, 2017, in Docket Nos. ER17-335-001 and ER17-335-002, the Commission issued an Order accepting revisions to the PJM Tariff concerning release of excess capacity gained through a Capacity Performance transition auction in PJM’s Third Incremental Auction for the 2017/2018 Delivery Year. Such revisions were submitted to comply with the Commission’s January 6, 2017 Order. In its order, the Commission rules that the tariff language satisfactorily complies with the Commission’s requirements in the January 6 Order. The revisions are effective January 9, 2017.

On June 16, 2017, the Secretary of Energy (“Secretary”) issued an Order finding an emergency exists pursuant to FPA Section 202(c) that requires targeted intervention by the Secretary in order to preserve the reliability of the bulk power grid in the North Hampton Roads area on the Virginia Peninsula in the Commonwealth of Virginia (“Virginia Peninsula”). Under this order, PJM may direct Dominion Energy Virginia (“Dominion”) to operate, on a contingent basis, the Yorktown coal-fired units at Dominion’s Yorktown Power Station when needed to avoid loss of electric power to customers on the Virginia Peninsula during certain peak periods. PJM may apply for renewals of the Secretary’s order prior to the order’s 90-day expiration date provided PJM and Dominion submit a report to the Secretary at least 21 calendar days before the order expires.

On June 20, 2017, in Docket No. ER17-950-002, the Commission issued an Order accepting and suspending, subject to refund and further Commission order the errata revising the PJM Tariff, Schedule 12 – Appendix A to correct a typographical error that allocated 44.19 percent cost responsibility to the BGE Zone. That number has been changed to 4.19 percent for 21 baseline upgrades. The revisions are effective May 1, 2017.

On June 22, 2017, in Docket No. ER17-1679-000, the Commission issued an Order accepting a technical amendment to revise the PJM Tariff, Schedule 12 to include all categories of transmission cost responsibility assignments authorized under Schedule 12. The revisions are effective as of July 24, 2017.

On June 26, 2017, in Docket Nos. ER17-718-000 and ER17-729-000, the Commission issued an Order accepting and suspending, subject to refund and further Commission order, the revisions to the PJM-MISO JOA, sections 9.3 and 9.4 to create a new interregional planning process and cost allocation methodology for an interregional

transmission project type referred to as Targeted Market Efficiency Projects. The revisions facilitate the development of low cost, high value Targeted Market Efficiency Projects intended to reduce historical congestion on known Reciprocal Coordinated Flowgates along the MISO-PJM border to benefit customers and improve coordination between the RTOs. The revisions are effective as of June 28, 2017.

On July 7, 2017, in Docket No. ER17-1590-000, the Commission issued an Order accepting PJM's revisions to its Operating Reserve demand curves in Schedule 1 of the PJM Operating Agreement, and the parallel provisions of Attachment K-Appendix of the PJM Tariff, to reflect changes related to how PJM determines the price of reserves it procures in the Real-time Energy Market that exceed its normal real-time reserve requirements. Additionally, PJM added a permanent second step to the Operating Reserve demand curves that are embedded within PJM's real-time market clearing engines. The effective date for the revisions is July 12, 2017.

COMMISSION FILINGS

On June 13, 2017, PJM submitted an application requesting the Secretary find an emergency exists within the meaning of FPA Section 202(c) that requires targeted and temporary intervention by the Secretary in order to preserve the reliability of the bulk power grid in the North Hampton Roads area on the Virginia Peninsula and direct Dominion to operate, on a contingent basis, the Yorktown coal-fired units at Dominion's Yorktown Power Station when needed to avoid loss of electric power to customers on the Virginia Peninsula during certain peak periods. PJM proposes a process of a rolling 90-day renewal of the Secretary's emergency order provided PJM and Dominion submit reports to the DOE that will allow the Secretary to review past action under the order and the continued need for the emergency relief under the order prior to each 90-day expiration period.

On June 15, 2017, in Docket No. ER17-1834-000, PJM submitted a clean-up to the PJM Tariff, Schedule 12 – Appendix A for the Pennsylvania Electric Company, American Transmission Systems, Inc., and Virginia Electric and Power Company Zones to (i) historically correct and incorporate revisions previously accepted by the Commission as a result of overlapping filings and suspension of the effective dates for certain tariff records; and (ii) propose revising Schedule 12 – Appendix A (Dominion) to adjust the cost allocation for baseline upgrade b2729 to equal 100 percent, instead of 101 percent. PJM requests the effective dates remain consistent with the effective dates requested and accepted by the Commission in the respective dockets.

On June 20, 2017, in Docket No. EL17-62-000, PJM submitted an answer to the answer of Potomac Economics, Ltd (“Potomac”), regarding Potomac's complaint seeking elimination of PJM's capacity market rule requiring external resources be pseudo-tie into PJM in order to be eligible to offer capacity to the PJM Region.

On June 22, 2017, In Docket No. AD17-11-000, PJM submitted its Initial Post-Technical Conference Comments regarding state policies and wholesale markets. PJM requested that the Commission provide guidance as to how an RTO can modify its market rules to accommodate the type of state policy initiatives at issue in this proceeding.

On June 27, 2017, PJM submitted a dispatch methodology to operate Dominion's Yorktown Units 1 and 2 in order to maintain grid reliability on the Virginia Peninsula during certain peak periods, in compliance with the Order issued on June 16, 2017 by the Secretary.

On June 27, 2017, in Docket Nos. EL17-64-000 and EL17-65-000, PJM submitted a Motion for Leave to File an Answer and Answer in response to the May 31, 2017 Motion for Leave to File Answer and Answer of Renewable Energy Systems Americas and Invenergy Storage Development LLC (collectively, RESI) filed in Docket No. EL17-65-000, and the June 2, 2017 Answer to Motion to Consolidate and Motion for Leave to Answer and Answer of the Energy Storage Association (ESA) filed in Docket No. EL-64-

000. In its answer, PJM notes, among other things, that adjustments were recently made to the regulation signal that address concerns raised by ESA and RESI, and corrects several statements that may confuse the record.

On June 29, 2017, in Docket No. ER16-1967-003, PJM submitted a compliance filing to revise the PJM-MISO JOA to (i) incorporate revisions submitted in a compliance filing on April 24, 2017 that were requested effective August 22, 2016 but due to the overlapping timing of certain PJM filings and request for a retroactive effective date, and (ii) to correct cross-references in section 9.3.7, that are not reflected in sections 9.3 and 9.4 as of February 14, 2017, absent this filing.

On June 30, 2017, in Docket No. EL17-75-000, PJM submitted a Motion to Intervene and Comment in support of the Notice of Intervention and Motion for Extension of Time to Respond of the Organization of MISO States (OMS), submitted on June 29, 2017. The OMS motion requested to extend the comment date from July 5, 2017 to July 19, 2017, to respond to Advanced Energy Economy's Petition for Declaratory Order.