UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Independent Power Producers of New York, Inc., Complainant,	)	
v.	)	**Docket No. EL18-189-000**
New York Independent System Operator, Inc., Respondent.	)	

COMMENTS OF THE INDEPENDENT MARKET MONITOR FOR PJM

Pursuant to Rule 214 of the Commission's Rules and Regulations,[1] Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM[2] ("Market Monitor"), submits these comments in support of the complaint ("IPPNY Complaint") filed by the Independent Power Producers of New York ("IPPNY") against the New York Independent System Operator, Inc. ("NYISO").

I. COMMENTS

The IPPNY argues that as a result of the conversion from Firm Transmission Withdrawal Rights (FTWR) to Non-Firm Transmission Withdrawal Rights (NFTWR), the NYISO should no longer permit firm capacity purchases over the Linden VFT and Hudson merchant transmission lines.

1 18 CFR § 385.214 (2018).

2 Capitalized terms used herein and not otherwise defined have the meaning used in the PJM Open Access Transmission Tariff ("OATT"), the PJM Operating Agreement ("OA") or the PJM Reliability Assurance Agreement ("RAA").

The Market Monitor does not take a position on the NYISO rules in this filing. The Market Monitor provides these further comments to clarify that PJM's Tariff does not permit PJM to export capacity over the Linden VFT and Hudson merchant transmission lines as the transmission rights on those lines are currently defined. The Market Monitor also requests that the Commission clarify that PJM's Tariff does not permit PJM to export capacity over the Linden VFT and Hudson merchant transmission lines as the transmission rights on those lines are currently defined.

The Market Monitor has a responsibility to ensure that the Tariff is appropriately enforced.[3] The definitions of Firm and Non-Firm Transmission Withdrawal Rights include the provisions for whether capacity withdrawals from the PJM system will be permitted using such service. The definition of FTWRs is (emphasis added):

> 1.13A Firm Transmission Withdrawal Rights: **The rights to schedule energy <u>and capacity</u> withdrawals** from a Point of Interconnection (as defined in Section 1.33A) of a Merchant Transmission Facility with the Transmission System. Firm Transmission Withdrawal Rights may be awarded only to a Merchant D.C. Transmission Facility that connects the Transmission System with another control area. Withdrawals scheduled using Firm Transmission Withdrawal Rights have rights similar to those under Firm Point-to-Point Transmission Service.

Whereas the definition of NFTWRs is (emphasis added):

> 1.27A Non-Firm Transmission Withdrawal Rights: **The rights to schedule energy withdrawals** from a specified point on the Transmission System. Non-Firm Transmission Withdrawal Rights may be awarded only to a Merchant D.C. Transmission Facility that connects the Transmission System to another control area. Withdrawals scheduled using Non-Firm Transmission Withdrawal Rights have rights similar to those under Non-Firm Point-to-Point Transmission Service.

[3] *See* OATT Attachment M § IV.

It is clear that FTWRs include the right to export capacity and that NFTRWs do not. That distinction is core to this proceeding.

In its Order Rejecting Unexecuted Amendment to Interconnection Service Agreement, the Commission has clarified this distinction. The Commission stated (emphasis added):

> Firm Transmission Withdrawal Rights include the right to schedule energy and capacity withdrawals from the PJM system, whereas **Non-Firm Transmission Withdrawal Rights only include the right to schedule energy** and are similar to Non-Firm Point-to-Point Transmission Service in that they are scheduled on an as-available basis and subject to curtailment.[4]

The Commission has already determined that NFTWRs are not adequate to permit capacity withdrawals from the PJM system. Regardless of the NYISO determination of capacity import eligibility based upon its own reading of the NYISO tariff, the Market Monitor's position regarding the ability to export capacity from PJM on the defined lines is based on the PJM tariff. In this case, capacity exports are not permitted to be scheduled across a merchant transmission facility that only owns NFTWRs.

Capacity exports have an impact on PJM capacity markets. Sellers may offer capacity exports in the PJM capacity market based on the opportunity cost of such sellers. Such exports may increase or decrease the price of capacity in the PJM market and therefore have a significant impact on other sellers and buyers of capacity in PJM. It is not consistent with economic logic to permit capacity exports from the PJM market using non-firm transmission in PJM.

---

[4] 161 FERC ¶ 61,021 at 2.

II. CONCLUSION

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

Respectfully submitted,

Jeffrey W. Mayes

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

Jeffrey W. Mayes

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

Dated: August 20, 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 20th day of August, 2018.

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