



EARTHRISE ENERGY, PBC

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VIA ELECTRONIC DELIVERY

The PJM Board of Managers
c/o Mr. Mark Takahashi, Chair, PJM Board of Managers &
Mr. Manu Asthana, President and CEO
PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, PA 19403

RE: Speeding the Pace of New Resource Integration

Dear Mr. Takahashi and members of the Board:

Thank you for providing me the opportunity to address the PJM Board on December 6, 2023, with other members of the Generator Owners' ("GO") sector ("December 6 Meeting"). This letter highlights and updates the five (5) points I raised¹ on behalf of Earthrise Energy at the December 6 Meeting.

In summary, Earthrise requests that the PJM Board direct PJM Staff to more expeditiously address the problems noted in the *4-R Report*.² Based on the five (5) points Earthrise raised at the December 6 Meeting, our company has two specific follow-up requests for the Board and PJM management, each of which would help speed new resource integrations to the PJM grid.

First, we suggest directing the Interconnection Process Subcommittee ("IPS") to complete its work clarifying the rules for the CIR Transfer process as expeditiously as possible since this directly

¹ At the December 6 Meeting, I highlighted five (5) recommended actions to enhance generation supply options and speed new unit entry to the market: (1) expand Surplus Interconnection Service ("Surplus IX"); (2) define electrically equivalent points of interconnection ("POIs"); (3) evaluate parallel operations of co-located units; (4) clarify the use of system models; and (5) dedicate certain staff to non-queued projects. In this correspondence, I reiterate these points, adding our company's understanding of the current state of PJM's important, ongoing stakeholder work on transfers of Capacity Interconnection Rights ("CIRs"). The company is engaged in and is actively monitoring that Issue Charge, currently under review by the Interconnection Process Subcommittee ("IPS").

² The [PJM "4R" Report](#) noted the challenges and opportunities facing market participants considering that approximately 83GW of units are expected to retire in the PJM footprint.

impacts unit retirement and replacement decisions. Second, we recommend that PJM initiate a Critical Issues Fast Path process specifically to expand existing interconnection customer usage of Surplus IX. In both cases, Earthrise believes system impact and reliability studies can be completed quickly, in a fair manner and without the delays associated with the traditional New Resources interconnection queue.

Recent weather events highlight the urgent need for new resources to be integrated in the PJM footprint in a timely manner to ensure reliability. Last week (January 18, 2024), FERC Commissioner Christie noted PJM's success in serving load during Winter Storms Gerri and Heather; however, echoing the *4-R Report* and warnings by NERC, Commissioner Christie stated that there must be sustainable pathways to expeditiously bring replacement resources online or "we won't have the [reliability] success we've had . . . the numbers just don't add up." To that end, we suggest the following:

Capacity Interconnection Rights ("CIR") Transfers

Earthrise commends the work of stakeholders in the Interconnection Process Subcommittee ("IPS") for taking up the Issue Charge associated with Capacity Interconnection Rights ("CIR") transfers. This work will facilitate important clarity regarding unit retirements and replacements.

We suggest the following with respect to expediting and enhancing the output of the IPS CIR Transfer stakeholder process:

Publish Clear Protocols for CIR Transfers. To help solve the continuity of generating resources at a point of interconnection ("POI"), the IPS' proposed tariff changes should ensure that the CIR Transfer process specifies exactly what system impact models will be used to test CIR transfers and generator replacement requests at an existing POI. It should be clarified that CIR transfers at the same POI do not require applicants to enter the traditional queue -- whether or not the new resource has the same output characteristics as the existing unit.

Respect Existing Units' Interconnection Rights. The CIR Transfer Issue charge before the IPS acknowledges that PJM's current process should continue to respect and recognize that existing Capacity Resources are not similarly situated with prospective Generation Capacity Resources seeking new CIRs. As noted by PJM in the problem statement "[e]xisting resources have already gone through the interconnection study process and have borne cost responsibility for any network upgrades that may have been necessary." Accordingly, we recommend that PJM continue adhering to FERC's policy allowing generators to transfer CIRs to their affiliates (whether new or replacement generation at an existing POI).

Develop Study Protocols for Parallel Unit Dispatch at a Single POI. To maximize energy dispatch at an existing unit's POI, we request that PJM clarify how it will conduct system impact tests for dual unit parallel operations behind a single POI. As we've experienced in other RTOs the key issues relate to short circuit analyses and stability. PJM should work

with existing customers to establish standard system impact models for parallel unit operations behind a single POI, particularly where proposed injections do not exceed the evaluated equipment ratings.

Dedicated Staff and Resources. As noted by stakeholders in the IPS who are working on the CIR Transfer issue, resolution of the Issue Charge should include a clear statement of policy regarding whether and how PJM will dedicate staff to processing non-queued requests (as implemented by other RTOs).

Expansion of Surplus Interconnection Service Product Usage & Flexibility

PJM should expand the circumstances under which Surplus IX projects clear the applicable system impact tests. This is consistent with FERC policy. Just one year ago the agency approved SPP's changes³ which took into account the practical impacts of adding a co-located unit to an existing POI with unused capacity. Specifically, if the new facilities are at the same voltage as the POI or are additional protection facilities with no material adverse impacts to the rest of the queue, then a Surplus Interconnection Service application may still be approved (even though in some instances the facilities could be deemed "network upgrades."). Relatedly, SPP's changes allow extensions of the existing equipment to a location near enough to be considered part of the existing substation. These changes are both consistent with the spirit of FERC Order No. 845 and a practical approach to address the asymmetrical pace of the energy transition explained in the 4R report.

Once again, Earthrise would like to extend its thanks to you and the PJM Board for providing us the opportunity to comment on this critical issue. Although there are challenges to work through, we think regulatory clarity in this area should be front-and-center for PJM. The company looks forward to working with your team to ensure that new resources can be integrated quickly and reliably.

Sincerely,

Steven Vavrik

Steven Vavrik
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cc.

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³ *Southwest Power Pool, Inc.* 181 FERC ¶ 61,269 (2023).