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The Honorable James Richard Perry
Secretary of the Energy
United States Department of Energy
1000 Independence Ave, SW
Washington, DC 20585

Re: Order No. 202-18-2 Renewal Application Filing

Dear Secretary Perry:

Pursuant to Section 202(c) of the Federal Power Act (“FPA”),¹ Section 301(b) of the Department of Energy Organization Act,² the Department of Energy’s (“DOE”) Rules of Practice and Procedure³ and Order No. 202-18-2 issued on December 13, 2018 by the Secretary of Energy (“Secretary”) (the “December 13 Order”), PJM Interconnection, L.L.C. (“PJM”) respectfully submits a request for a 90-day renewal of the December 13 Order. PJM incorporates by reference PJM’s initial application submitted on June 13, 2017, and all attachments and appendices thereto (the “June 13 Application”). PJM also incorporates by reference (i) PJM’s renewal applications submitted on November 29, 2017 (the “November 29 Application”), June 13, 2017 (the “June 13 Application”) and August 24, 2017 (the “August24 Application”) and all attachments and appendices thereto (collectively, “Renewal Applications”); and (ii) the various reports to DOE concerning the operations and emission data provided by PJM and Virginia Electric and Power Company (“Dominion Energy Virginia”) referenced below.

¹ 16 U.S.C. § 824a(c).

² 42 U.S.C. § § 7101 and 7151(b).

³ 16 C.F.R. §§ 205.370, 205.371 and 205.372 and 205.373.

I. BACKGROUND

A. The June 13 Application

In the Renewal Applications, PJM stated the need to request renewals of the Order No. 202-17-2 issued on June 16, 2017 (the “June 16 Order”) on a rolling basis until the PJM ordered Regional Transmission Expansion Planning Process (“RTEPP”) Skiffes Creek Transmission Project is placed into service, which was originally anticipated to be completed in 18-20 months once all permits are issued.⁴ In the June 16 Order, the Secretary determined “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 this Order will meet the emergency and serve the public interest.”⁵ In doing so, the Secretary directed Dominion Energy Virginia to operate Yorktown Units 1 and 2 as directed by PJM as needed to address reliability issues for the initial 90-day period, June 16, 2017 to September 14, 2017, or any renewal thereof.⁶ The Secretary also directed PJM and Dominion Energy Virginia to develop and implement a dispatch methodology and submit it to the DOE upon implementation.⁷ The dispatch methodology was submitted by PJM on June 27, 2017.

B. The August 24 Application for Renewal of the June 16 Order.

In the August 24 Application, PJM submitted a request for a 90 day renewal of the June 16 Order. PJM requested an order of the Secretary under Section 202 (c) of the FPA which

⁴ On October 12, 2017, PJM and Dominion Energy Virginia submitted a report updating the outage schedule for the Skiffes Creek Transmission Project with an extension of the construction schedule of approximately five and one-half months from December 30, 2018 to May 12, 2019

⁵ June 16 Order, page 1.

⁶ June 16 Order, page 2.

⁷ June 16 Order, page 2.

provides among other things that an emergency continues to exist 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 a renewal order will meet the emergency and serve the public interest for another 90 renewal period (i.e. from September 14, 2017 to December 13, 2017). As a result, the Secretary issued Order No. 202-17-4 (the “September 14 Order”).

In the September 14 Order, the Secretary determined “that an emergency continues to exist in the North Hampton Roads area of Virginia due to a shortage of electric energy and a shortage of facilities for the generation and transmission of electric energy.”⁸ The Secretary granted PJM’s August 24 Application allowing operation of Yorktown Units 1 and 2, with certain modifications, for an additional 90-day period to expire on December 13, 2017.⁹ The Secretary’s directives required PJM and Dominion to “exhaust all reasonably and practically available resources, including demand response and behind-the-meter generation resources, prior to operating Yorktown Unit 1 and Yorktown Unit 2” consistent with “good utility practices” and in compliance with the dispatch methodology.¹⁰

