

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

Independent Market Monitor for PJM)	Docket No. EL17-22-000
v.)	
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 February 21, 2018, by American Electric Power Service Corporation (“AEP”). AEP continues to resist providing a response to a routine data request and does not attempt to argue that the Market Monitor has not met the requirements supporting such request.³ AEP instead raises irrelevant and incorrect arguments concerning the scope of the market monitoring function and the range of behaviors that could constitute a Market Violation or harm the competitiveness of PJM markets. AEP should be directed to provide the information requested by the Market Monitor.

AEP submitted its February 21st pleading primarily to assert (at 2), “The Market Monitor cannot reasonably have ‘market power concerns’ with a unit that was not called

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 The request was submitted pursuant to Section V.B.1 of Attachment M to the OATT (“Section V.B.1”).

upon to run.” AEP is incorrect. Withholding a resource from the market by submitting offers higher than the competitive level is an exercise of market power.

AEP also states (at 3):

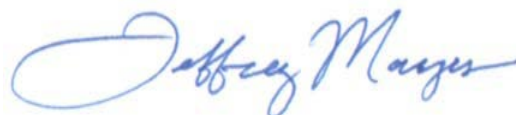
Failing the three pivotal supplier test is not necessarily an indication of the existence of structural market power in any particular, constrained market. It does not automatically result in offer mitigation or cost-capping. Rather, mitigation occurs only when PJM further determines that structural market power exists within the relevant market and the pivotal supply is actually dispatched to provide energy.

AEP is incorrect. Failing the three pivotal supplier test (“TPS test”) is the indication of structural local market power in the PJM energy market as defined in Section 6.4.1 of Schedule 1 to the OA. The TPS test results provided by the Market Monitor on September 29, 2017, are PJM’s determination of structural market power based on PJM’s market data. The results indicate the units owned by pivotal suppliers that are able to provide the required relief for a constraint. The existence of structural market power does not depend on whether PJM dispatches any particular unit from the set of units available to provide constraint relief. The existence of structural market power does not depend on whether PJM offer caps any particular unit. The existence of structural market power does not depend on whether PJM dispatches any particular unit.

Entertaining AEP’s flawed arguments that it should not cooperate with the Market Monitor’s data request would set a dangerous precedent for all market monitoring units. AEP should be directed to provide the information requested by the Market Monitor.

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: March 8, 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 8th day of March, 2018.



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