UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY

PJM Interconnection, L.L.C.) Order No. 202-17-_

ANSWER OF PJM INTERCONNECTION, L.L.C.

PJM Interconnection, L.L.C. ("PJM") respectfully submits an answer to the comments filed by Sierra Club on September 6, 2017, in the above referenced proceeding ("Comments") in response to PJM's Order No. 201-17-2 ("Order") renewal application ("Renewal Application").

I. ANSWER

1. An Emergency Exists Within the Meaning of the Federal Power Act and the Potential Shedding of Load in Compliance with the NERC Standards is an Emergency

Sierra Club's claim that in Order No. 202-17-2 issued on June 16, 2017 (the "Order"), the Secretary of Energy ("Secretary") "expressly declines to find that outages related to construction of Virginia Elect and Power Company' ("Dominion Energy Virginia") Skiffes Creek transmission project … also constitutes and 'emergency' under section 202(c)" of the Federal Power Act ("FPA")[1] is flawed and based on a mischaracterization of the basis for the need for an emergency order and express findings of the Secretary. In the Order, the Secretary determined pursuant to FPA section 202(c) "that an emergency exists in the Commonwealth of Virginia due to a shortage of electric energy, a shortage of facilities for the generation of electric energy, and other causes, and that issuance of (the) Order will meet the emergency and serve the public interest."

[1] 16 U.S.C. § 824a(c).

Sierra Club supports its claim that the Order did not authorize operation of Yorktown units 1 and 2 under "Scenario 2" by reciting a recitation of the current state of the facts at the time the Order was written but ignores the express findings by the Secretary.

Furthermore, Sierra Club's arguments are based on a flawed interpretation of FPA section 202(c) and the definition of "emergency". Sierra Club incorrectly characterizes the basis of the emergency as "deliberate business strategy" which is "avoidable" and "voluntary."[2] The Order clearly acknowledges that the emergency exists absent the availability of Yorktown Units 1 and 2 during peak load conditions and contingency events detailed in the application submitted on June 13, 2017 (the "Application"). The Application, which is incorporated by reference to the Renewal Application, makes clear that an emergency exists based on PJM load flow studies under both Scenario 1 (without planned transmission outages) and Scenario 2 (with planned transmission outages) and that "Yorktown Units will be needed to avoid the risk of load curtailment" under specified load conditions "to maintain reliability and avoid risk of cascading outages."[3] Appendix IV of the Application specifies that without the ability to run the Yorktown Units, load curtailment will be required to avoid cascading outages in compliance with North American Electric Reliability Corporation ("NERC") Reliability Standard TPL-001-4 R2.

Thus, the emergency is not "avoidable," "voluntary" or a "deliberate business strategy" of Virginia Electric and Power Company ("Dominion Energy Virginia") as Sierra Club claims. The emergency in this case is caused by compliance with the NERC Reliability Standards through the potential use of a Remedial Action Scheme ("RAS")

[2] Comments at Page 2.
[3] Application at page 7.

which would lead power interruptions to approximately 950 MWs of load during peak periods including over 150,000 customers in the North Hampton Roads area of Virginia.

On January 12, 2017, Dominion Energy Virginia presented a Remedial Action Scheme ("RAS") known as the "North Hampton RAS" to mitigate the issues seen with the Yorktown Unit deactivations. The North Hampton RAS is necessary to maintain reliability and comply with the NERC Reliability Standard TPL-001-4 when the Yorktown Units deactivated on April 15, 2017, and required transmission system upgrades will not be in service. Upon loss of certain facilities, the RAS will trip the remaining feeds to the North Hampton area on the Virginia Peninsula which sheds load to prevent voltage collapse. The North Hampton RAS will allow the outages for the remaining transmission system upgrades to protect reliably. The Order grants authorization to meet this emergency and serve the public interest to prevent power disruptions and potential shedding of critical load as a result of the need to arm the North Hampton RAS and this requirement continues until the Skiffes Creek project is completed.

One of the definitions of an RAS under the NERC standards is "a scheme designed to detect predetermined System conditions and automatically take corrective actions that may include, but are not limited to, adjusting or tripping generation (MW and Mvar), tripping load, or reconfiguring as System(s). A RAS accomplishes objectives such as … tripping load, or reconfiguring as System(s) to meet reliability standards."[4]

The Environmental Protection Agency ("EPA") noted the Federal Energy Regulatory Commission's ("FERC") review and finding that recognized the critical need

[4] Reliability Standards for the Bulk Electric System of North America, Updated July 14, 2017, Table of Requirements subject to Enforcement.

for the Yorktown Units prior to completion of the Skiffes Creek transmission project to avoid load shedding the absence of which might result in violations of NERC's Reliability Standards and "Dominion's Yorktown Unit Nos. 1 and 2 are needed … to maintain electric reliability and to avoid possible NERC Reliability Standards."[5]

