

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

Tilton Energy LLC,)	
)	Docket No. EL18-145-000
v.)	
)	
PJM Interconnection, L.L.C.)	
)	

**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,¹ Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM Interconnection, L.L.C. (“PJM”) (“Market Monitor”),² submits this answer to the answer of PJM filed May 31 (“Initial Answer”) and July 13, 2018, to the complaint filed by Tilton Energy LLC (“Tilton”) on May 11, 2018, and the answers of Tilton Energy LLC filed June 15, 2018; Brookfield Energy Marketing LP filed July 6 and 23, 2018; and American Municipal Power, Inc., filed June 15 and July 30, 2018. PJM has correctly applied its rules concerning pseudo ties, and those rules protect competition in PJM markets. The complaint should be denied.

I. ANSWER

The Market Monitor agrees with PJM’s interpretation and implementation of the tariff in performing the “M2M Flowgate Test” and agrees with PJM’s findings that the

¹ 18 CFR §§ 385.212 & 385.213 (2018).

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”).

Tilton Energy Pseudo Tie does not satisfy the OATT's requirements.³ The "M2M Flowgate Test" was designed to identify flowgates, in advance of an issue, that could become eligible for coordination, and to ensure that PJM has the ability to control for the impacts caused by the implementation of pseudo ties on those flowgates. For any potential coordinated Flowgate, PJM must have one or more PJM internal Generation Capacity Resources with at least a 1.5 percent flow distribution. Tilton's suggestion to perform the test against only existing flowgates is illogical. It ignores the fact that a new Pseudo Tie could affect previously unconstrained paths. Tilton's suggestion to ignore the 44 flowgates that MISO has identified as affected by the Tilton Pseudo Tie would be equally illogical. The Tilton Energy Pseudo Tie affects 44 additional flowgates for which PJM does not have the ability to control the impacts as required to continue to be pseudo tied. Simply because these flowgates have not resulted in the need for coordination in the past, does not mean that there will not be the need for future coordination. Identifying this possibility in advance and ensuring that there are appropriate internal Generation Capacity Resources in PJM is the clear intent of the "M2M Flowgate Test."

PJM has correctly applied the "M2M Flowgate Test" for existing and future pseudo tie generation. As PJM explained in its Initial Answer (at 2), "Even-handed application of the rules found Tilton failed a Commission-approved feasibility test designed to limit PJM loads' exposure to costs to redispatch PJM generation to relieve external transmission system constraints expected to be caused or worsened by the Tilton Pseudo-Tie." PJM's pseudo tie rules, and the requirements to become eligible to become a Pseudo Tie, do not create unnecessary barriers to competition. Rather, contrary to arguments raised by protesters, these rules have been implemented to protect PJM's competitive markets and protect its customers. It is essential that all capacity resources be full substitutes. The reason for the pseudo tie rules is to ensure that inferior products are not permitted to compete with

³ See OATT Attachment DD § 5.5A(b)(i)(B).

and displace internal PJM resources and suppress prices below competitive levels. PJM correctly performed the “M2M Flowgate Test” and found that the Tilton Energy Pseudo Tie could not serve as a substitute for PJM internal Generation Capacity Resources. The complaint 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.⁴ 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.

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,



⁴ 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).

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Dated: August 10, 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 10th day of August, 2018.



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