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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. 202-18-3 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. 202-18-3 issued on March 13, 2018, by the Secretary of Energy (“Secretary”) (“March 13 Order”), PJM Interconnection, L.L.C. (“PJM”) respectfully submits a request for a 90-day renewal of the March 13 Order to address a continuing emergency in the North Hampton Roads area of Virginia due to the shortage of electric energy and the shortage of facilities for the generation and transmission of electric energy. 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 February 20, 2018 (the “February 20 Application”), November 29, 2017 (the “November 29 Application”), August 24, 2017 (the “August 24 Application”) (collectively, “Renewal Applications”) and all attachments and appendices thereto;

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.

and (ii) the various reports submitted to the DOE concerning the operations and associated emission and water usage data and/or schedule estimate changes provided by PJM and Virginia Electric and Power Company (“Dominion Energy Virginia”) referenced below.

I. BACKGROUND

A. The June 13 Application

In the June 13 Application, 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

⁴ PJM and Dominion Energy Virginia submitted two reports updating the outage schedule for the Skiffes Creek Transmission Project: (i) 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; and (ii) On March 16, 2018, PJM and Dominion Energy Virginia submitted a report updating the outage schedule for the Skiffes Creek Transmission Project extending the estimated construction schedule now estimated to be completed August 21, 2019, , although under the revised schedule PJM is not expected to dispatch the units after May 15, 2019.

⁵ June 16 Order, page 1.

⁶ June 16 Order, page 2.

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.

The June 16 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.”⁸ As conditions creating the emergency remain substantially unchanged, the renewal application was due on August 24, 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 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.”⁹ The Secretary granted PJM’s August 24 Application allowing operation of Yorktown Units 1 and 2, with

⁷ June 16 Order, page 2.

⁸ June 16 Order page 2.

⁹ September 14 Order page 1

certain modifications, for an additional 90-day period to expire on December 13, 2017.¹⁰ 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.¹¹

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.¹² 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 9, 2017, on the operation and/or testing 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.

¹⁰ September 14 Order page 1

¹¹ 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 and practically available" and operating the resources would not be consistent with the dispatch methodology, PJM's Governing Agreements and good utility practices.

¹² September 14 Order page 2, paragraph C.

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.”¹³ 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.

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 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 Order No. 202-18-2 issued on December 13, 2018, by the Secretary (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.”¹⁴ 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, 2018.¹⁵ 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

¹³ September 14 Order page 2, paragraph D.

¹⁴ December 13 Order, page 1.

¹⁵ December 13 Order, page 1.

to operating Yorktown Unit 1 and Yorktown Unit 2” consistent with “good utility practices” and in compliance with the dispatch methodology.¹⁶

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.¹⁷ 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”). The intake circulating water usage data for Yorktown Unit 2 operations, which was not yet available on January 11, 2018, was reported by PJM and Dominion Energy Virginia on January 25, 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

¹⁶ 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.*

¹⁷ December 13 Order, page 2, paragraph C.

(the December 13 Order) expires.”¹⁸ The December 13 Order expired on March 13, 2018, and a renewal application was filed by PJM and Dominion Energy Virginia on February 20, 2018.

D. The February 20 Application for Renewal of the December 13 Order.

In the February 20 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 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 March 14, 2018 to June 11, 2018). As a result, the Secretary issued Order No. 202-18-3 issued on March 13, 2018 by the Secretary (the “March 13 Order”).

In the March 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.”¹⁹ The Secretary granted PJM’s February 20 Application allowing operation of Yorktown Units 1 and 2, with certain modifications, for an additional 90-day period to expire on June 11, 2018.²⁰ The Secretary’s directives require PJM and Dominion Energy Virginia to:

“Consistent with good utility practice and the dispatch methodology submitted by PJM on June 27, 2017, PJM and Dominion shall exhaust all reasonably and practically available resources, including demand response and identified behind-the-meter

¹⁸ December 13 Order, page 2, paragraph D (DOE staff requested PJM and Dominion Energy Virginia submit the renewal application 21 days before expiration of the December 13 Order regardless of whether conditions changed).

¹⁹ March 13 Order, page 1.

