

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

PJM Interconnection, L.L.C.)
) Docket No. ER19-511-001
)

**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 PJM² (“Market Monitor”), submits this answer to the filing submitted by PJM on April 9, 2019 (“PJM Answer”) in response to the Market Monitor’s initial comments filed March 27, 2019 (“IMM Comments”), and the initial filing submitted by PJM on December 7, 2018 (“Peak Shaving Filing”).

I. ANSWER

A. The Firm Service Level Removes Uncertainty from the Market Compared to the Customer Baseline Load.

PJM continues to argue that the Customer Baseline Load (CBL) more accurately estimates load reductions than using the Firm Service Level (FSL).³ A CBL is an estimate for load reductions, but the FSL is a defined level and not an estimate. The CBL is an estimate

¹ 18 CFR §§ 385.212 & 385.213 (2015).

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”).

³ See “Motion to leave to answer and limited supplemental answer of PJM Interconnection, L.L.C.,” Docket No. ER19-511-000 (April 9, 2019), at 2.

of normal load usage and the difference between the CBL and real-time load is the calculated load reduction. Given the realities of ongoing changes in load, the CBL is an inexact approximation of what the load would use in the absence of an action. The CBL is a moving target that will fluctuate depending on real-time usage and previous conditions. The FSL is the amount of MW a resource is guaranteed to consume at or below. The FSL approach compares metered load to a fixed MW requirement. It is not an estimate. It is a measured number. This fundamental difference between a CBL and a FSL allows the FSL to remove the requirement to forecast load reductions by instead comparing real-time usage to the FSL. The load forecast would incorporate a defined level of usage by participating customers rather than an estimated reduction. Using the FSL will help to eliminate uncertainty in the load forecast and set a clear signal to participants. Both FSL and CBL are metrics in the current rules, but FSL is the superior approach and should be the only option.

Rather than using a CBL to estimate a load reduction, the FSL approach compares the real-time metered usage to the known FSL MW level. For example, if there are 100 peak shaving MW registered in a zone using the CBL method, PJM would expect to see a drop of 100 MW, regardless of what the real-time usage is for the registered MW. But if there are 100 peak shaving MW registered in a zone with an FSL of 0 MW, PJM would expect 0 MW consumed for the registered MW. Compliance is based on comparing real-time metered usage to the known FSL. There is no uncertainty. The CBL approach relies on estimates and approximations. Using the FSL commits a customer to be at or below the defined threshold, based on metered data, without requiring metrics to estimate required and estimated performance.

The existing FSL is clearly a more accurate basis for the reliable measurement of performance.⁴ The use of actual metered data is strongly preferred to the use of artificial and necessarily inaccurate measurement and verification protocols, like CBL. The FSL measurement and verification method sets a clear goal and does not need any complicated and inaccurate metrics for measuring performance.

B. The Original CBL Example Shows the Flaws With Using the CBL Instead of the FSL.

PJM states (at 4) that the IMM's initial CBL example is inaccurate and flawed. The Peak Shaving Adjustment program administrator determines the expected load reductions for each hour for various weather conditions. Recognizing that the program administrator cannot perfectly forecast load does not make the initial example inaccurate or flawed. It is possible that a portion of the MW registered in a Peak Shaving Adjustment Program are not operating during the expected hours. When using the CBL estimate method, this could theoretically require the program to reduce below 0 MW to be compliant. When using the FSL method, the program would still have to reduce to the FSL level. As stated in the IMM Comments (at 5), "[i]t is impossible to reduce load to a negative value without running a generator, and load cannot inject power without an interconnection agreement." Having to inject onto the grid to be compliant illustrates that using the CBL to calculate reductions is flawed compared to the FSL method. The point is not that a customer would literally have to inject power, but the fact that the requirement to inject is implied by the CBL method illustrates the weakness of the CBL method. The FSL threshold would not vary over time and would enhance load forecasting.

⁴ *SummerS-Only Demand Response Senior Task Force*, PJM, <<https://www.pjm.com/-/media/committees-groups/task-forces/sodrstf/20180829/20180829-item-04a-mm-proposal-presentation.ashx>> (August 24, 2018).

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 which provides a more complete record. Accordingly, the Market Monitor respectfully requests that this answer be permitted.

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).

III. CONCLUSION

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

Respectfully submitted,



Jeffrey W. Mayes

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

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

Skyler Marzewski
Analyst
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8050
skyler.marzewski@monitoringanalytics.com

Dated: April 26, 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 26th day of April, 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