

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

<b>New York Independent System Operator, Inc.</b>	) ) ) )	<b>Docket No. ER09-198-000, -001</b>
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**MOTION TO INTERVENE AND COMMENTS OF  
THE INDEPENDENT MARKET MONITOR FOR PJM**

Pursuant to Rules 212 and 214 of the Commission’s Rules and Regulations, 18 CFR 385.212 & 385.214 (2008), Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM (“Market Monitor”), submits this motion to intervene and provides comments in the above-captioned proceeding.<sup>1</sup>

**I. COMMENTS**

The Market Monitor understands the need for the New York Independent System Operator, Inc. (“NYISO”) to continue the restrictions on scheduling included in its filing on November 4, 2008, and believes that this is an acceptable interim approach. However, NYISO fails to explain why it adopts an approach that prohibits specific transactions rather than an approach applicable to all transactions and an approach that recognizes actual power flows.

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<sup>1</sup> PJM Interconnection, L.L.C. is a FERC-approved Regional Transmission Organization.

NYISO's filing succinctly identifies the problem:

Energy can be scheduled from the NYISO to PJM either directly, via the NYISO's Proxy Generator Buses that represent its common border with PJM, or indirectly, by scheduling power at the NYISO's IESO Proxy Generator Bus through IESO and the MISO, to PJM. The NYISO separately determines LBMPs for each of its Proxy Generator Buses. Because the NYISO's common border with PJM includes transmission lines that are located in relatively high cost (congested) areas of the NYCA, while the NYISO's Interface with IESO is located on the NYCA's western border, where there is little to no transmission congestion, LBMPs are, on average, higher at the NYISO's PJM Proxy Generator Buses than at the NYISO's IESO Proxy Generator Bus. By contrast, as explained above, PJM determines the settlement for New York Energy based on its price for Energy flowing over the common border between the two Control Areas *without regard to whether the Energy was scheduled at a Proxy Generator Bus representing the common border between the two Control Areas, or was scheduled from the NYISO's IESO Proxy Generator Bus over a circuitous Scheduling Path, through IESO and MISO, to PJM* (emphasis added).<sup>2</sup>

NYISO's interface pricing rules are based on the identified fictional scheduled contract paths and do not recognize the actual power flows between NYISO and PJM and the actual dispatch by NYISO and PJM.<sup>3</sup>

The Market Monitor believes that it would be appropriate for the Commission to expressly condition its approval of the NYISO filing on a requirement that NYISO work with PJM to develop a more complete solution for interface pricing, congestion

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<sup>2</sup> NYISO transmittal letter to the filing initiating Docket No. ER08-1281 at 6 (July 21, 2008) ("NYISO July 21<sup>st</sup> Transmittal Letter").

<sup>3</sup> See NYISO July 21<sup>st</sup> Transmittal Letter at 7-8 ("The NYISO's Real-Time Market software continuously re-dispatches internal NYCA generating resources in response to *actual* power flows and real-time transmission constraints to provide firm transmission service to NYISO Market Participants that are willing to pay congestion. The NYISO incurs additional congestion relation costs when actual power flows include unscheduled power flows that exacerbate internal NYCA west-to-east transmission constraints" (emphasis in original)).

management and transmission planning at the NYISO-PJM interface, within a defined time frame.

The Congestion Management Process (“CMP”) included in the Joint Operating Agreement between PJM and the Midwest ISO now has a track record of success and should serve as a model for a NYISO-PJM interregional congestion management agreement.

## **II. MOTION TO INTERVENE**

The PJM Tariff requires that the Market Monitor, among other things, monitor “structural problems in the PJM Markets that may inhibit a robust and competitive market” and “the potential for a Market Participant to ... violate ... FERC Market Rules,” including specifically “market behavior rules and the prohibition against energy market manipulation codified by the Commission in its Rules and Regulations at 18 CFR §§ 1c.2 and 35.37, respectively.”<sup>4</sup> Because the NYISO indicates that it has submitted this filing in order to address “a ‘seam’ between the method that PJM and the MISO use to price External Transactions that is providing inefficient scheduling incentives that are resulting in increasing levels of inefficient transactions” and the Commission has undertaken a non-public investigation of the matter pursuant to its rules prohibiting market manipulation, this matter implicates matters within the Market Monitor’s

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<sup>4</sup> OATT Attachment M §§ II (“FERC Market Rules”) & IV.B.3 & 4.

purview, and it is in the public interest that the Commission grant this motion.<sup>5</sup> Rule 214 provides that the Commission may grant interventions where “[t]he movant’s participation is in the public interest.”<sup>6</sup> The Market Monitor has the exclusive duty to perform the market monitoring function for PJM, and no other party can adequately represent it in this proceeding. Accordingly, the Market Monitor moves that the Commission grant it leave to intervene and afford to it full rights as a party to this proceeding.

### III. COMMUNICATIONS

Pursuant to 18 C.F.R. § 385.203(b)(3), the Market Monitor designates the following persons as those to receive all notices and communications with respect to this proceeding:

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<sup>5</sup> See NYISO transmittal letter at 3; NYISO July 21<sup>st</sup> Transmittal Letter at 5; *New York Independent System Operation, Inc.*, 124 FERC ¶61,174 at PP 29–32 (2008).

<sup>6</sup> 18 CFR § 214(b)(2)(iii).

**IV. CONCLUSION**

The Market Monitor respectfully requests that the Commission grant this motion to intervene and afford due consideration to its comments in this proceeding.

Respectfully submitted,



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Joseph E. Bowring

Independent Market Monitor for PJM

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Dated: November 10, 2008

## 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 Eagleville, Pennsylvania,  
this 10<sup>th</sup> day of November, 2008.



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