UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Transcontinental Gas Pipe Line Company, LLC	))	Docket No. CP21-94-004

PJM INTERCONNECTION, L.L.C.'S COMMENTS IN SUPPORT OF THE APPLICATION OF TRANSCONTINENTAL GAS PIPE LINE COMPANY, LLC FOR A TEMPORARY EMERGENCY CERTIFICATE

PJM Interconnection, L.L.C. ("PJM") respectfully submits these comments in support of Transcontinental Gas Pipe Line Company, LLC's ("Transco") Application for a Temporary Certificate to continue operating the Regional Energy Access Expansion Project ("REA" or "Project") filed on September 6, 2024.[1] The Federal Energy Regulatory Commission ("Commission") should expeditiously approve Transco's Temporary Certificate Application.

The Temporary Certificate Application requests the Commission to maintain its existing authorization for Transco to construct and operate both (1) new facilities to support an incremental expansion of Transco's existing system by 829,400 dekatherms ("Dth") per day, and (2) the replacement of existing system facilities supporting 1.2 billion cubic feet ("Bcf") per day of existing firm contracts (together, the "Certificated Facilities").[2] The requested temporary certificate would authorize interstate natural gas pipeline capacity critically important for PJM to meet its objective of maintaining electric reliability and serving customers at reasonable cost. While the scope of the temporary certificate relates

[1] *Transcon. Gas Pipe Line Company, LLC*, Application of Transcontinental Gas Pipe Line Company, LLC for a Temporary Emergency Certificate, Docket No. CP21-94-004 (Sept. 6, 2024) ("Temporary Certificate Application").

[2] *See* Temporary Certificate Application at 15-16.

directly to the transportation of natural gas supplies to New Jersey, Pennsylvania, and Maryland, due to the integrated nature of the electric transmission grid and wholesale electric markets administered by PJM, the effects on the PJM Region are much broader.

Natural gas is the primary fuel for electric generation in the PJM Region. Although much of the gas supply associated with the Temporary Certificate will be delivered to local distribution companies ("LDC") in New Jersey, Eastern Pennsylvania, and Maryland, a substantial portion of the natural gas will be utilized by generation facilities. In particular, approximately nine percent is reserved for firm deliveries to generators in this area of PJM. Further, 35.5 percent of the gas delivered through the expansion capacity last winter, while not directly subscribed by a generator, was used to generate electricity.[3] Thus, the gas supplies that the expansion can transport are clearly needed, and the demand for those gas deliveries will be there regardless of whether the temporary certificate is issued.

Notably, this portion of PJM and, in particular, the zones within the state of Maryland, are some of the most electrically constrained on the PJM system (i.e., there are limitations on the amount of electricity that can be imported). Thus, the loss of over two Bcf per day[4] of natural gas deliveries to the region could have potentially adverse impacts

[3] The record shows that nine percent of the new expansion capacity is directly subscribed to gas generation resources, and on an overall basis, during the 2023/2024 winter period, 44.5 percent of the expansion capacity available was utilized by electric generation. *See* Temporary Certificate Application at 20-21.

[4] *See* Temporary Certificate Application at 2 ("[A] temporary certificate is necessary to maintain the provision of 2,064,400 dt per day of firm transportation capacity on Transco's pipeline—***representing more than two billion cubic feet ("Bcf") of natural gas per day*** . . . ."); *see id.* at 6 ("Of the 2,064,400 dt per day of firm transportation capacity for which the REA facilities are responsible, approximately 1,235,000 dt per day of capacity is provided via facilities that were replaced or upgraded as part of the Project. This capacity serves customers under contracts that existed prior to REA. The remaining 829,400 dt per day of incremental capacity is used to serve eight firm customers that subscribed to the full amount of the REA expansion capacity.").

on PJM's ability to maintain reliability over the upcoming 2024-2025 winter and beyond in those areas.