⁸ September 14 Order page 1

⁹ September 14 Order page 1

¹⁰ September 14 Order, page 2, paragraphs A and B. PJM has a detailed registration process as applied to demand response resources which are serving as capacity resources. PJM would utilize that information in applying this provision recognizing that: (i) the amount of registered demand response resources on the peninsula is limited; and (ii) during the renewal period covered by this application, certain demand response resources are available to PJM only in the summer period during the period. PJM has catalogued behind the meter resources based on data provided by the United States Energy Information Administration (“EIA”), Dominion and other sources. Although behind the meter resources are not subject to PJM’s direction, PJM works with Dominion to seek their assistance pursuant to the existing dispatch methodology. However, the DOE’s directive that PJM and Dominion Energy Virginia exhaust reasonably and practically available demand response and/or behind-the-meter resources applies only if exhausting such resources would lessen the need to operate the Yorktown Units 1 and/or 2 for reliability of the grid consistent with the dispatch methodology, PJM’s Governing Agreements and good utility practices. For example, if demand response and/or behind-the-meter resources would not provide needed reactive support, or otherwise not lessen the need to operate the Yorktown units for reliability, such resources would not be “reasonably

The September 14 Order directed PJM and Dominion Energy Virginia to report every two weeks during the term of the September 14 Order all dates on which Yorktown Units 1 and/or 2 are operated and associated air emissions and water usages for those dates.¹¹ The Secretary also directed reporting in the event the outage schedule or estimates changes from those presented in the August 24 Application. PJM and Dominion Energy Virginia submitted reports on September 28, 2017, August 22, 2017 and November 10, 2017, on the operation of Yorktown Units 1 and/or 2, and a report on October 12, 2017 revising the Skiffs Creek Transmission Project construction schedule and providing associated emission estimates.

The September 14 Order stated that “(i)f the conditions creating the emergency remain substantially unchanged, a renewal request should be submitted at least 14 calendar days before (the September 14 Order) expires.”¹² As conditions creating the emergency remain substantially unchanged, the renewal application was due on November 29, 2017.

C. The November 29 Application for Renewal of the September 14 Order.

As conditions creating the emergency remained substantially unchanged from the date of the issuance of the September 14 Order, PJM submitted a 90 day renewal application (*i.e.*, the November 29 application). In the November 29 Application, PJM requested an order of the Secretary under Section 202 (c) of the FPA which provides among other things that an emergency continues to exist in the Commonwealth of Virginia due to a shortage of electric

and practically available” and operating the resources would not be consistent with the dispatch methodology, PJM’s Governing Agreements and good utility practices.

¹¹ September 14 Order page 2, paragraph C.

¹² September 14 Order page 2, paragraph D.

energy, a shortage of facilities for the generation of electric energy, and other causes, and that issuance of a renewal order will meet the emergency and serve the public interest for another 90 renewal period (*i.e.*, from December 14, 2017 to March 13, 2018). As a result, the Secretary issued the December 13 Order.

In the December 13 Order, the Secretary determined “that an emergency continues to exist in the North Hampton Roads area of Virginia due to a shortage of electric energy and a shortage of facilities for the generation and transmission of electric energy.”¹³ The Secretary granted PJM’s November 29 Application allowing operation of Yorktown Units 1 and 2, with certain modifications, for an additional 90-day period to expire on March 13, 2017.¹⁴ The Secretary’s directives require PJM and Dominion to “exhaust all reasonably and practically available resources, including demand response and behind-the-meter generation resources, prior to operating Yorktown Unit 1 and Yorktown Unit 2” consistent with “good utility practices” and in compliance with the dispatch methodology.¹⁵

¹³ December 13 Order, page 1.

¹⁴ December 13 Order, page 1.

¹⁵ December 13 Order, page 2, paragraphs A and B. In the Summary of Findings of Department of Energy Order No. 202-18-2, the Secretary concurred with PJM’s interpretation of the implementing paragraphs A and B of the September 14 Order as follows: *In the November 29 Renewal Application, PJM sought to clarify how it is implementing ordering paragraphs A and B of Order No. 202-17-4, which require that (1) “Consistent with good utility practice, PJM and Dominion shall exhaust all reasonably and practically available resources, including demand response and behind-the-meter generation resources, prior to operating Yorktown Unit 1 or Yorktown Unit 2,” and (2) “Dominion shall continue to comply with the dispatch methodology submitted by PJM on June 27, 2017.” PJM explained that “if demand response and/or behind-the-meter resources would not provide needed reactive support, or otherwise not lessen the need to operate the Yorktown units for reliability, such resources would not be ‘reasonably and practically available’ and operating the resources would not be consistent with the [terms of Order No. 202-17-4].” Renewal Application at 3 n.10. DOE concurs with this interpretation, and adjustments have been made to the ordering paragraphs of Order No. 202-18-2 to reflect that view. December 12 Order page 2.*

