

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

**PJM Interconnection, LLC** ) **Docket No. ER21-2282-000**  
**PPL Electric Utilities Corporation** )

**COMMENTS OF WIRES**

Pursuant to the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) notice issued on July 13, 2021 in the above-captioned docket,<sup>1</sup> WIRES,<sup>2</sup> on behalf of its members, respectfully submits the following comments in support of the PJM Interconnection, LLC (“PJM”) Transmission Owners’ request pursuant to section 205 of the Federal Power Act (“FPA”)<sup>3</sup> to revise the PJM Tariff to provide the Transmission Owners with the option to elect to fund the capital cost of Network Upgrades<sup>4</sup> necessary to accommodate generator interconnections and provide them the opportunity to earn a return of and on the costs of Network Upgrades that are necessary to interconnect generation resources to the PJM transmission system.<sup>5</sup>

**I. COMMUNICATIONS**

In accordance with Rule 203(b)(3) of the Commission’s Rules of Practice and Procedure,

---

<sup>1</sup> Notice of Extension of Time, Docket No. ER21-2282-000 issued on July 13, 2021.

<sup>2</sup> This filing is supported by the full supporting members of WIRES but does not necessarily reflect the views of the Regional Transmission Owner/Independent System Operator (“RTO/ISO”) members of WIRES.

<sup>3</sup> 16 U.S.C. § 824d.

<sup>4</sup> For purposes of this pleading, the term “Network Upgrades” refers to the Network Upgrades required to accommodate the interconnection of generators to the transmission system.

<sup>5</sup> PJM Tariff Revisions to Implement Transmission Owners’ Funding of Network Upgrades, Docket No. ER21-2282 (June 30, 2021) (“Network Upgrade Funding Proposal”).

all communications and correspondence regarding these proceedings should be directed to:

Larry Gasteiger  
Executive Director  
WIRES  
529 Fourteenth Street, NW  
Suite 1280  
Washington, DC 20045  
[lgasteiger@exec.wiresgroup.com](mailto:lgasteiger@exec.wiresgroup.com)  
(703) 980-5750

## II. INTRODUCTION

WIRES is a non-profit trade association of investor-, publicly-, and cooperatively-owned transmission providers and developers, transmission customers, regional grid managers, and equipment and service companies. WIRES promotes investment in electric transmission and consumer and environmental benefits through development of electric transmission infrastructure.<sup>6</sup> Since its inception, WIRES has focused on supporting investment in needed and beneficial transmission infrastructure – investments that Congress and the Commission have recognized are critical to establish a resilient, reliable, cost-effective, modern, and clean bulk power system.

On June 30, 2021, the PJM Transmission Owners filed proposed revisions to add a new section 217.8 to the PJM Tariff that sets forth the process and rules governing how and when a transmission owner may elect to fund Network Upgrades along with a *pro forma* Network Upgrade Funding Agreement that provides standard terms and conditions for the recovery of the return of and on the capital funding for the upgrades. In particular, the PJM Transmission

---

<sup>6</sup> For more information about WIRES, please visit [www.wiresgroup.com](http://www.wiresgroup.com).

Owners' filing would conform the PJM Tariff to existing law<sup>7</sup> and provide them an opportunity to earn a rate of return on transmission property that they are obligated to own, operate, and maintain to compensate them for the risks that they undertake in doing so. WIRES hereby submits the following comments in support of the Network Upgrade Funding Proposal.

### **III. COMMENTS**

#### **A. The PJM Transmission Owners' Network Upgrade Funding Proposal Aligns with the Biden Administration's Climate Change Goals.**

The Biden administration has set ambitious greenhouse gas emission reduction goals, and to be achieved, these goals will require the expeditious interconnection of large amounts of clean energy resources over the next decade and beyond. Swift and unprecedented expansion of the transmission system is required to interconnect thousands of megawatts of renewable electric generation to replace aging generation facilities that are nearing retirement.

On April 22-23, 2021, President Biden and Vice President Harris hosted forty foreign leaders at the Leaders' Summit on Climate where President Biden announced that the United States will target reducing emissions by over 50 percent by 2030 compared to 2005 levels. To achieve this ambitious goal, the President emphasized that the U.S. electric power sector will need to go further and work faster to transform its energy systems.<sup>8</sup> This target cannot be met without the expedient expansion of the transmission system, including transmission in PJM, to allow for the reliable and economic interconnection of the significant amounts of renewable generation required to attain this goal. However, this expansion will necessitate a tremendous

---

<sup>7</sup> *Ameren Servs. Co. v. FERC*, 880 F.3d 571 (D.C. Cir. 2018) (“*Ameren*”); *Fed. Power Comm’n v. Hope Natural Gas Co.*, 320 U.S. 591 (1944) (“*Hope*”); *Bluefield Water Works & Improvement Co. v. Pub. Serv. Comm’n*, 262 U.S. 679 (1923) (“*Bluefield*”).