The electric reliability impacts from the approximately 22.6 percent reduction of Transco's delivery capacity into the region[5] would, as demonstrated below, affect the availability of almost 10 percent of the electric capacity (unforced) needed to meet one of PJM's electric subregion's reliability requirement. Such loss of necessary fuel supply—without any opportunity to obtain replacements before the upcoming winter—could prove severely problematic.

In addition, given that many of the facilities in question are compressor units, the loss of these units would affect the flow dynamics and operating flexibility on Transco. The markets served by the subject facilities are at the telescopic end of the pipeline. Thus, removal of this significant amount of compression could result in a significant pressure drop on Transco, particularly during the coldest conditions when natural gas is in greatest demand. Such a drop in pressure could affect the ability of Transco to deliver gas and the ability of some lower pressure inlets to receive gas. This reduction in compression affects all generators served by Transco, including those who have not subscribed to firm capacity, as deliveries are curtailed, whether such supplies are purchased in the primary or secondary markets.

In addition to affecting reliability, removal of nearly two Bcf per day of gas supplies from this region would affect the price of natural gas, and likely derivative electric energy market prices. Transco demonstrated that just adding 450,000 Dth per day of capacity (of

[5] Temporary Certificate Application at 23 ("If the REA facilities are taken out of service, approximately 22.6 percent of Transco's deliveries into New Jersey, New York, Pennsylvania, Maryland, and Delaware would be curtailed." (citing *id.* at Exhibit Z-1 (Joint Declaration of Richard Levitan and David Molin ("Levitan-Molin Decl.") ¶ 7, 16)).

the expansion's total 829,000 Dth per day) in October 2023, *saved* natural gas shippers (and ultimately consumers) approximately $280 million last winter.[6] Basic economic logic dictates that allowing the rest of the expansion capacity to meet winter demand would further place downward pressure on natural gas prices. In contrast, removal of over two Bcf per day of gas supplies from the market would only act to increase natural gas prices—at the ultimate expense of the end user, and electric market consumer.

A temporary certificate is urgently needed so that the subject pipeline facilities' capacity will remain available for the upcoming 2024-2025 winter season.

I. BACKGROUND

On January 11, 2023, the Commission issued Transco a certificate of public convenience and necessity to construct and operate the REA Project.[7] The certificate authorized Transco to construct and operate the Certificated Facilities, i.e., new facilities to support an incremental 829,400 Dth per day expansion of Transco's existing system and replacement of existing system facilities supporting 1.2 Bcf per day of existing firm contracts.[8] Following issuance of the Certificate Orders, Transco placed into service the expansion capacity in three stages: (1) 450,000 Dth per day were placed into service in October 2023; (2) 160,000 Dth per day in June 2024; and (3) the remaining 219,400 Dth per day were placed into service on August 1, 2024.[9] After being fully placed into service,

[6] *See* Transco Temporary Certificate Application at 25-28.

[7] *See Transcon. Gas Pipe Line Co.*, 182 FERC ¶ 61,006 (2023) ("Certificate Order"), *order on reh'g*, 182 FERC ¶ 61,148 (2023) (collectively, "Certificate Orders"), *vacated & remanded sub nom. N.J. Conservation Found. v. FERC*, 111 F.4th 42 (D.C. Cir. 2024) ("*NJCF v. FERC*").

[8] The Certificate Orders authorized Transco to undertake several steps to optimize its existing system by abandoning and replacing preexisting compressor stations, metering and flow regulating devices. *See* Temporary Certificate Application at 15-16.

[9] Temporary Certificate Application at 9-10.

Transco's integrated system is capable of providing 829,400 Dth per day of new incremental firm pipeline capacity to customers in New Jersey, Eastern Pennsylvania, and Maryland.[10] As demonstrated in Transco's Temporary Certificate Application, all the facilities authorized in the Certificate Orders are in service and the expansion capacity is running at nearly full utilization.[11]

On July 30, 2024, the United States Court of Appeals for the District of Columbia Circuit ("D.C. Circuit") issued a decision in *NJCF v. FERC*, vacating the Certificate Orders. On September 6, 2024, Transco filed the Temporary Certificate Application. Transco has requested that the Commission issue a temporary certificate for the REA Project to ensure that it can continue to operate while the Commission acts on remand following *NJCF v. FERC*.