The December 13 Order directed PJM and Dominion Energy Virginia to report every two weeks during the term of the December 13 Order all dates on which Yorktown Units 1 and/or 2 are operated and associated air emissions and water usages for those dates.¹⁶ The Secretary also directed reporting in the event the outage schedule or estimates changes from those presented in the November 29 Application. PJM and Dominion Energy Virginia submitted a report to the Secretary on January 11, 2018, on the dates Yorktown Units and/or 2 were operated and associated air emissions (the January 11 Report”). Because the intake circulating water usage data for Yorktown Unit 2 operations was not yet available on January 11, 2018, PJM and Dominion Energy Virginia submitted a report on January 25, 2018, reporting to the secretary the water usage data for Yorktown Unit 2 operations on the dates PJM dispatched Yorktown Unit 2 (*i.e.*, January 2 through January 8, 2018).

The December 13 Order stated that “(i)f the conditions creating the emergency remain substantially unchanged, a renewal request should be submitted at least 14 calendar days before (the September 14 Order) expires.”¹⁷ Since the December 13 Order expired on March 13, 2018, PJM respectfully submits this renewal request.

II. RENEWAL REQUEST

As stated in the June 13 Application, the Skiffes Creek Transmission Project was expected to be completed and placed into service approximately 18-20 months after receipt of all applicable permits. With issuance of the U.S. Army Corps of Engineers’ (“Army Corps”) permit

¹⁶ December 13 Order, page 2, paragraph C.

¹⁷ December 13 Order, page 2, paragraph D.

on July 3, 2017, Dominion Energy Virginia started construction of the Skiffes Creek project on July 10, 2017. As reported on October 12, 2017, the Skiffs Creek Transmission Project is scheduled to be completed May 12, 2019.¹⁸

Thus, given the continued extended nature of the emergency, PJM respectfully submits that the emergency continues to exist as set forth in the June 13 Application, and the Renewal Applications and as determined by the Secretary in the June 16 Order, September 14 Order and November 29 Order.

Therefore, PJM respectfully requests that the Secretary grant this renewal application and order the continued operation of Yorktown Units 1 and 2 to alleviate the emergency described in the June 13 Application, and the Renewal Applications prior to the expiration of the current order (*i.e.* March 13, 2017) under Section 202 (c) of the FPA. PJM request the requested renewal order provide as follows:

- (i) that an emergency continues to exist in the North Hampton Roads area of Virginia due to a shortage of electric energy and a shortage of facilities for the generation and transmission of electric energy and that issuance of a renewal Order will meet the emergency and serve the public interest;
- (ii) from March 14, 2017 to June 11, 2018, Dominion Energy Virginia is directed to operate Yorktown Units 1 and 2 as directed by PJM as needed to maintain grid reliability or for other local area transmission issues;

¹⁸ In accordance with the Secretary's directives, PJM will report on changes to the Skiffes Creek Transmission project construction schedule and revised outage schedules as necessary and appropriate.

- (iii) the limitations on operations ensure, to the maximum extent practicable, consistency with applicable laws and regulations, and the reporting requirements for operations and estimated emissions ensure transparency of implementation;
- (iv) consistent with the dispatch methodology submitted by PJM on June 27, 2017, good utility practice and the PJM Tariff, PJM and Dominion Energy Virginia shall exhaust all reasonably and practically available resources including demand response and identified behind-the-meter generation resources to the extent that such resources address maintenance of grid reliability, prior to operating Yorktown Units 1 and/or 2;¹⁹
- (v) Dominion Energy Virginia shall continue to follow the dispatch methodology submitted by PJM on June 27, 2017; and
- (vi) Every two weeks, PJM and Dominion Energy Virginia shall report all dates on which Yorktown Units 1 and/or 2 are operated as well as the estimated emissions and water usage date for those dates; and
- (vii) In the event that the outage schedule or estimates change from those presented in the renewal application, PJM and/or Dominion Energy Virginia shall also provide updated outages schedules and associated Yorktown Units 1 and 2 emission estimates within 2 weeks of such change.

¹⁹ See Footnote 10.

Respectfully submitted,

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