

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

))
Indicated Generation Owners) Docket No. EL19-70-000
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**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 (“Market Monitor”) for PJM Interconnection, L.L.C.,² submits this answer specifically to the answer submitted by PJM on June 21, 2019 (“PJM”), and generally to the answers submitted by certain supplier interests on June 18, 2019.

I. ANSWER

A. The Market Monitor Agrees that PJM Should Decide the Level of Power Factor Needed, Including Specific Values Needed from Specific Units.

PJM confirms (at 2–3) many of the facts presented by the Market Monitor in its comments filed June 4, 2019, but PJM takes no position on the issues raised in this proceeding. PJM’s answer emphasizes its position on one matter (at 3): “PJM respectfully requests that the Commission refrain from establishing an across-the-board requirement that the power factors identified in the pro forma PJM ISA be used in all circumstances for all generators in PJM.” PJM’s answer and this answer to it by the Market Monitor should

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”), the PJM Operating Agreement (“OA”) or the PJM Reliability Assurance Agreement (“RAA”).

both be accepted because they help clarify the record in this proceeding, help clarify the Market Monitor's position, and therefore facilitate the decision making process.

The Market Monitor's position is that PJM and not the supplier should determine the level of reactive power capability that PJM needs to procure for its customers. Suppliers should not be permitted to make this determination because they have an obvious conflict of interest. Suppliers should not be allowed to require PJM members to pay for more reactive capability than PJM needs, resulting in a higher rate for reactive services than consistent with a reliable and efficient system.

In the *Panda Stonewall* case, the specification of the power factor in the applicable Interconnection Service Agreement ("ISA") is the only record evidence of PJM's determination.³ PJM confirmed that the power factor in the ISA was its determination of need under Schedule 2 in that case.⁴ In all cases where, similar to the facts in *Panda Stonewall*, the power factor in the ISA is the only determination of PJM's need, the power factor in the ISA should apply.

The Market Monitor's position is simply that PJM should decide what reactive supply capability it needs and that PJM customers not be required to pay suppliers for capability greater than PJM needs. If PJM identifies a need from a particular unit for a level of power factor different from the default 0.9 included in the ISA, then that PJM determination should be confirmed in the ISA or in another document that the supplier can submit as evidence of PJM's determination in a rate proceeding filed pursuant to OATT Schedule 2.

PJM as the Transmission Provider is in the best position to determine the level of reactive capability needed on the system. PJM may decide on a generally applicable standard power factor. But PJM may also request a different capability from a particular

³ See Docket No. ER17-1821-000.

⁴ See PJM 3 n.16.

unit or PJM may request the installation of a capacitor or other transmission enhancement. In any case, when PJM requests reactive capability to meet its needs, the provider should be appropriately compensated for such capability. To whatever extent the Market Monitor's position may have been unclear in prior pleadings, the Market Monitor confirms here that it agrees with and supports PJM's request that PJM have the authority to determine the level of reactive capability needed from specific units if it differs from the default level.

B. Suppliers Avoid the True Issues Raised by the Market Monitor and the Arguments Raised in Their Answers Have Been Adequately Addressed in Prior Pleadings.

The answers submitted by suppliers in this proceeding repeat arguments that the Market Monitor has addressed in prior pleadings. Suppliers carefully avoid the true issues: Who decides what reactive capability is needed on the PJM system? Should customers pay twice for the same plant? The issues and the solutions are simple. Past neglect does not excuse perpetuating flawed and unsupported approaches.

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.⁵ In this answer, the Market Monitor provides the Commission with information useful to the Commission's decision making process and

⁵ 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).

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,



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

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

Dated: July 12, 2019

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 12th day of July, 2019.



Jeffrey W. Mayes

General Counsel

Monitoring Analytics, LLC

2621 Van Buren Avenue, Suite 160

Eagleville, Pennsylvania 19403

(610) 271-8053

jeffrey.mayes@monitoringanalytics.com