The Department of Energy's ("DOE") regulations state that an "emergency" can also result from "a regulatory action which prohibits the use of certain electric power supply facilities."[6] The emergency in this case arises from the deactivation of the Yorktown Units which is prompted by the EPAs Mercury and Air Toxics Standards ("MATS") requirements[7] by April 16, 2015. The two l-year extensions under the MATS requirements which were available under the terms of the Clean Air Act ("CAA")[8] have been requested, granted, and expired. The first extension was granted by the Virginia Department of Environmental Quality on June 24, 2014[9] (effective through April 15, 2016) and a second term was authorized by the EPA under an Administrative Compliance Order on Consent ("EPA ACO") on April 16, 2016[10] (effective through April 15, 2017) pursuant to their respective authority under the Clean Air Act. Thus, the emergency supporting the need for the Order arises from regulatory action which would prohibit the use of the Yorktown Units as contemplated by the DOE's regulation and the FPA section 202 (c).

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[5] *Administrative Compliance Order on Consent,* AED-CAA-113(a)-2016-0005, April 16, 2016, P27 (the "EPA Consent Order").
[6] 10 C.F.R. § 205.371.
[7] 40 C.F.R. Part 63, Subpart UUUUU, National Emissions Standards for Hazardous Air Pollutants: Coal and Oil Fired Electric Utility Steam Generating Units.
[8] U.S.C. § 7413(a)(4)
[9] *Compliance Extension Approval for 40 CCFR 63 Subpart UUUUU – National Emission Standards for Hazardous Air Pollutants (NESHAP) for Coal- and Oil-fired Electric Utility Steam Generating Units*, June 24, 2014, Attachment B
[10] *Administrative Compliance Order on Consent*, AED-CAA-113(a)-2016-0005, April 16, 2016, Attachment C

The NERC's Reliability Standards provide additional support that an expected inability to meet load requirements can be an "emergency." The NERC Reliability Standards provide for procedures for initiating and "Energy Emergency Alert" by a Reliability Coordinator. Under NERC Reliability Standards (EOP-002-3.1, Attachment 1-EOP-002 and EOP-002-2, Attachment 1-EOP-002-0) the general requirements for initiating an Energy Emergency include: "When the Load Serving Entity is, or expects to be, unable to provide its customers' energy requirements… (emphasis added)." Thus, the NERC defines "Energy Emergency" to include situations where there is an expectation of an inability to meet customer load energy requirements.

Furthermore, the NERC defines "Emergency or BES Emergency" as follows:

> "Any abnormal system condition that requires automatic or immediate manual action to prevent or limit the failure of transmission facilities or generation supply that could adversely affect the reliability of the Bulk Electric System."[11]

The concern and emergency in this case arises from the need to protect the reliability of the Bulk Electric System from abnormal system conditions arising from the failure of generation supply which is consistent with the NERC Reliability Standards.

2. The PJM Application Addresses Alternative to Continued Operation the Yorktown Units.

Sierra Club's argument that PJM has not adequately addressed Alternatives to continued operation of the Yorktown Units is without merit. Sierra Club's argument ignores the information submitted in the Application which is incorporated by reference in the Renewal Application

[11] Reliability Standards for the Bulk Electric System of North America, Updated July 14, 2017, Table of Requirements subject to Enforcement.

In Appendix III (d)(3), PJM specifically addressed the requirements in the DOE's regulations to details on the availability of "interruptible customers" as follows:

> *Currently, approximately 14 MW of PJM Demand Response is available in the in the North Hampton Roads area on the Virginia Peninsula. Since usage is limited, PJM will only implement DR as needed post-contingency to restore customer load.*
>
> *Currently, Dominion Energy Virginia has about 20 MW of Demand Side Management capabilities in the peninsula in the form of remote air-conditioning control as well as the ability to curtail a large industrial customer up to 75 MWs for transmission emergencies. This air conditioning control is limited to a total of 120 hours and for 30 days during the summer months. Dominion Energy Virginia will reserve this capability for the highest need days to reduce load in the North Hampton Roads area on the Virginia Peninsula*.

Moreover, Appendix II of the Application details the availability of other generation in the North Hampton Roads areas of the Virginia Peninsula and again specifies the availability of demand response and other information noted above and concludes: "Thus while PJM and Dominion Energy Virginia have a very limited amount of demand response available of the peninsula, it is not sufficient to ensure reliable service.

As to Sierra Club's claim that PJM does not detail 'contingency plans," the RAS discussed above and fully set for the Application/Renewal Application meets this requirement. Under the RAS controlled power interruptions to approximately 950 MWs of load during peak periods including over 150,000 customers in Newport News, Hampton, Poquoson, and York County will be implemented to maintain grid reliability in the event the Yorktown Units are not available. This RAS is the contingency plan.

II. Conclusion

PJM respectfully requests the Secretary take into consideration PJMs answer and grant PJM application for a Renewal Order.

Respectfully submitted,

/s/ Steven R Pincus

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Dated: September 13, 2017

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon:

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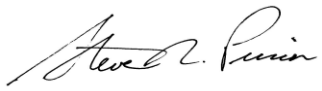
Dated at Audubon, PA this 13st day of September, 2017



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