²⁰ March 13 Order, page 1.

generation resources to the extent that such resources provide support to maintain grid reliability, prior to operating Yorktown Unit 1 and Yorktown Unit 2.”²¹

The March 13 Order directed PJM and Dominion Energy Virginia to report every two weeks beginning March 14, 2018, and continuing through June 11, 2018, all dates on which Yorktown Units 1 and/or 2 are operated, and the associated air emissions and water usages for those dates.²² The Secretary also directed reporting in the event the outage schedule or estimates changes from those presented in the February 20 Application within two weeks of such change.²³ In compliance with the Secretary’s reporting directive, PJM and Dominion Energy Virginia submitted the following reports:

1. On March 16, 2018, PJM and Dominion Energy Virginia submitted a report updating the outage schedule for the Skiffes Creek Transmission Project (“March 16 Report”). The March 12, 2018 Outage Schedule attached to the March 16 Report includes a revised construction schedule and planned transmission outage sequence, and Yorktown run and emission estimates. The March 12, 2018 Outage Schedule extends the October 2017 Outage Schedule by 3 days (from May 12, 2019 to May 15, 2019) for the planned transmission outages associated with Skiffes Creek transmission project that may require Yorktown 1 & 2 units to run. The revised schedule also adds an estimated additional twenty-eight run days for the expected dispatch of the Yorktown units for reliability. The March 16 Report states that the Skiffes Creek transmission project is currently estimated to be complete by August 21, 2019,,

²¹ March 13 Order, page 2, paragraphs A and B.

²² March 13 Order, page 2, paragraph C.

²³ March 13 Order, page 2, paragraph C.

- although under the revised schedule PJM is not expected to dispatch the units after May 15, 2019.
2. On April 26, 2018, PJM and Dominion Energy Virginia submitted a report regarding a test run of Yorktown Units 1 and 2 on April 11, 2018, for approximately 7 hours. During this time, Dominion Energy Virginia tested equipment on the Yorktown Units as part of an effort to ensure reliability of these two units when called upon by PJM to provide grid stability. These activities are consistent with normal operating procedures and good engineering practices because without performing these activities Dominion Energy Virginia may not be prepared to run the Yorktown Units when directed by PJM. Included in this report were air emissions and water usage data associated with the operation of the Yorktown units during this time period.
 3. On May 9, 2018, PJM and Dominion Energy Virginia submitted a report regarding PJM's dispatch of Yorktown Units 1 and 2 from May 2 through May 5, 2018, including the periods needed to startup and ramp down the units. Specifically, on May 1 at approximately 08 hundred hours, PJM directed Dominion Energy Virginia to have Yorktown Unit 2 available the next day, and Dominion Energy Virginia began the startup process and the unit was on line and generating power on May 2 at 18 hundred hours. On May 2 at approximately 05 hundred hours, PJM directed Dominion Energy Virginia to have Yorktown Unit 1 available the next day, and Dominion Energy Virginia began the startup process and Unit 1 was on line and generating power on May 3 at 15 hundred hours. PJM dispatched both units off line at approximately 00 hundred hours on May 5, and Dominion Energy Virginia took

the units offline at about 02 hundred hours on May 5. Included in this report were air emissions and water usage data associated with the operation of the Yorktown units during this time period.

The March 13 Order directs any renewal request must be submitted at least 21 calendar days before the March 13 Order expires.²⁴ Since the March 13 Order expires on June 11, 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 on July 3, 2017, Dominion Energy Virginia started construction of the Skiffes Creek project on July 10, 2017. As updated by the March 16 Report, the Skiffes Creek transmission project is currently estimated to be complete by August 21, 2019, although under the revised schedule PJM is not expected to dispatch the units after May 15, 2019.²⁵

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, November 29 Order and March 13 Order. Therefore, PJM respectfully requests that the

²⁴ March 13 Order, page 2, paragraph D.

²⁵ 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.

Secretary grant this renewal application prior to the expiration of the current order (*i.e.* June 11, 2018) under Section 202 (c) of the FPA.

PJM requests that the 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 June 11, 2018 to September 10, 2018,²⁶ Dominion Energy Virginia shall operate Yorktown Units 1 and 2 as directed by PJM as needed to maintain grid reliability or for other local area transmission issues.
- (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

²⁶ 90 days from June 1, 2018, is September 9, 2018, which is a Sunday and the next business day is September 10, 2018.

such resources address maintenance of grid reliability, prior to operating Yorktown Units 1 and/or 2;²⁷

- (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.

Respectfully submitted,

/s/ Steven R. Pincus

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²⁷ See Footnote 10.