II. COMMENTS IN SUPPORT OF TRANSCO'S TEMPORARY CERTIFICATE APPLICATION

A. The Commission Should Issue the Temporary Certificate Without Delay.

PJM urges the Commission to promptly issue a temporary certificate to Transco to permit continued, uninterrupted operations of the facilities authorized by the Certificate Orders. Prompt action would help to significantly mitigate electric and gas reliability risks moving into the upcoming winter season. Transco's Temporary Certificate Application demonstrates that the Certificated Facilities deliver up to two Bcf of natural gas per day,[12]

[10] Temporary Certificate Application at 11.

[11] *See* Temporary Certificate Application at 25 (indicating that the use of REA's incremental capacity "has been robust both during the 2023-2024 winter heating season and through the summer months of 2024. During the 2023-2024 winter, when 450,000 dt per day of incremental REA capacity was in-service, average nominations were 527,000 dt per day").

[12] As noted, the two Bcf per day of capacity includes both the 829,000 Dth per day REA as well as 1,235,000 Dth per day of pre-REA capacity.

accounting for 22.6 percent of Transco's delivery capacity to the area.[13] The loss of this pipeline capacity would jeopardize fuel availability for generators in the region and, in turn, reliability of the generation, potentially resulting in emergency conditions on the power grid in this area.

Transco also demonstrated that, with just partial in-service of the expansion facilities, the additional natural gas supplies acted to reduce natural gas prices, saving the natural gas consumers approximately $280 million over the 2023-2024 winter period.[14] While PJM has not studied how these lower gas prices affected wholesale energy market prices, it follows that electric consumers in PJM shared, at least in part, from such natural gas price reduction. Thus, the firm natural gas supplies such facilities can deliver have and will continue to assist PJM in managing its region's electricity demands at reasonable cost[15] year-round, making efficient natural gas resources more competitive.

B. Grant of the Temporary Certificate Will Allow Delivery of Two Bcf Per Day of Natural Gas Supplies in the Electrically Constrained New Jersey, Eastern Pennsylvania, and Maryland Portions of the PJM Region, Facilitating Electric Reliability.

Natural gas is the primary fuel source for electric generation in the PJM Region, and as such, electric reliability in the PJM Region is predicated on the availability of natural gas supplies. PJM and the Eastern Interconnection's other regional transmission organizations and independent system operators have explained that the "growing reliance on gas-fired generation" and their roles as "reliability coordinators for over two-thirds of

[13] Temporary Certificate Application at 22.

[14] Levitan-Molin Decl. ¶ 2-3.

[15] Under PJM's energy market rules, PJM meets the region's energy demands at "the lowest marginal cost to serve the next increment of load." Amended and Restated Operating Agreement of PJM Interconnection, L.L.C., Schedule 1, section 2.5(a).

the nation compels [them] to keenly focus on effective gas-electric coordination."[16] That is, because "[g]as-fired generation plays a critical role in helping to balance the grid," "[e]lectric reliability is increasingly reliant on the inter-relationship between the electric markets and well-functioning gas markets as well as the availability of adequate natural gas infrastructure."[17] Such "reliance on gas-fired generation necessitates heightened flexibility and efficiency from gas supply and pipeline operations."[18]

