



## **Comments of Earthrise Energy, PBLLC Submitted to the PJM Markets and Reliability Committee (“MRC”) and the PJM Members Committee (“MC”)**

Earthrise Energy, PBLLC (“Earthrise”)<sup>1</sup> hereby submits the following comments on PJM’s Reliability Resource Initiative (“RRI”). First, Earthrise comments on PJM’s proposed changes to processing Surplus Interconnection Service (“Surplus IX”). Second, Earthrise comments on PJM’s proposed plan to open its traditional queue for approximately 50 projects on a one-time basis (so-called “RRI Projects”).

Although PJM has requested comments on tariff redlines only, PJM should consider including more detail in its tariff along the lines of the suggestions highlighted here. Certain of the matters noted below ultimately may be best considered in a BPM; however, PJM should move as quickly as possible to finalize the details of how it will study Surplus Interconnection Service Requests regardless of the format. If necessary, new BPM changes should be considered in conjunction with the tariff redlines so stakeholders understand the full picture.

### **Surplus Interconnection Service**

- Transparency – PJM has historically provided an open and transparent stakeholder process for most issues considered through its stakeholder committees. This type of transparency should now be applied to the details of processing Surplus IX applications including drafting appropriate tariff language, and BPM rules as well as

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<sup>1</sup> Earthrise owns the following assets in PJM:

- (i) Crete Energy Venture, LLC (“Crete”) (a Delaware limited liability company that owns and operates the Crete Facility, an approximately 300 MW natural gas-fired electric generation facility in Crete, Illinois interconnected to the transmission system owned by Commonwealth Edison Company (“ComEd”) within the PJM BAA. Crete is an EWG with market-based rate authorization.
- (ii) Lincoln Generating Facility, LLC (“Lincoln”) (a Delaware limited liability company that owns and operates the Lincoln Facility, an approximately 616 MW natural gas-fired generation facility in Manhattan, Illinois within the PJM BAA. Lincoln is an EWG with market-based rate authorization.

designing product-specific system impact test criteria appropriate for conducting truncated reliability studies applicable to Surplus units. PJM previously did not take the same transparent approach with Surplus Interconnection Service as other stakeholder issues. Therefore, Earthrise applauds the RTO's efforts to reexamine and announce clearer rules for processing Surplus applications.

- PJM should clearly define in either the tariff or BPM how its study criteria will be applied to new Surplus Projects.
  - Clarify the previous standard / interpretation of Order No. 845 PJM used in studying Surplus projects.
  - Explain “no impacts” per se standard v. de minimis impacts.
  - Explain why BPM Manual categorically excluded certain combinations of projects for Surplus interconnection.
  - Ensure no per se exclusions in any tariff or BPM going forward.
  
- Other Tariff and BPM Changes: - The proposed Tariff and BPM should clarify:
  - PJM's process for analyzing Surplus IX requests, with emphasis on study details for BESS. Specifically, stakeholders need to understand the steps in the analysis, the models used, required data inputs, and a committed timeline for response and resolution to obtain a GIA; and
  - That there is a requirement to publish all Surplus proposed projects on the PJM website.
  - The RTO can also help by ensuring that:
    - a. The PJM planning team and Surplus IC have channels and procedures for open communications and take on a project team approach.
    - b. Projects are given clear answers about the probability of positive or negative outcomes early in the process.
  
- Other issues for clarification include:
  - Parallel Operations – PJM should explain reliability or electrical issues associated with dual unit parallel operations.
  - Headroom impacts – PJM should explain or give examples of the types of impacts that will be considered non-material under the new approach.

- Timing – PJM should provide a realistic target and ensure that 12 months is the approximate time frame for study results and 14 months to complete a Surplus GIA.
- Hybrid v. Gen Co-Location – PJM should clarify how it will study Surplus hybrid resources and how it determines if a project counts as a hybrid or a co-located generator.

### **RRI Projects**

- Earthrise supports PJM’s recognition of near-term reliability needs and, overall, is in favor of the RRI program. However, PJM must establish clear rules and screening criteria to ensure competition and prevent undue discrimination.
- Earthrise believes that parties who have advanced through Cycle 1 and TC2 could challenge PJM opening the RRI window.
- PJM should thus state explicitly that RRI is a one-time exception due to the current exceptional circumstances and provide a clear sunset date.
- PJM should clarify a minimum size for RRI projects (at least 100MW) and should consider an aggregate MW target for the 50 projects.
- PJM has stated that project selection will be fuel neutral, but stakeholders need to better understand whether to spend time and effort to submit RRI projects. A minimum project MW threshold and other appropriate screening criteria will help stakeholders make key investment decisions about whether to spend their own resources planning RRI projects.
- Earthrise appreciates the proposed RRI project scoring system and is generally in agreement with the following as proposed by PJM:
  - *UCAP (35 points) (ranking highest to lowest UCAP)*
  - *In-Service Date Viability (35 points) (Critical path construction schedule validated by PJM (target is June 1, 2029 or sooner)*
  - *System impact ELCC (20 points)*
  - *ELCC ranking Location (10 points) (adder for locating in a zone that cleared above the rest of the RTO in the 2025/26 BRA).*
- With respect to “In-Service Date Viability” in particular, Earthrise agrees that: (1) a Critical Path Construction Schedule should be required; and (2) a decoupling methodology is an appropriate approach to screen for projected system impacts and potential network upgrades.

- Earthrise also agrees that a Critical Path Construction Schedule and the variables presented in the November 21, 2024, slide deck, constitute an appropriate measuring stick for project readiness, i.e.:
  - PPA
  - Permits (fuel, air, water and site)
  - Acquisition or ordering of equipment
  - Fully executed EPC agreement
    - Full Notice to Proceed (FNTP)
    - Groundbreaking
    - Substantial site work completed
    - Guaranteed delivery of major electrical equipment
    - Unit Testing and commissioning
    - Proposed Commercial Operation Date
- However, Earthrise cautions PJM that one listed indicia of readiness -- “*Financing*”-- should be viewed broadly as the ability to invest the required capital.
- Earthrise is concerned that large developers with significant balance sheets may have an undue advantage in this regard. Third-party capital providers stand ready to invest in the power generation infrastructure, especially when the pathway to interconnection is clear. It is thus important that PJM look at commercial readiness on a project finance basis (i.e., has there been non-recourse finance commitments based on the project’s viability?).
- Thus, and in conclusion, PJM should be wary of overweighting the “financing” criterion when examining and awarding points to RRI project applicants for Critical Path Construction milestones. The RTO could inadvertently create an unduly discriminatory screening criteria if this metric is misapplied.