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March 30, 2018

The Honorable James Richard Perry
Secretary of Energy
United States Department of Energy
1000 Independence Avenue, S.W.
Washington, DC 20585

Re: FirstEnergy Solutions' Request for Emergency Relief under Section 202 of the Federal Power Act

Dear Secretary Perry:

PJM Interconnection, LLC (PJM) respectfully seeks to submit this response to the above-referenced request filed by FirstEnergy Solutions and affiliates (FES) on March 29, 2018. While the PJM system presently is reliable by all measures, PJM will refrain, at this time, from responding to FES' assertion that an "emergency condition" will arise should certain FES nuclear plants and potentially certain FES coal plants retire in upcoming years as announced or threatened by the company.¹

PJM will not use this opportunity to express agreement or disagreement with several major points of argument advanced by FES; nor will we correct at this time several misstated facts presented by FES. Instead, PJM simply points out to the Secretary two very obvious and objective facts that relieve the Department from the need to take precipitous, immediate action to address FES' request.

First, whether FES' actions create a reliability concern that may threaten the stable and reliable operation of the grid, much less constitute an emergency within the meaning of Section 202(c) of the Federal Power Act, is a question that will be answered by a proscribed, detailed and regularly employed process found in Part V of the PJM Tariff. Consistent with the PJM Tariff, over the next 30 days, PJM will undertake a thorough analysis of its system to determine whether the announced retirements would present systemic adequacy issues or any local reliability issues, such as insufficient voltage support. Should any such finding result, the PJM Tariff provides an additional 60 days to work with FES and a range of tools available, including ordering transmission system upgrades and, if necessary, offering full cost of service compensation under Part V of the PJM Tariff to induce assets to remain temporarily on-line. Ultimately, PJM could also join FES in its instant request should other remedial options prove insufficient.

Second, PJM can state without reservation there is no immediate threat to system reliability. Indeed, the FES units that announced their expected retirement earlier this week, by their own disclosures, will remain operational in most cases until through May 2021. Moreover, these announcements are not binding – FES

¹ Curiously, the request purports to seek relief for the entire FES merchant fleet - and somehow on behalf of others - relief for all other coal and nuclear units in PJM, totaling over 80 generation units. PJM will evaluate the question of impaired reliability or an "emergency condition" based on actual facts – announced retirements – not on the company's general dissatisfaction with the PJM markets or its competitive position therein. Nor will PJM evaluate the impact of closure of other companies' plants unless or until owners of such plants raise the matter with PJM.

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can elect to rescind this notice, or should assets be sold, a subsequent purchaser likewise may decide to continue to operate the units. But even assuming these units do in fact close as of the dates announced, PJM, FERC, and the Department of Energy will have ample time before then to take measures, which at the extreme might include the kind of relief sought in the instant request.

PJM therefore respectfully requests that the Secretary allow PJM's FERC-accepted process to unfold in an orderly manner and refrain from taking unnecessary, extraordinary and precedential immediate action as sought by FES. PJM will commit to sharing publicly (to the maximum extent possible), and in any event to the Department of Energy, our findings resulting from our 30-day process for evaluating the system implications of FES' announced retirements.

Thank you for considering PJM's perspective and suggestions.

Sincerely,

A handwritten signature in black ink, appearing to read "Vincent P. Duane", with a long horizontal flourish extending to the right.

Vincent P. Duane

cc: Mark Menezes, DOE
Bruce Walker, DOE
Sean Cunningham, DOE
Patricia Hoffman, DOE
Catherine Jereza, DOE