The PJM Region's need for natural gas is heightened during the winter, given that is when PJM's current loss of load reliability risk is highest.[19] Indeed, over the last decade, the PJM Region has experienced several significant winter weather events, stretching the system's ability to maintain reliability. The PJM Region's increased reliance on natural gas generation means that the region's reliability is, to an extent, heavily contingent on the availability of natural gas supplies—and the interstate pipeline system transporting them. In fact, during recent winter weather events across the country, the lack of available gas supplies and transportation were two of the main causes of gas-fired generators becoming unexpectedly unavailable.[20] PJM's recent experiences demonstrate the value of adding *more* gas capacity to support electric generation as challenging winter conditions are more

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[16] *Strategies for Enhanced Gas-Electric Coordination: A Blueprint for National Progress*, PJM Interconnection, L.L.C., 5 (Feb. 21, 2024), https://www.pjm.com/-/media/library/reports-notices/special-reports/2024/20240221-strategies-for-enhanced-gas-electric-coordination-paper.ashx ("Whitepaper").

[17] Whitepaper at 5.

[18] Whitepaper at 5.

[19] *Installed Reserve Margin (IRM), Forecast Pool Requirement (FPR), and Effective Load Carrying Capability (ELCC) for 2025/2026 BRA*, PJM Interconnection, L.L.C., 8-14 (Mar. 20, 2024), https://www.pjm.com/-/media/committees-groups/committees/mrc/2024/20240320/20240320-item-05---irm-fpr-and-elcc-for-25-26-bra---presentation.ashx.

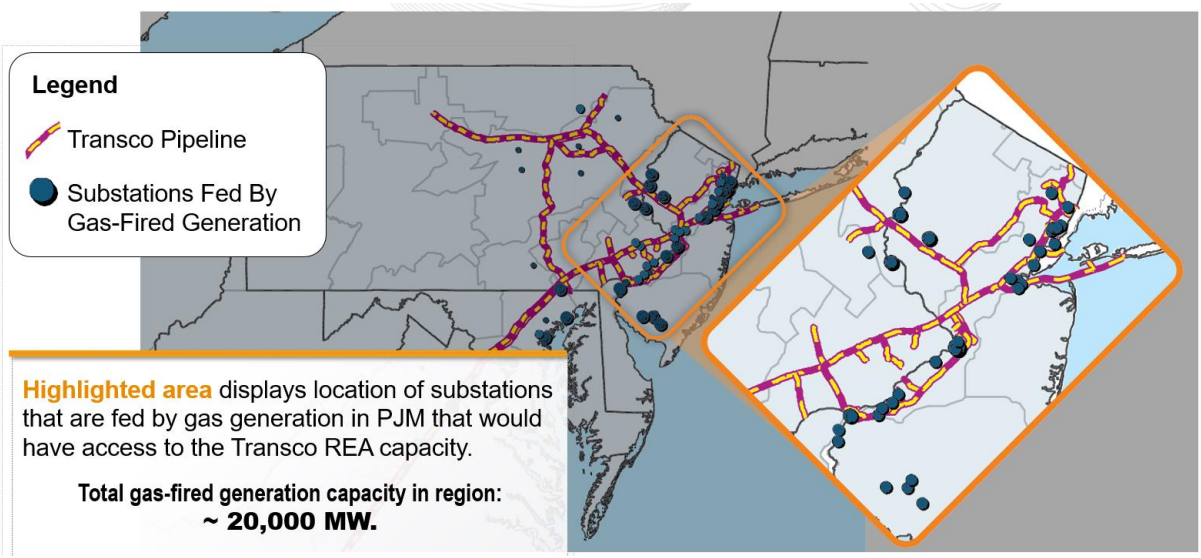
[20] *See generally Inquiry into Bulk-Power System Operations During December 2022 Winter Storm Elliott: FERC, NERC and Regional Entity Staff Report*, Federal Energy Regulatory Commission (Oct. 2023), https://www.ferc.gov/media/winter-storm-elliott-report-inquiry-bulk-power-system-operations-during-december-2022.

prevalent due to slimming operating margins. In short, natural gas supplies are critical to maintaining reliability in the winter.