<sup>8</sup> <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/23/fact-sheet-president-bidens-leaders-summit-on-climate/> (Apr. 24, 2021).

amount of system planning and solutions collaboration and coordination amongst the PJM Transmission Owners, as well as a potentially dramatic increase in the assets interconnecting to their respective transmission systems. The PJM Transmission Owners are poised to play a pivotal role in the prompt and reliable interconnection of network resources in order to make the necessary accommodations to support this exciting clean energy transition.

While these efforts will be made, they cannot continue to be made on a nonprofit basis or achieved if significant enterprise risks are left uncompensated. As fully documented in supporting affidavits, continued interconnection to an expanding grid without properly recognizing the increased responsibilities and obligations borne would undermine the PJM Transmission Owners' ability to attract the capital required to make the necessary transmission infrastructure investment required by a range of drivers and provide safe, reliable, and emergency service as well as maintain the financial soundness of the companies' operations.<sup>9</sup> The Network Upgrade Funding Proposal remedies this deficiency in the PJM Tariff and is a solution that will help enable the achievement of the administration's climate targets.

**B. The Network Upgrade Funding Proposal is Just and Reasonable.**

The PJM Transmission Owners' Network Upgrade Funding Proposal is just and reasonable because it is consistent with the law. Court and Commission precedent clearly establish that a public utility must be afforded the right to earn a reasonable rate of return for the risks and costs associated with its ownership, operation, and maintenance of Network Upgrades.<sup>10</sup> On remand of *Ameren*, the Commission corrected its prior orders that directed transmission owners to fund Network Upgrades on a non-profit basis and to accept additional

---

<sup>9</sup> See Network Upgrade Funding Proposal, Affidavit of David Hunger and Seaborn Adamson, Charles River Associates.

<sup>10</sup> *Ameren*, 880 F.3d at 581.

risk-bearing responsibility through the expansion of their network with zero return, which violates *Hope* and *Bluefield*.<sup>11</sup> The Commission took care to ensure that a transmission owner could not exercise its right to self-fund Network Upgrades in a preferential or unduly discriminatory manner, and the effect of its order on remand would not harm the ability of transmission owners to attract future capital.<sup>12</sup>

The Network Upgrade Funding Proposal is just and reasonable because it provides the PJM Transmission Owners the opportunity to earn a rate of return on the capital costs associated with Network Upgrades, consistent with *Ameren*. This rate of return would ensure the PJM Transmission Owners are compensated for the risks associated with owning, operating, and maintaining Network Upgrades.

The PJM Transmission Owners assume numerous risks in connection with the installation, ownership, and operation of Network Upgrades for which they are not compensated under PJM's currently effective funding model for Network Upgrades. These risks include (1) operational and safety risks, (2) reliability and cybersecurity risks, (3) environmental risks, (4) weather and climate risks, and (5) outage and coordination risks.<sup>13</sup> Recovery of a rate of return for these risks the PJM Transmission Owners assume is consistent with the law and with the *Hope* and *Bluefield* capital attraction standards, and the Network Funding Upgrade Proposal provides a just and reasonable solution for fixing the lack of compensation for these risks under the existing PJM Tariff. Moreover, the proposed tariff revisions are in harmony with and support the Biden administration's ambitious federal climate policies that seek to reduce

---

<sup>11</sup> *Midcontinent Indep. Sys. Operator, Inc.*, 164 FERC ¶ 61,158 (2018), *order on briefing, compliance and reh'g*, 169 FERC ¶ 61,233 (2019) ("*Ameren* Remand Order").

<sup>12</sup> *Ameren* Remand Order at P 28.

<sup>13</sup> See Network Upgrade Funding Proposal, Affidavit of Mr. David Weaver, Vice President of Transmission Strategy at Exelon at 4-5 and 7-22.

greenhouse gas emissions by ensuring the safe and reliable integration and interconnection of zero emission emitting clean energy resources on the PJM transmission system.

### **III. CONCLUSION**

For the reasons explained above, WIRES urges the Commission to accept the PJM Transmission Owners' proposed revisions to the PJM Tariff to provide the Transmission Owners with the option to elect to fund the capital cost of Network Upgrades necessary to accommodate generator interconnections and provide them the opportunity to earn a return of and on the costs of Network Upgrades that are necessary to interconnect generation resources to the PJM transmission system.

Respectfully submitted,

*Larry Gasteiger*

---

Larry Gasteiger  
Executive Director  
WIRES  
529 Fourteenth Street, NW  
Suite 1280  
Washington, DC 20045  
Mobile: (703) 980-5750  
[lgasteiger@exec.wiresgroup.com](mailto:lgasteiger@exec.wiresgroup.com)

July 28, 2021

## 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 28th day of July 2021.

*Larry Gasteiger*

---

Larry Gasteiger  
Executive Director  
WIRES  
529 Fourteenth Street, NW  
Suite 1280  
Washington, DC 20045