

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

PJM Interconnection, L.L.C.	)	Docket No. ER17-2218-000
	)	
Midcontinent Independent System Operator, Inc.	)	Docket No. ER17-2220-000
	)	
	)	(not consolidated)
	)	

**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<sup>2</sup> (“Market Monitor”), submits this answer to the answer filed September 6, 2017, in this proceeding by the American Municipal Power, Inc. (“AMP”). AMP’s argument that the Market Monitor’s comments are somehow improper is based on a mischaracterization of the Market Monitor’s position, has no merit and should be rejected.

**I. ANSWER**

AMP claims that the relief requested in the Market Monitor’s comments improperly conflicts with and constitutes a collateral attack on the language approved by the Commission specifying the criteria that external generation resources must meet in order to provide capacity to PJM, including that:

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<sup>1</sup> 18 CFR §§ 385.212 & 385.213 (2015).

<sup>2</sup> Capitalized terms used herein and not otherwise defined have the meaning used in the PJM Open Access Transmission Tariff (“OATT”) or the PJM Operating Agreement (“OA”).

- (1) they are pseudo-tied generation resources; that is, they are treated like internal generation, subject to redispatch and locational pricing, and are not subject to TLR-5 curtailments;
- (2) they have long-term firm transmission service confirmed on the complete transmission path from such resource into PJM; and
- (3) they agree to be subject to the same capacity must-offer requirement as PJM's internal resources.<sup>3</sup>

In fact, the Market Monitor entirely agrees with the Commission's statement and seeks only to ensure that it is implemented. The 2014 Order explicitly states, "pseudo-tied generation resources" are those "treated like internal generation." The Market Monitor's comments, consistent with the statement in the 2014 Order, argues that PJM's compliance filing must include rules that comply with the Commission's order about the criteria that external capacity resources must meet. AMP seeks to defend application of a different standard. It is AMP's arguments that constitute a collateral attack on the 2014 Order.

AMP states (at 5), "The Market Monitor offers only its own *ipse dixit* in support of the assertion that the Native Balancing Authority must cede absolute control, even in connection with SOL and IROL events and in circumstances that could justify suspension or termination of a pseudo-tie, in order for imported capacity to 'be considered a complete substitute for internal capacity resources.'" AMP states (at 5-6), "PJM cannot count on absolute control or availability of even those generating resources that are native to the PJM Balancing Authority Area," suggesting that the Market Monitor is arguing for a higher standard for external generation resources than for internal generation resource. AMP mischaracterizes the Market Monitor's position. The Market Monitor stated:

If the PJM Capacity Market is to function effectively and result in competitive prices and in appropriate incentives for entry and exit, all capacity resources must be substitutes. This is a fundamental principle of market design. External capacity

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<sup>3</sup> AMP at 4, citing *PJM Interconnection, L.L.C.*, 147 FERC ¶ 61,060 at P 36 (2014) ("2014 Order").

resources must provide the same reliability and operational attributes as internal capacity resources. If external capacity resources cannot be full substitutes for internal capacity resources, they are inferior products and should not be permitted in the PJM Capacity Market because they will suppress the price for internal resources and result in an inefficient market outcome. That is counter to the interests of the PJM market, counter to the interests of PJM generation and counter to the interests of PJM load.<sup>4</sup>

The Market Monitor argues for exactly the same standards for internal and external capacity resources. The pseudo tie provisions do not require external capacity resources to meet the same standards. AMP fails to provide a single example of how the Market Monitor's position would result in more stringent requirements for external than for internal capacity resources. AMP's arguments have no merit and should be rejected.

## 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>5</sup> In this answer, the Market Monitor provides the 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.

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<sup>4</sup> Comments of the Independent Market Monitor for PJM, Docket No. ER17-2291-000 (Sept. 1, 2017).

<sup>5</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 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. Independent System 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).

### III. CONCLUSION

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

Respectfully submitted,



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Jeffrey W. Mayes

General Counsel  
Monitoring Analytics, LLC  
2621 Van Buren Avenue, Suite 160  
Eagleville, Pennsylvania 19403  
(610) 271-8053  
*jeffrey.mayes@monitoringanalytics.com*

Joseph E. Bowring  
Independent Market Monitor for PJM  
President  
Monitoring Analytics, LLC  
2621 Van Buren Avenue, Suite 160  
Eagleville, Pennsylvania 19403  
(610) 271-8051  
*joseph.bowring@monitoringanalytics.com*

John Dadourian  
Senior Analyst  
Monitoring Analytics, LLC  
2621 Van Buren Avenue, Suite 160  
Eagleville, Pennsylvania 19403  
(610) 271-8050  
*john.dadourian@monitoringanalytics.com*

Dated: September 7, 2017

## 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 7<sup>th</sup> day of September, 2017.



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Jeffrey W. Mayes

General Counsel

Monitoring Analytics, LLC

2621 Van Buren Avenue, Suite 160

Eagleville, Pennsylvania 19403

(610) 271-8053

*jeffrey.mayes@monitoringanalytics.com*