The criticality of natural gas supplies to reliability is particularly true in electrically constrained areas within PJM, i.e., areas with limited ability to import electricity to meet demand, in which natural gas fires a significant amount of generation. Much of the region served by the Certificated Facilities is within the electrically constrained Eastern Mid-Atlantic Area Council ("EMAAC") Locational Deliverability Area portion of PJM,[21] which includes all of New Jersey, and parts of eastern Pennsylvania, northern Delaware, and northeastern Maryland. As shown in Figure 1 below, many of PJM's generators in the region served by the Certificated Facilities are dependent on natural gas (whether provided directly by Transco or otherwise) to operate and meet their 2024-2025 winter season needs. Figure 1 shows Transco's facilities in the relevant region, and the electric substations that receive energy from the region's gas-fired generation resources.

[21] *See* PJM Open Access Transmission Tariff ("Tariff"), Definitions L-M-N ("'Locational Deliverability Area' or 'LDA' shall mean a geographic area within the PJM Region that has limited transmission capability to import capacity to satisfy such area's reliability requirement, as determined by the Office of the Interconnection in connection with preparation of the Regional Transmission Expansion Plan, and as specified in Reliability Assurance Agreement, Schedule 10.1.").

Figure 1
Map of Transco and Generators in PJM



As illustrated in Figure 1, a significant number of generators are along Transco's facilities. PJM estimates that about 20,000 megawatts of generation capacity has access to the natural gas supplies delivered by the Certificated Facilities. That makes up over 11 percent of the installed generation capacity in PJM as a whole.

More importantly, however, that 20,000 megawatts is vital to meeting the reliability needs of the EMAAC region,[22] and losing 22.6 percent of Transco's capacity in this region could render unavailable (due to lack of supply) about 10 percent of the unforced capacity needed to meet the EMAAC Locational Deliverability Area Reliability Requirement (i.e., the amount of electric capacity needed to maintain reliability).[23] To reach that value,

[22] PJM recognizes that some of these 20,000 megawatts of gas-fired generation may be able to source fuel supply by means alternative to Transco, whether another interstate pipeline or a secondary fuel, e.g., oil.

[23] *See* Tariff, Definitions L-M-N ("'Locational Deliverability Area Reliability Requirement' shall mean the projected internal capacity in the Locational Deliverability Area plus the Capacity Emergency Transfer Objective for the Delivery Year, as determined by the Office of the Interconnection in connection with preparation of the Regional Transmission Expansion Plan, less the minimum internal resources required for all FRR Entities in such Locational Deliverability Area. Notwithstanding the foregoing, for the 2024/2025 Delivery Year, during the auction process, the Office of Interconnection shall exclude from the Locational Deliverability Area Reliability Requirement any Planned Generation Capacity Resource in an LDA that does not participate in the relevant RPM Auction as projected internal capacity and in the Capacity Emergency

recognize that the posted EMAAC reliability requirement for the 2025/2026 Delivery Year is about 31,000 megawatts.[24] Because the reliability requirement is denominated in "unforced" megawatts,[25] which are installed capacity megawatts discounted to reflect down to their estimated reliability value, assume, conservatively, a discount factor of 70 percent for these gas generators.[26] Application of this discount factor to the 20,000 megawatts of installed capacity yields 14,000 megawatts of unforced capacity, or about 45 percent of the EMAAC region's reliability requirement. Further, based on Transco's estimate that removal of the Certificated Facilities would reduce gas deliverability by approximately 22.6 percent, such removal of gas supplies could render unavailable 3,164 of the unforced megawatts,[27] which is about 10 percent of the unforced capacity needed to maintain reliability in the EMAAC region.

While these are rough values, they demonstrate the essential need for sufficient natural gas supplies to maintain electric reliability in this area of the country. A significant

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Transfer Objective model where the Locational Deliverability Area Reliability Requirement for the Base Residual Auction increases by more than one percent over the reliability requirement used from the prior Delivery Year's Base Residual Auction (for Incremental Auctions the Locational Deliverability Area Reliability Requirement would be compared with the reliability requirement used in the prior relevant RPM Auction associated with the same Delivery Year) for that LDA due to the cumulative addition of such Planned Generation Capacity Resources.").

