

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

PJM Interconnection, L.L.C.)	
)	Docket No. ER19-2722-000
)	

**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. (“PJM”),² submits this answer to the comments of PJM Power Providers Group (“Power Providers”) and the Electric Power Supply Association (“EPSA”) filed September 20, 2019, on PJM’s August 30, 2019 fast start pricing compliance filing.³ Power Providers and EPSA fail to acknowledge that PJM incorporated market design elements in its compliance filing that were new and were not required by the Commission. Revisions to PJM’s proposed fast start pricing implementation are needed to check market power, deter manipulation, and avoid excessive uplift. Revisions to PJM’s proposed fast start pricing implementation are needed to implement a transparent and enforceable definition of a fast start resource. The August 30th Filing should

¹ 18 CFR §§ 385.212 & 385.213 (2019).

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”).

³ Compliance Filing, Docket No. EL18-34 and ER19-2722 (August 30, 2019) (“August 30th Filing”).

be rejected, and PJM should be directed to make a new compliance filing within the proper scope of the Fast Start Order.

I. ANSWER

Power Providers and EPSA attempt to short circuit the Commission's review of PJM's August 30th Filing by mischaracterizing the issues the Market Monitor identified as a late request for rehearing.⁴ Power Providers and EPSA fail to recognize that PJM incorporated market design elements in its compliance filing that were new and were not required by the Commission. Requesting that these new elements be rejected is not a request for rehearing, it is a request that the Commission order be enforced as written. In Power Providers' and EPSA's haste to increase PJM energy prices, they fail to consider, let alone address, the implications of the new uplift payments, the application of the dispatch and pricing runs, the use of market power mitigation, and the definition of a fast start resource, proposed in the August 30th Filing. The August 30th Filing includes new provisions for the implementation of fast start pricing that were never vetted by stakeholders and were never discussed in PJM's many prior filings on the topic of fast start pricing. With the one hour fast start criterion, the extent and impact of PJM's fast start pricing will be unprecedented among RTOs and ISOs. Implementing PJM's fast start pricing approach as included in the August 30th Filing without careful review in the name of early implementation will not serve PJM members or the markets well if it leads to inconsistent application of fast start pricing, unchecked market power, excessive levels of uplift, and market manipulation. The August 30th Filing should be rejected, and PJM should be directed to make a new compliance filing within the proper scope of the Fast Start Order.

⁴ Power Providers and EPSA at 5.

Power Providers and EPSA correctly quote the Market Monitor’s statement that “the tariff should not provide for PJM discretion in defining fast start resources.”⁵ Power Providers and EPSA would support PJM’s unfounded assertion of sole authority to determine what is a just and reasonable definition of a fast start resource. Power Providers and EPSA suggest that PJM’s responsibility to comply with the Fast Start Order directive to include a clear definition of fast start resources supports PJM’s proposal to create ongoing and undefined full discretion over the definition of a fast start resource rather than providing an actual definition. This is clearly not the case.

PJM’s proposed discretion would allow PJM to disqualify a resource that submitted a combined start and notification time and a minimum run time of less than one hour from fast start pricing.⁶ In its proposed definition of a fast start resource, PJM provides no criteria for the process by which it would deem a resource capable of fast starts:

‘Fast-Start Resource’ shall mean a generation resource or Economic Load Response Participant resource that the Office of the Interconnection deems capable of operating with a notification time plus startup time of one hour or less and a Minimum Run Time of one hour or less or minimum down time of one hour or less based on its operating characteristics.⁷

Under its definition, PJM could deem a resource fast start capable one day and incapable the next day or deem all resources that meet the one hour parameters capable all the time even if they have never started within an hour. Under its definition, the implementation of fast start pricing may be inconsistent or discriminatory. PJM’s definition is not a definition at all, but simply the creation of absolute discretion.

⁵ Power Providers and EPSA at 6.

⁶ August 30th Filing at 5.

⁷ August 30th Filing at Proposed Tariff, section 1, Definitions E-F; proposed Operating Agreement, Article I, Definitions E-F.

The Fast Start Order requires that PJM include in the OATT its fast start pricing rules.⁸ PJM's definition, including its process for deeming resources fast start capable, significantly affects the rates and terms of pricing for the PJM Energy Market. Under the Commission's "rule of reason," the OATT should include the full definition of a fast start resource, rather than referring to an undefined PJM process for choosing fast start resources.⁹ The rules in the OATT should include provisions that create transparency and ensure nondiscriminatory application of fast start pricing.

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.¹⁰ 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.

⁸ Fast Start Order at P 114.

⁹ Fast Start Order at n.182.

¹⁰ *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 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: September 27, 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 27th day of September, 2019.



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