

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

Midwest Independent Transmission System)
Operator, Inc.) Docket No. ER11-4081-001

**ANSWER AND MOTION FOR LEAVE TO ANSWER
OF THE INDEPENDENT MARKET MONITOR FOR PJM**

Pursuant to Rule 212 of the Commission's Rules and Regulations,¹ Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM ("PJM Market Monitor"), submits this answer, motion for leave to answer, and motion to intervene out-of-time in the above referenced proceeding. This answer is solely for the purpose of clarifying the record concerning the position of the PJM Market Monitor on capacity market issues, and, in particular, the testimony of the PJM Market Monitor on the value of forward capacity markets at the technical conference convened September 25, 2013, in Docket No. AD13-7.

I. ANSWER

Indianapolis Power & Light Company and Northern Indiana Public Service Company state on page 8 of their Reply Brief:

Even PJM's market monitor states clearly that investors are looking for a long-term contract, and not some RTO-administered short term market. In fact, the most important thing an RTO can do is "facilitate that efficient contracting process." [fn18: Technical Conference on Centralized Capacity Markets in Regional Transmission Organizations and Independent System Operators, Docket No. AD13-7-000, Transcript at 62-63 (Sept. 25, 2013).]

¹ 18 CFR § 385.212 (2013).

This citation is to the testimony provided by Dr. David Patton, MISO's independent market monitor, and not to the testimony of Dr. Joseph Bowring, the PJM Market Monitor.

Dr. Bowring explained the PJM Market Monitor's position on the value of forward capacity markets:

I agree with what's been said about forward-looking markets. It permits competition. It permits new entry. It permits dealing with uncertainty. In fact, in PJM, it's demonstrated to successfully address adjustments to environmental regulations, or very substantial adjustments to environmental regulations, and also permits competition to replace retiring resources.

...

In terms of the single-year forward, three years forward, I do think it is adequate to incent investment. I think we've demonstrated, the market has demonstrated, that it is. But as both my colleagues here have said, it's critical that participants have some faith that the market is going to continue, that it's not going to radically change. I mean, it needs to change. And really, more importantly, that the market will reflect the fundamentals. If the market needs to change to reflect the fundamentals, I think that would be a good thing. Investors would think that was a good thing, and the reverse not.²

II. MOTION FOR LEAVE TO ANSWER

The Commission's Rules of Practice and Procedure, 18 CFR § 385.213(a)(2), do not permit answers to answers or protests unless otherwise ordered by the decisional authority. The Commission has made exceptions, however, where an answer clarifies the issues or assists in creating a complete record.³ In this answer, the Market Monitor provides the

² *Regional Transmission Organizations and Independent System Operators*, Docket No. AD13-7-000, Tr. at 48 l.20-49 l.1, 89 l.16-90 l.1 (Sept. 25, 2013)

³ *See, e.g., N.Y. Indep. Sys. Operator, Inc.*, 121 FERC ¶61,112 at P 4 (2007) (answer to protest accepted because it provided information that assisted the Commission in its decision-making process); *PJM Interconnection, L.L.C.*, 119 FERC ¶ 61,318 at P 36 (2007) (accepted answer to answer that "provided information that assisted ... decision-making process"); *California Independent System Operator*

Commission with information useful to the Commission's decision-making process and which provides a more complete record. Accordingly, the Market Monitor respectfully requests that the Commission grant this motion for leave to answer.

III. CONCLUSION

The Market Monitor respectfully requests that the Commission include this answer in the record of this proceeding in order to ensure its completeness and accuracy.

Respectfully submitted,



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Corporation, 110 FERC ¶ 61,007 (2005) (answer to answer permitted to assist Commission in decision-making process); *New Power Company v. PJM Interconnection, L.L.C.*, 98 FERC ¶ 61,208 (2002) (answer accepted to provide new factual and legal material to assist the Commission in decision-making process).

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 27th day of November, 2013.



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