[24] *2025-2026 RPM Base Residual Auction Planning Parameters*, PJM Interconnection, L.L.C. (Aug. 7, 2024), https://www.pjm.com/-/media/markets-ops/rpm/rpm-auction-info/2025-2026/2025-2026-planning-period-parameters-for-base-residual-auction.ashx.

[25] *See Shankar v. PJM Interconnection, L.L.C.*, 187 FERC ¶ 61,209, at P 6 (2024) ("PJM's capacity market transacts in units of Unforced Capacity (UCAP), where UCAP reflects the amount of capacity that a resource provides after accounting for its forced outage rate, intermittency, and/or limited output duration capability.").

[26] The 70 percent discount factor is a rough average of the discount factors for the three classes of gas generators in PJM. Specifically, while PJM determines unit specific discount factors, the applicable 2025/2026 discount factors for these classes, known as ELCC Class Ratings, are: for combustion turbine – 62 percent, for combined cycle – 79 percent, and for dual-fuel combined cycle – 79 percent. *See ELCC Class Ratings for the 2025/2026 Base Residual Auction*, PJM Interconnection, L.L.C. (Mar. 13, 2024), *https://www.pjm.com/-/media/planning/res-adeq/elcc/2025-26-bra-elcc-class-ratings.ashx.*

[27] 14,000 x 0.226 = 3,164.

loss of supply, like the supply provided by the Certificated Facilities, whether occurring through loss of compression or loss of capacity for those with contracted capacity, likely would leave the region without sufficient generation resources to meet peak winter demands. Indeed, it is important for the reliability of the region's electric grid that generators have access to gas capacity for peak days during the winter season, especially given the recent history of severe winter storms in the northeast region. Over the last several years, however, as demand for natural gas has increased without a commensurate increase in firm pipeline capacity, PJM has seen an increase in pipeline constraints, and a correlative increase in pipeline operational flow orders ("OFOs"), particularly during severe winter weather events. For example, during Winter Storm Elliot, gas-fired generators in PJM were either "gas-constrained, generating at maximum capacity, or offline."[28] Transco attests that during this time, Transco provided gas-fired generators in PJM approximately 0.74 Bcf supporting 4,311 megawatts of generation per hour.[29] But without the facilities authorized by the Certificate Orders, the availability of about two Bcf per day of natural gas supplies to this area is at risk, adversely affecting the ability for generators to receive gas supplies—whether through loss of compression or loss of firm deliveries for those who have contracted for same, which in turn would affect the ability of the generators reliant on such supplies to perform when needed.

[28] Levitan-Molin Decl. ¶ 9.

[29] Levitan-Molin Decl. ¶ 10.

C. Reliance on Gas-Fired Generation in PJM Necessitates Flexibility and Efficiency from Gas Supply and Pipeline Operations to Operate Electric Infrastructure, Especially in the Winter.

The loss of over two Bcf a day of transportation capacity will exacerbate fuel supply issues facing many of the region's generators when demand for gas is high. Any limitation of gas supply tends to have a disproportionate impact on generator gas consumption.[30] When conditions are tight, and the pipeline is running at full capacity, generators have few options to obtain gas supplies. Further, many generators in the New Jersey/Eastern Pennsylvania/Maryland area are not directly connected with the interstate pipeline grid, but rather are located behind an LDC's city gate, where they must compete for gas with other LDC customers. During the winter season when gas utilization is at its peak by both shippers and LDCs, the residual gas available for generators behind the city gate can be severely constrained. As Transco highlights in its Temporary Certificate Application, the increased demand on pipeline systems is only further exacerbated on peak load days in the already congested New Jersey/Eastern Pennsylvania/Maryland region.[31]

D. A Substantial Portion of the Incremental Capacity Is Subscribed by or Will Otherwise Serve Natural Gas Generators.

The Certificate Orders not only provide an additional 829,400 Dth per day of incremental firm capacity serving New Jersey, Eastern Pennsylvania, and Maryland, but they also authorize abandonment of existing facilities needed to serve pre-REA contracts.[32] As Transco demonstrates in its Temporary Certificate Application, a significant amount

[30] Levitan-Molin Decl. ¶ 9.

