

UNITED STATES OF AMERICA
Before The
FEDERAL ENERGY REGULATORY COMMISSION

Scrubgrass Generating Company, L.P.)	Docket Nos.
)	ER15-2254-_____ and
)	ER17-_____-000

INFORMATIONAL FILING OF
SCRUBGRASS GENERATING COMPANY, L.P.

Pursuant to Schedule 2 to the PJM Interconnection, L.L.C. (“PJM”) Open Access Transmission Tariff (“PJM Tariff”), Scrubgrass Generating Company, L.P. (“Scrubgrass”) hereby submits this Informational Filing regarding the planned transfer (the “Transaction”) of indirect, partial upstream ownership interests in its approximately 94.7 MW (nameplate) generating facility located in Kennerdell, Pennsylvania (the “Facility”). The revenue requirement for reactive supply and voltage control service provided from the Facility pursuant to Schedule 2 to the PJM Tariff is set forth in a stand-alone, single-asset (non-fleet) rate schedule, Scrubgrass’ “Reactive Supply and Voltage Control from Generation or Other Sources Service” rate schedule (the “Reactive Power Rate Schedule”). The Reactive Power Rate Schedule was accepted by the Commission only weeks before the submission of this Informational Filing, as discussed below.

This filing is the “informational filing” required from Scrubgrass under Schedule 2. This filing does not propose to make any change to Scrubgrass’ Schedule 2 reactive power rates, tariff, or services.

The Transaction involves no change whatsoever to any of –

- the Reactive Power Rate Schedule,
- the identity of the seller,
- the Facility,
- the owner of the Facility itself,
- the Facility’s reactive power-related equipment, nor
- Scrubgrass’ reactive power supply obligations,

Following the submission of the Reactive Power Rate Schedule to the Commission under Section 205 of the Federal Power Act, the Commission set it for settlement proceedings, which concluded successfully. The Commission accepted the revised tariff sheet reflecting the settlement by letter order dated September 26, 2016 – only eight weeks prior to the date of this filing.¹ The Reactive Power Rate Schedule therefore provides for a newly-accepted rate that is agreed-to by and among the participants in the captioned docket, including Commission trial staff. This Informational Filing proposes no change whatsoever to what the Commission accepted only a few weeks ago.

Therefore, the Commission should accept this Informational Filing for filing without taking any other or further action.

This Informational Filing is submitted solely out of an abundance of caution. Schedule 2 does not explicitly reference sales of indirect interests in reactive power facilities as triggering Informational Filing requirements. The Commission’s recent, relevant order concerning PJM Tariff Schedule 2² states, in relevant part:

9. As an initial matter, [applicant], in its Informational Filing, states that it is not clear whether the transfer of interests in a company, rather than the direct transfer of a facility, triggers the requirement for a filing pursuant to Schedule 2 of the PJM Tariff. We take this opportunity to clarify and state our understanding that the Schedule 2 filing requirement does in fact apply to transfers of interests in a company where, as a result, a facility is transferred from the downstream ownership of one company to another.³

In the Transaction, no “transfer ... [of the Facility] from the downstream ownership of [Scrubgrass] ...” is proposed. Following the consummation of the Transaction, Scrubgrass will continue to hold and be the filer of the Reactive Power Rate Schedule, and the reactive power provided thereunder will continue to be provided from the Facility, without modification related to the Transaction (or otherwise occurring since

¹ See, *Scrubgrass Generating Company, L.P.*, Docket No. ER15-2254-002 (Delegated Letter Order Sept 26, 2016)(accepting revised rate schedule pursuant to order accepting settlement).

² *Talen Energy Marketing, LLC*, Docket Nos. ER08-1462-001, et al., 154 FERC ¶ 61,087 (2016) (“Talen Order”).

³ Talen Order at P 9 (emphasis added).

the September 1, 2015 effective date of the Reactive Power Rate Schedule).⁴ Scrubgrass therefore submits this Informational Filing solely to prevent even the appearance of a compliance deficiency under PJM OATT Schedule 2.

I. COMMUNICATIONS

Scrubgrass requests that all communications regarding this filing be addressed to the following persons:

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II. BACKGROUND

Scrubgrass owns and operates the Facility. The Facility is the only physical asset owned, operated, managed, or controlled by Scrubgrass. The Reactive Power Rate Schedule provides solely for the sale of reactive power by Scrubgrass that was produced by the Facility. The Facility is interconnected to the transmission system owned by Pennsylvania Electric Company and operated by PJM. The Facility currently operates as an Incentives Act qualifying small power production facility under the Public Utility Regulatory Policies Act of 1978, as amended, and is an “eligible facility” as defined under 18 C.F.R. § 292.601(a) and 16 U.S.C. § 796(17)(E).⁵ The Commission has granted Scrubgrass authority to sell electric power, energy, and capacity at market-based rates.⁶

Prior to the Transaction, Scrubgrass is indirectly owned by Olympus Power, LLC (30%) and private equity funds managed and controlled by Ares EIF Management, LLC (“EIF”)(70%).

⁴ See, *Scrubgrass Generating Company, L.P.*, Docket No. ER15-2254-002 (Delegated Letter Order Sept 26, 2016)(accepting revised rate schedule pursuant to order accepting settlement).

