



PJM Interconnection
Valley Forge Corporate Center
2750 Monroe Boulevard
Audubon, PA 19403

Robert V. Eckenrod
Senior Counsel
610.666.3184 | fax 610.666.8211
Robert.Eckenrod@pjm.com

December 17, 2015

Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E., Room 1-A
Washington, D.C. 20426

Re: *PJM Interconnection, L.L.C.*, Docket No. ER16-____-000
PJM Queue Position: Z1-086; Original Service Agreement No. 4316
Notice of Cancellation of Original Service Agreement No. 3886

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act,¹ part 35 of the Federal Energy Regulatory Commission's ("Commission") regulations,² and Part VI of the PJM Interconnection, L.L.C. ("PJM") Open Access Transmission Tariff ("PJM Tariff"), PJM submits for filing an executed Interconnection Service Agreement ("ISA") among PJM (as the Transmission Provider), Virginia Electric and Power Company ("Virginia Electric" as the Interconnection Customer), and Virginia Electric (as the Interconnected Transmission Owner).³

In addition, PJM submits a notice of cancellation of an Interim Interconnection Service Agreement among the same parties, designated as Original Service Agreement No. 3886, which

¹ 16 U.S.C. § 824d.

² 18 C.F.R. part 35.

³ Interconnection Service Agreement By and Among PJM Interconnection, L.L.C. and Virginia Electric and Power Company and Virginia Electric and Power Company ("Virginia Electric ISA") designated as Original Service Agreement No. 4316. Because the Virginia Electric ISA being filed electronically with this transmittal letter does not contain the original signatures of the parties, copies of the sheets containing the original signatures are include as Attachment C to this transmittal letter.

is being superseded by the Virginia Electric ISA. PJM requests an effective date of November 18, 2015 for the Virginia Electric ISA and the notice of cancellation.

PJM is submitting the Virginia Electric ISA for filing because it contains terms that do not conform to the form of ISA set forth in Attachment O of the PJM Tariff (“ISA Form”)⁴. The nonconforming language of the Virginia Electric ISA is described below in more detail and shown in redline format against the ISA Form in Attachment B to this transmittal letter.

A. Description of the Virginia Electric ISA

The Virginia Electric ISA facilitates the interconnection to the PJM transmission system of the Greenville Generating Facility (“Customer Facility”), a generating facility located in Greenville County, VA. *See*, Virginia Electric ISA, Specifications § 1.0. The Customer Facility has a Maximum Facility Output of 1681 MW. *Id.*, at Specifications § 1.0(c). The Virginia Electric ISA further indicates that Virginia Electric shall have Capacity Interconnection Rights in the amount of 1630 MW. *Id.*, at Specifications § 2.1. There is an Attachment Facilities Charge in the amount of \$3,089,380, a Network Upgrades Charge in the amount of \$89,583,167, and no Local Upgrades Charge. *Id.*, at Specifications §§ 4.1-4.6.

As mentioned above, the Virginia Electric ISA contains terms and conditions that do not conform to the ISA Form. Specifically, the Virginia Electric ISA contains non-standard terms related to the waiver of security as required in section 5.0, and as calculated in Specifications, section 4.7, and as further specified in Schedule F. Because PJM does not independently possess some of the information necessary to make this filing, PJM obtained certain relevant information from Virginia Electric. Accordingly, Virginia Electric provides the following explanation regarding the modification to the security amount:

Virginia Electric respectfully requests that the Commission permit Virginia Electric to set the Security amount required under section 5.0 of the Virginia Electric ISA at zero (0) dollars. In support of this request, Virginia Electric states that it is an integrated public utility with a

⁴ The Virginia Electric ISA also contains Appendices 1 and 2. Appendix 1 contains all of the definitions from section 1 of the PJM Tariff. Appendix 2 contains all of the standard terms and conditions that are set forth in the ISA Form. The appendices attached to the Virginia Electric ISA were compiled from the version of the PJM Tariff in effect as of the effective date of the Virginia Electric ISA.

certified service territory in Virginia and the northeast portion of North Carolina. Virginia Electric owns the transmission facilities and is planning to build the above-mentioned generation facility that will be interconnected to the Virginia Electric transmission system. The Interconnection Customer and the Interconnected Transmission Owner are the same legal entity.