[31] Temporary Certificate Application at 16 ("Transco's system is fully subscribed in the Northeast, Mid-Atlantic, and Southeast regions, such that there is no year-round capacity to spare in the event of a loss of critical system assets.")

[32] Temporary Certificate Application at 15-16.

(approximately 44.5 percent) of REA's incremental capacity since it has been in service has been allocated to power generators.[33] Approximately 9 percent of the additional 829,400 Dth per day of firm capacity is subscribed to generators in the PJM region.[34] Further, the additional capacity provided by the Certificated Facilities results in more gas available to meet firm demands from shippers and LDCs. Thus, there will be additional "residual" capacity that can be released for generators at the city gate to serve their customers.[35]

The Temporary Certificate Application also demonstrated that during the winter 2023-2024 heating season, approximately 44.5 percent of the new, incremental firm capacity deliveries were available for power generation at the city gate release by LDCs.[36] This additional capacity is beneficial for generators during the 2024-2025 winter season, especially given the history of winter storms in the northeast region that strain load. As Transco explains, this early trend in utilization of the REA capacity by power generators makes it reasonable to contend that the REA capacity will continue to be "highly utilized to provide a reliable fuel source to power generators during extreme winter weather events."[37]

If the Certificated Facilities were to be removed from service, that would not mean that the demand for natural gas capacity and supplies will disappear. Rather, competition

[33] Temporary Certificate Application at 21.

[34] *Transcon. Gas Pipe Line Co.*, Motion for Leave to Intervene and Comments in Support of South Jersey Resource Group, LLC, Docket No. CP21-94-000, at 5 (Apr. 30, 2021).

[35] *Transcon. Gas Pipe Line Co.*, Response to Additional Information Request of Transcontinental Gas Pipe Line Company, Docket No. CP21-94-000, Attachment 1D ("Levitan Study") at 11, 52 (Apr. 22, 2022) (finding that REA capacity will meet the current deficit and meet future needs of gas supple for LDCs serving New Jersey and Southeastern Pennsylvania).

[36] Temporary Certificate Application at 21.

[37] Temporary Certificate Application at 21.

for the remaining capacity and the supplies it may transport will increase. The interstate pipeline system in the region is already constrained—i.e., demand already at least meets supply; in fact, Transco's capacity in the region is fully subscribed.[38] This leaves little ability for Transco's preexisting and expansion customers to find other natural gas sources to meet their firm needs, and increases the competition for interruptible and residual, behind-the-city gate supplies relied on by the region's natural gas generators. Both will act to increase the anticipated strain during the winter season. That is, gas supplies will not be able to meet demand, and gas-fired generators and gas shippers alike may not be able to secure adequate alternatives in time for winter.

E. As Demonstrated in the Temporary Certificate Application, by Increasing the Availability of Natural Gas Supplies, the Certificated Capacity Acts to Decrease Natural Gas Prices and Allows PJM to Facilitate Economic, Reliable, and Affordable Electric Energy Pricing.

The evidence presented demonstrates that the Certificated Facilities will reduce natural gas prices in the New Jersey/Eastern Pennsylvania/Maryland area, facilitating PJM's objective of maintaining reliable electric service at reasonable cost. It is a basic tenet of economics that additional supplies to meet demand, all else equal, will drive down prices. The additional capacity provided by the REA Project will increase the availability of natural gas supplies for customers,[39] thereby "giving gas sellers more market options and gas buyers more supply options."[40] The highly intertwined nature of the natural gas and electricity markets means that any change in natural gas prices generally will have a correlative effect on energy market prices. Given this general correlative relationship,

[38] Temporary Certificate Application at 16 ("Transco's system is fully subscribed in the Northeast, Mid-Atlantic, and Southeast regions . . . .").

