

Transmission rates are clearly part of the Market Monitoring Unit's responsibilities.

The Market Monitoring Plan, Attachment M to the PJM OATT defines the role of the Market Monitoring Unit. Section IV which defines Market Monitoring Unit Functions and Responsibilities states: "The Market Monitoring Unit shall objectively monitor the competitiveness of PJM Markets, investigate violations of FERC or PJM Market Rules, recommend changes to PJM Market Rules, prepare reports for the Authorized Government Agencies and take such other actions as are specified in this Plan." Transmission rates are part of PJM Markets and are defined as part of both FERC and PJM Market Rules.

Transmission rates are clearly part of PJM markets. Transmission rates are a significant part of the costs of imports to and exports from PJM. Imports and exports directly affect market prices in the PJM energy market. An evaluation of the competitiveness of PJM markets must include transmission rates. The PJM Market Monitoring Unit publishes the State of the Market Report for PJM quarterly which includes a comprehensive section on imports and exports (interface transactions).³

In its protest filed September 27, 2019, the New Jersey Board of Public Utilities ("Board") requests that "the Commission immediately commence a proceeding to holistically examine foundational issues along the PJM-NYISO seam that have led to this and numerous other dockets." The Board specifically indicated Docket Nos. EL18-54, EL17-94 and EL17-90, proceedings to which the Market Monitor is a party. The Market Monitor is party to these cases and has taken positions on policy for market to market interactions at the PJM/NYISO seam. Accordingly, the Market Monitor has an interest in understanding how issues considered in this case may impact related cases.

Participation as an observer is not prohibited under the rules. It is routine. PJM, for example, has intervened in dozens of reactive capability rate proceedings without playing

³ See, e.g., *2019 State of the Market Report for PJM: January through September*, Section 9 (Interface Transactions) (November 14, 2019).

an active role. There is no requirement that every party to a case must advocate for a particular outcome. Requiring active advocacy in settlement proceedings from all parties would not facilitate settlement.

The Market Monitor does not intend to take a position in settlement discussions except to the extent that an issue in a related docket is implicated in some way. The Market Monitor's participation is necessary because settlement judge proceedings are confidential, and the Market Monitor has a need to understand the basis and origin for rules that could influence the development of the PJM market design. The Market Monitor cannot protect the public interest in competitive and efficient market design if important aspects of that design are developed in secret. The Market Monitor believes the limited nature of the Market Monitor's participation should alleviate the concerns raised by TOs.

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.

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).

III. CONCLUSION

The Market Monitor respectfully requests that your Honor afford due consideration to this answer and grant the Market Monitor's motion to intervene.

Respectfully submitted,



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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 22nd day of November, 2019.



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