

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Independent Market Monitor for PJM)
v.) Docket No. EL17-22-000
American Electric Power Service Corporation)
)

ANSWER OF THE INDEPENDENT MARKET MONITOR FOR PJM

Pursuant to Rule 213 of the Commission’s Rules and Regulations,¹ Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM² (“Market Monitor”), submits this answer to the pleading submitted on December 26, 2017, by American Electric Power Service Corporation (“AEP”). Though styled as comments, the pleading most closely resembles a motion which the Market Monitor is entitled to answer.³ AEP complains that the Market Monitor has not provided to AEP certain confidential information that would be subject to the proposed PJM Markets Protective Order once it is approved by the Commission. The Market Monitor provided most of the redacted information voluntarily to AEP on October 12, 2017, nearly three months ago. (The information already provided is included as a confidential Attachment.) Only a few items of market sensitive information remain, which will be provided as soon as the proposed PJM Markets Protective Order is approved by the Commission.

¹ 18 CFR § 385.213 (2017).
² 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”).
³ 18 CFR § 385.213(a)(2)&(3).

I. ANSWER

On October 28, 2016, the Market Monitor made a reasonable request for basic information from AEP about a cost component used to develop a cost-based offer submitted by AEP in the PJM energy market on September 1, 2016. The requested information was required in order to evaluate the level of the cost-based offer and to determine whether it complied with the tariff. The Market Monitor supported its requests consistent with the tariff requirements.⁴ AEP refused to provide the information. The Market Monitor invoked the relief allowed in the PJM Market Monitoring Plan and petitioned the Commission for an order on November 22, 2016.⁵ The Market Monitor's October 28 Filing did not include any confidential or market sensitive information.

On August 31, 2017, the Commission issued a letter requesting additional information from the Market Monitor concerning its request for information from AEP. On October 12, 2017, the Market Monitor submitted its response, with one paragraph redacted from the public version.

On October 10, 2017, AEP requested the redacted paragraph. On October 12, 2017, the Market Monitor provided the portions of the redacted paragraph, which included AEP information in AEP's possession, to AEP, excluding only the market sensitive information to which some AEP personnel should not have access (see confidential Attachment). In its comments submitted October 20, 2017, AEP continued to complain about not receiving the redacted information.⁶ AEP characterized the information as "AEP's own market clearing data."⁷ If AEP's characterization is correct, it is not clear why AEP is requesting the

⁴ See OATT Attachment M § V.B.1.

⁵ See OATT Attachment M § V.B.2.

⁶ See Comments of American Electric Power Service Corporation, Docket No. EL17-22-000 (October 20, 2017) at 5-6.

⁷ *Id.*

information. But, such characterization is not fully correct in that the information is not available to all AEP personnel and should not be provided to AEP without assurance that personnel directly or indirectly involved in AEP's market activities will not receive such information.

The information at issue is whether the AEP units were offer capped on the day for which the supporting data for the AEP cost-based offer was requested by the Market Monitor. This information was requested by the Commission. It is not clear why AEP believes this information is essential to its decision about whether to respond to the Market Monitor's data request. AEP decided not to respond based on data in its possession at the time. Regardless of whether the units were offer capped on a specific day, it is AEP's obligation to have an accurate cost-based offer submitted to PJM every day. The information requested by AEP is not relevant to whether it responds to the Market Monitor's request and AEP has never asserted that it is or explained why it is. It remains surprising that AEP continues to resist, in increasingly strident terms, the initial request for basic information supporting its cost-based offers.

On November 29, 2017, the Commission directed the Market Monitor to file a protective order.⁸ The Market Monitor complied on December 5, 2017. The proposed PJM Markets Protective Order is not yet approved by the Commission. In the interim period, the Market Monitor has received executed Non-Disclosure Certificates pertaining to the proposed PJM Markets Protective Order from AEP personnel. All of the AEP personnel providing such certificates confirm that the scope of their employment does not include "[e]nergy marketing, [d]irect supervision of any employee or employees whose duties include energy marketing; or [t]he provision of consulting services to any person whose

⁸ See *Independent Market Monitor for PJM v. American Electric Power Service Corporation*, 161 FERC ¶ 61,238.

duties include energy marketing.”⁹ The Market Monitor will provide the information immediately upon approval of the proposed PJM Markets Protective Order.

The nature of the information to which AEP does not now have access has been apparent to AEP since October 12, 2017. AEP can see that this information is not necessary to address any issue necessary or helpful to the resolution of this matter. The information is not relevant to whether AEP responds to the Market Monitor’s original request for information. AEP’s request for this information is an effort to distract from the fact that AEP refused to respond to the Market Monitor’s request for the basic information needed to support AEP’s cost-based offers.

AEP’s request that the Market Monitor’s filing be dismissed should be denied. AEP’s latest filing is simply an effort to distract from the actual issue. It is essential that the Market Monitor’s ability to obtain information from participants be protected. Information about the cost basis for participant offers is especially important. The importance is not lessened because a participant disputes the proper use or significance of information. The Market Monitor does not have independent authority to determine offers. The Market Monitor can only determine whether an issue should be brought to the attention of the Commission. The Market Monitor must have access to information in order to make such a determination. This case raises no substantive issue concerning costs and does not require resolution of any such issue. The only question is whether the Market Monitor should have information needed to perform its function.

Allowing participants to simply refuse to comply with routine requests for information burdens independent market monitoring and interferes with the efficient functioning of the market. Whether the Market Monitor has satisfied the applicable tariff standards is all that should be considered. If the standards are met, then the information should be promptly provided, by order if necessary. The specification that the Market

⁹ See proposed PJM Markets Protective Order para. 7.

Monitor make reasonable requests should not excuse refusal to cooperate or allow delay. Participant cooperation with information requests by the Market Monitor has been the norm. AEP's approach in this case is unprecedented, and made more so given the routine nature of the request. The Market Monitor is concerned that if compliance with routine requests for information can be delayed for over a year or even avoided, the incentive for participants' continued cooperation will be undermined.

II. 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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Dated: January 4, 2018

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 4th day of January, 2018.



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**Attachment
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