[39] Certificate Order at P 25.

[40] Temporary Certificate Application at 17-18.

higher natural gas prices generally result in higher energy market prices, and lower natural gas prices generally result in lower energy market prices. All of these prices are ultimately paid by consumers.

The principal purpose of the Federal Power Act and Natural Gas Act was to "encourage the orderly development of plentiful supplies of electricity and natural gas at reasonable prices."[41] The temporary certificate would accomplish both objectives. The REA Project is specifically designed to increase the quantities of affordable natural gas supplies from the Marcellus Shale region to the highly constrained and high price areas of New Jersey and Pennsylvania.[42] Transco's evidence shows that during the 2023-2024 winter heating season, the additional competition from placing 450,000 Dth per day of capacity from REA into service, "allowed customers to save approximately $280 million in natural gas costs as compared to the previous two winters' average natural gas costs."[43] PJM's end-use customers inevitably shared in the lower price benefits from such supplies. Removing the Certificated Facilities from service will decrease competition, strip the northeast of low-cost gas capacity from the Marcellus Shale region, and inflate the price of natural gas, in turn inflating the cost of electric energy.

F. A Reduction in Pressure on Transco's System May Affect the Ability of Gas-Fired Generators in PJM to Operate.

In addition to the shortfalls already discussed, removing the Certificated Facilities, particularly the compression facilities, for the winter season would lower the pressure at which Transco can make deliveries, creating significant pressure issues on downstream

[41] *NAACP v. Federal Power Commission*, 425 U.S. 664, at 670 (1976).

[42] Temporary Certificate Application at 26.

[43] Temporary Certificate Application at 25-26; *id.* at Exhibit Z-3 (Declaration of Amy Morris) ¶ 6; *see also* Levitan-Molin Decl. ¶¶ 20-24.

LDCs serving generators. Less compression likely would adversely affect PJM's operational flexibility and reliability because of potential disruptions to gas-fired generators.

On severe weather days, LDCs often utilize a large amount of capacity early in the operational day, often in excess of their allowable ratable take pursuant to Transco's no-notice service, as home heating demand peaks during the morning and evening periods. This excess utilization early in the day can drop the pressure of the pipeline at the telescopic end of the pipe, e.g., near demand centers in New Jersey. During those same peak winter days, delivery requirements of natural gas-fired generators often also peak.[44] This combination of factors increases the potential for pressure issues on the pipeline.

Removing the Certificated Facilities from service would further exacerbate the potential for pressure issues on the pipeline in such circumstances. Specifically, taking the Certificated Facilities out of service would result in a net loss of over 89,000 horsepower of compression (approximately 33,000 horsepower to support the pre-existing 1.2 Bcf per day and over 56,000 horsepower to support the new incremental capacity).[45] Preexisting compressor units at Stations 505 and 515 have already been fully retired and are no longer available to be reinstalled, leaving no substitute in place if the Certificated Facilities are also removed from service. Granting the temporary certificate will allow the Certificated Facilities to continue supporting increased pressure on the pipeline which will likely mitigate the risk of low line pressure conditions that could threaten operation of gas-fired generators.

[44] Levitan Study at 7, 77, 92.

[45] Temporary Certificate Application at 6; *id.* at Exhibit Z-2 (Declaration of Glen Jasek) ¶ 12.

III. CONCLUSION

For the foregoing reasons, PJM requests that the Commission issue the Temporary Certificate and authorize the Certificated Facilities to continue to provide service through the upcoming winter.

Respectfully submitted,

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October 7, 2024

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 7th day of October 2024.

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