Virginia Electric's retail and wholesale customers receive no benefits from a bank assurance that Virginia Electric will pay itself for the Network Upgrades. In fact, Virginia Electric will not pay itself at all, as it makes no legal sense for Virginia Electric to pay itself for the Network Upgrades. On the other hand, Virginia Electric's customers would benefit from the Commission's decision to permit a zero dollar Security as this would lower the costs to construct the above-mentioned facilities. The Commission accepted similar terms relating to the waiver of Initial Security in Original Service Agreement No. 3886, which is being superseded by the Virginia Electric ISA.⁵

In addition, Schedule E of the Virginia Electric ISA contains a Monthly Facility Charge. Again, because PJM does not independently possess some of the information necessary with regard to such charge, PJM obtained relevant information from Virginia Electric. In that regard, Virginia Electric has provided the following explanation regarding the Monthly Facility Charge:

Schedule E describes the Monthly Facility Charge that Interconnection Customer will pay for Virginia Electric to operate, maintain, repair and replace, if necessary, on an ongoing basis, the Attachment Facilities.⁶ The Monthly Facility Charge shall apply once interconnection service commences under the Virginia Electric ISA and shall continue for the life of the Virginia Electric ISA.

⁵ See, *PJM Interconnection, L.L.C.*, Letter Order, Docket No. ER14-2494-000 (September 3, 2014).

⁶ Section 10.1(d) of Appendix 2 to the Virginia Electric ISA permits Virginia Electric to recover, *inter alia*, its, "costs associated with operation, maintenance, inspection, testing, modifications, taxes, and carrying and capital replacement charges for Attachment Facilities related to the Interconnection Customer's Interconnection Service and that are owned by the Interconnected Transmission Owner...."

Prior to Virginia Electric's integration into PJM, the Commission directed Virginia Electric to explain why its proposed rate design for the Monthly Facility Charge is just and reasonable.⁷ In accordance with this requirement, Schedule E of the Virginia Electric ISA contains the explanation and support for the Monthly Charge. As set forth in Schedule E, the Monthly Charge is based on the installed cost of the Attachment Facilities at the time of the operation of the Virginia Electric ISA Customer Facility. The installed cost of the Attachment Facilities is then multiplied by the Net Transmission Plant and the resultant figure is then divided by the Total Transmission Plant in Service, multiplied by the Net Plant Carrying Charge without Depreciation, Return or Income Taxes and divided by 12 to determine the Monthly Charge. The values of the components used to develop the Monthly Charge are set forth in Attachment H-16A, Appendix A of the PJM Tariff. A copy of Attachment H-16A, Appendix A, as it has been posted on PJM's website, is provided herewith as Attachment D.

Implementing the above described calculation utilizing the information contained in Virginia Electric's rate filing results in a current Monthly Charge of \$6,207.29. As set forth in Schedule E, the values of certain inputs shall be revised for updates to the rate formula as set forth in Attachment H-16A, Appendix A, of the PJM Tariff or its successor. This figure was determined as follows:

1.	Cost of Attachment Facilities	\$3,089,380
2.	Multiplied by: Net Transmission Plant	\$4,837,251,000
3.	Divided by: Total Transmission Plant in Service	\$5,859,877,000
4.	Multiplied by: Net plant Carrying Charge Without Depreciation, Return or Income Taxes	2.9208%
5.	Divided by 12 Months	12
6.	Equals the Monthly Charge	\$6,207.29

⁷ See, *Virginia Electric and Power Company*, 108 FERC ¶ 61,206 at P 15 (2004) (requiring that when Virginia Electric "files individual service agreements with the Commission, it explain[s] why its proposed rate design is just and reasonable.").