⁵ See, *Scrubgrass Power Corp.*, 45 FERC ¶ 62,075 (1988); see also the notices of self-recertification filed in Docket No. QF88-406. Scrubgrass also is an exempt wholesale generator under the Public Utility Holding Company Act of 2005. See, *Scrubgrass Generating Co., L.P.*, 84 FERC ¶ 62,028 (1998).

⁶ See, *Scrubgrass Generating Company, L.P.*, Docket No. ER13-821-000 (Delegated Letter Order Mar. 19, 2013).

Pursuant to a Purchase and Sale Agreement (the “Agreement”), to be executed by and among Q Power, LLC (or a special-purpose, wholly-owned affiliate thereof created solely for the purposes of consummating the transactions provided for under the Agreement) (“Buyer”) and Seller, EIF’s indirect 70% interests in Scrubgrass will be sold to the Buyer, with Scrubgrass retaining without any change its immediate, undivided ownership both the Facility and its status as the filer of the Reactive Power Rate Schedule.⁷ Olympus Power, LLC’s 30% upstream interest in Scrubgrass is not affected by the Agreement.

III. INFORMATION REQUIRED BY SCHEDULE 2 TO THE PJM TARIFF

Schedule 2 to the PJM Tariff requires that “[a]t least 90 days prior to the . . . disposition date of a generator . . . receiving payment in accordance with a Commission accepted revenue requirement for providing reactive supply and voltage control service . . . , the Generator Owner” shall: (1) make a rate filing with the Commission to terminate or revise its revenue requirement to account for the transfer, or (2) make an informational filing providing certain information specified in Section (2) of Schedule 2.4. Because no change to the Reactive Rate Schedule is necessary in connection with the transfer of the Facility, Scrubgrass is making this informational filing and provides the information required by Section (2) of Schedule 2 below.

- **The Acquisition Date, Deactivation Date, And Transfer Date Of The Generator Or Other Source**

The Facility began producing electricity in 1988.⁸ The Facility’s equipment that produces and relates to the production of active power remains unchanged from the equipment disclosed in the ER15-2254 filing. The Transaction is proposed to close as described herein, subject to the terms of the Agreement.

- **B. An Explanation Of The Basis For The Decision By The Generation Owner Or Other Source Owner Not To Terminate Or Revise The Cost-Based Rate Approved Or Accepted By The Commission Associated With The Planned Generator Or Other Source Deactivation Or Disposition**

⁷ Schedule 2 does not specify the identity of a purchaser of indirect interests in a seller of reactive power to be among the disclosures required by Schedule 2. However, Scrubgrass provides the name of the anticipated Buyer of the interests that are in issue purely for present informational purposes. Scrubgrass commits to timely submit any post-consummation Notice of Change in Status, Qualifying Facility self-recertification, and notifications to PJM within the applicable time periods, promptly following consummation.

⁸ See, *Scrubgrass Generating Company L.P.*, Docket No. QF88-406-000, 45 FERC 62,075 (1988).

No revisions to the Reactive Power Rate Schedule are being proposed, because the revenue requirement set forth therein was established solely for the Facility, and no feature, component, or element of the Reactive Power Rate Schedule has been or is proposed to be modified or itself transferred. The revenue requirement has, at all times, been and continues to be based solely on the stand-alone cost of service for the Facility, as accepted by the Commission in the recent Docket No. ER15-2254 proceeding. No reactive power-related (or other material) portion of the Facility has been modified, removed, or deactivated since the original filing date of the Reactive Power Rate Schedule.

Following the consummation of the Transaction, Scrubgrass will continue to provide reactive supply and voltage control service to PJM from the Facility on the same basis and using the same equipment as it did when the Reactive Power Rate Schedule recently went into effect and as it does today.

- C. A List Of All Of The Generators Or Other Sources Covered By The Generation Owner's Or Other Source Owner's Cost-Based Tariff From The Date The Revenue Requirement Was First Established Until The Date Of The Informational Filing

The Facility continues to be the only generator or other source that has been covered by the Reactive Power Rate Schedule from the date the revenue requirement was first established through the date of this Informational Filing. No facility other than the Facility is proposed to be covered by the Reactive Power Rate Schedule.

- D. The Type (i.e., Fuel Type And Prime Mover) Of Each Generator Or Other Source

The Facility continues to be a qualifying facility (as that term is used under 18 C.F.R. Part 292) fueled by waste coal, consistent with the submissions made in Docket Nos. ER15-2254 and QF88-406.

- E. The Actual (Site-Rated) Megavolt-Ampere Reactive ("MVAR") Capability, Megavolt-Ampere ("MVA") Capability, And Megawatt Capability Of Each Generator Or Other Source, As Supported By Test Data

The Facility continues to have an actual MVAR rating of approximately 58.75 MVARs at the generator terminals, an MVA rating of approximately 111.528 MVA, and a megawatt capability of approximately 94.79 MW.

- F. The Nameplate MVAR Rating, Nameplate MVA Rating, Nameplate Megawatt Rating, And Nameplate Power Factor For Each Generator Or Other Source

The Facility continues to have a nameplate MVAR rating of approximately 58.75 MVARs, a nameplate MVA rating of approximately 111.528 MVA, and a megawatt capability of approximately 94.79 MW.

IV. CONCLUSION AND REQUEST FOR EXPEDITED CONSIDERATION

Scrubgrass requests that the Commission accept this Informational Filing. Please do not hesitate to contact counsel listed below with any questions.

Dated: November 29, 2016
Washington, D.C.

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