

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

Calpine Energy Services, L.P.

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Docket No. ER15-376-000

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

Pursuant to Rules 212 and 213 of the Commission's Rules and Regulations,<sup>1</sup> Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM ("Market Monitor"), submits this answer to, and moves for leave to answer, the answer filed in this proceeding by Calpine Energy Services, L.P. ("Calpine") on January 13, 2015. The Market Monitor is satisfied that its comments filed December 17, 2014, explain the reasons why Calpine's request for waiver should be denied. This response is limited to addressing Calpine's arguments about the extent of its obligations as a capacity resource and to pointing out Calpine's failure to address questions about certain of its factual representations. Calpine's statements also call into question whether it followed the Cost Development Guidelines in determining its offers on the days at issue.

**I. ANSWER**

Calpine fails to support its request for a waiver and fails to correct or explain discrepancies concerning the facts stated in its November 12<sup>th</sup> filing.

Calpine argues (at 4-5) that the PJM notifications to Calpine on the likelihood that Bethlehem and Hay Road would operate on the morning of January 27 required the units

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<sup>1</sup> 18 CFR § 385.212 & 213 (2014).

“to go beyond the normal obligations imposed on Generation Capacity Resources by being instructed to operate despite not having cleared in the Day-ahead Energy Market.” Capacity Resources are obligated to make offers and be available both in Day-Ahead and Real-Time markets. The obligation of a Capacity Resource does not end if it is not cleared in the Day-Ahead Market. PJM dispatchers routinely remind generators of the importance of being available to operate during high demand periods and the resulting need to procure the necessary fuel. Calpine fails to show that PJM required it to take any action that it was not obligated to take because it was a Generation Capacity Resource. Accordingly, Calpine fails to support its request for a waiver.

Calpine states (at 5) “that the Hay Road/Bethlehem Units did *not* operate on oil in any hours from January 25, 2014 through January 27, 2014” (emphasis in original). Calpine did routinely operate these units on oil in January. About 35 percent of the heat input consumed by these units in January, 2014, was from burning oil. Market Monitor analysis of the fuel required for the power produced by these units during Gas Days 25–27 of January, 2014, shows that about 42 percent of the fuel that was burned to generate the power generated was not included in the gas purchases/imbances reported by Calpine. Calpine has not responded to the Market Monitor’s request to reconcile this discrepancy by indicating which unit(s) substituted oil for gas on the days in question or otherwise consumed fuel that has not been accounted for. Calpine needs to support its claim that no oil was burned by providing information about what fuel was burned, above and beyond the gas purchased and not included as surplus in the claimed loss.

Calpine reiterates (at 6–7) the need for “clarification regarding suppliers’ performance obligations” so as to “provide guidance, and protect generators from the threat of future unrecoverable costs.” The Market Monitor answers again that such clarification is unnecessary as generators should understand that their obligation as PJM Capacity Resources under current market rules obligates them to be available to respond to PJM dispatch instructions and manage their fuel procurement accordingly.

In response to issues with Calpine's calculation raised in the Market Monitor's initial comments, Calpine states (at 9) that it has "again double-checked its calculations" of the \$3,330,658.95 figure and that it is "accurate." However, the \$3,330,658.95 figure cannot be accurate because the spreadsheet lists a \$3,330,272.44 value. Furthermore, if the error in the gas allocated to Gas Day 26 from one of the 3-day package purchase transactions was corrected, then the final loss would be only \$3,320,631.30. The discrepancies are not large, but Calpine's information does not appear to be correct.

Calpine's answer and Exhibit C also raise questions about whether Calpine complied with the rules in the Cost Development Guidelines for cost based energy offers. On January 24 Calpine bought gas for January 25–27, 2014, at an average weighted price approximating that calculated in Exhibit C, and had much cheaper oil in storage as an alternative. Yet the cost-based energy offers submitted for January 26 and 27 are based on a gas price approximately double the actual gas price. These offers are not consistent with the Cost Development Guidelines. Calpine should explain how those cost-based offers were developed.

Calpine has not shown that its request for waiver should be granted, and it has not addressed questions about the representations made in support of its request. Accordingly, the request for waiver should be denied.

## **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.<sup>2</sup> In this answer, the Market Monitor provides the

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<sup>2</sup> See, e.g., *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 Corporation*, 110 FERC ¶ 61,007 (2005) (answer to answer permitted to assist

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 this answer be permitted.

### III. CONCLUSION

The Market Monitor respectfully requests that the Commission afford due consideration to this pleading as the Commission resolves the issues raised in this proceeding.

Respectfully submitted,



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Dated: January 30, 2015

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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); *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).

## **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 30<sup>th</sup> day of January, 2015.



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