The Commission previously has accepted for filing ISAs that implement Virginia Electric's Monthly Charge amounts as set forth in Schedule E.⁸

Finally, Schedule F contains operating restrictions for the proposed Customer Facility. As a result of the stability analysis, it was determined that immediate operating restrictions for the Customer Facility must be enforced following an N-1 (planned or forced) system condition of, either: Heritage-Rawlings 500kV line out-of-service; Rogers Road-Carson 500kV line out-of-service, and/or; Rawlings-Carson 500kV line out-of-service. For these system conditions, generation must be limited to the output stated in the table included with Schedule F, depending upon certain identified assumptions (i.e., whether identified generation is online or offline). Schedule F further requires that the Interconnected Transmission Owner establish this Operating Procedure and ensure that it is document in the Transmission Provider's list of Operating Procedures.

The non-standard terms and conditions referenced herein are reasonable as they accommodate the unique circumstances associated with this interconnection and will not adversely impact the reliability of the PJM system. The remainder of the Virginia Electric ISA is conforming.

B. Notice of Cancellation

As mentioned above, the Virginia Electric ISA supersedes an Interim ISA designated as Original Service Agreement No. 3886 among PJM, Virginia Electric and Virginia Electric. *See*, Virginia Electric ISA § 1.0. Therefore, PJM files this notice of cancellation of Original Service Agreement No. 3886, effective November 18, 2015, the same effective date as the Virginia Electric ISA.

II. Effective Date

Consistent with the Commission's prior notice requirements, PJM requests an effective date of November 18, 2015 for the Virginia Electric ISA. 18 C.F.R. 35.13(a)(2). The requested effective

⁸ *See, e.g., PJM Interconnection, L.L.C.*, Letter Order, Docket Nos. ER14-2116-000, et al. (August 5, 2015); *PJM Interconnection, L.L.C.*, Letter Order, Docket Nos. ER14-1781-000, et al (July 28, 2014); *PJM Interconnection, L.L.C.*, Letter Order, Docket No. ER14-468-000 (January 17, 2014); *PJM Interconnection, L.L.C.*, Letter Order, Docket No. ER13-726-000 (March 1, 2013); *PJM Interconnection, L.L.C.*, Letter Order, Docket No. ER12-2518-000 (November 22, 2012); *PJM Interconnection, L.L.C.*, Letter Order, Docket No. ER12-2342-000 (September 14, 2012); *PJM Interconnection, L.L.C.*, Letter Order, Docket No. ER12-1919-000 (June 29, 2012).

date is appropriate because the Virginia Electric ISA is being filed within thirty (30) days of the commencement of service under that agreement.

III. Documents Enclosed

PJM encloses the following:

1. Transmittal Letter;
2. Attachment A: Virginia Electric ISA, Original Service Agreement No. 4316 (Clean Tariff);
3. Attachment B: Redlined pages showing the nonconforming language in Original Service Agreement No. 4316;
4. Attachment C: Copies of sheet(s) containing original signatures of the Virginia Electric ISA; and
5. Attachment D: Copy of PJM Tariff, Schedule H-16A, Appendix A.

IV. Correspondence and Communications

The following individuals are designated for inclusion on the official service list in this proceeding and for receipt of any communication regarding this filing:

Robert V. Eckenrod
Senior Counsel
PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, Pennsylvania 19403-2496
(610) 666-3184
Robert.Eckenrod@pjm.com

Craig Glazer
Vice President – Federal Government Policy
PJM Interconnection, L.L.C.
1200 G Street, N.W., Suite 600
Washington, D.C. 20005
(202) 423-4743
Craig.Glazer@pjm.com

V. Service

PJM has served a copy of this filing on Virginia Electric, Virginia Electric and the relevant state regulatory commission(s) within the PJM Region.

Respectfully submitted,



Craig Glazer
Vice President – Federal Government Policy
PJM Interconnection, L.L.C.
1200 G Street, N.W. Suite 600
Washington, D.C. 20005
(202) 423-4743

Robert V. Eckenrod
Senior Counsel
PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, Pennsylvania 19403-2496
(610) 666-3184

cc: Virginia Electric and Power Company
P.O. Box 26666
12th Floor, One James River Plaza
Richmond, VA 23261-6666
Attn: Mr. Bob McGuire, Director Electric Transmission Project Development & Execution

State Commissions in the PJM Region