

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

Panda Stonewall LLC

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Docket No. ER17-1821-000, -003

**REPLY OF THE INDEPENDENT MARKET MONITOR FOR PJM  
IN OPPOSITION TO UNILATERAL OFFER OF SETTLEMENT**

Pursuant to Rule 602(f) of the Commission’s Rules and Regulations,<sup>1</sup> Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor (“Market Monitor”) for PJM Interconnection, L.L.C.<sup>2</sup> (“PJM”), submits this reply to the unilateral offer of settlement filed in this proceeding on July 10, 2019, by Panda Stonewall LLC (“Panda Stonewall”). Panda Stonewall improperly seeks to avoid the outcome of an initial decision it does not like after choosing to litigate this case. Panda Stonewall also seeks to avoid a Commission decision based on the record in this case, including the potential that this case would be finally resolved in a way that protects the public interest in competition. The Market Monitor opposes the unilateral offer of settlement and instead urges that the matter be resolved through issuance of an order on the briefs on exceptions now pending before the Commission.

Reactive capability rate cases almost always settle and do not receive the benefit of guiding precedent from the Commission. This case offers a rare opportunity for the Commission to update and reform policy as applied in PJM and other regional transmission

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<sup>1</sup> 18 CFR § 385.602(f) (2019).

<sup>2</sup> Capitalized terms used herein and not otherwise defined have the meaning used in the PJM Open Access Transmission Tariff (“OATT”).

organizations (RTOs). The precedent routinely applied in reactive capability rate cases predates RTOs and markets, and operates contrary to the objectives of market-based regulation. Issues raised in this case provide an opportunity for the Commission to establish a reasonable accommodation of markets and cost-based reactive capability rates. Such accommodation would greatly streamline and reduce the costs of the administrative process for developing reactive capability rates in RTOs. Such accommodation would serve the public interest and reduce the urgency for pursuit of more comprehensive market design reform.

There is no benefit at this point to approving the unilateral offer of settlement. Apart from the fact that the unilateral offer of settlement would simply accept Panda Stonewall's one sided proposal in this case, the costs of years of settlement discussions and administrative hearings in this case are sunk. The initial decision has been issued and an extensive record has been developed. There is no reason not to provide clear resolution to the many issues raised in this case based on the developed record, rather than on Panda Stonewall's request to have its approach ratified. There was no settlement reached in this case. The unilateral offer of settlement does not change that fact.

Approval of the unilateral offer of settlement at this point would mean continued uncertainty. The same issues will eventually need to be litigated again, wasting public and private resources.

Accepting Panda Stonewall's unilateral offer of settlement would be unfair to the other parties, Commission staff, and the Market Monitor, all of whom have devoted significant effort and resources to this case.

The Market Monitor respectfully requests that the Commission reject the unilateral offer of settlement and issue an order on the merits.

Respectfully submitted,



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Dated: July 30, 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 30<sup>th</sup> day of July, 2019.



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