

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

Neptune Regional Transmission System, LLC;)	
Long Island Power Authority)	Docket No. EL21-39-000
v.)	
PJM Interconnection, L.L.C.)	

COMMENTS OF THE INDEPENDENT MARKET MONITOR FOR PJM

Pursuant to Rule 211 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 these comments responding to complaint filed December 31, 2020, by Neptune Regional Transmission System, LLC (“Neptune”) and Long Island Power Authority (“LIPA”) against PJM (“Complaint”). The Complaint requests (at 1) that the Commission direct the elimination of, or revision to, certain features used in the calculation of allocations of cost responsibility under the solutions based DFAX method (“Solutions DFAX”). Specifically, the Complaint seeks elimination of the netting procedure and removal of the de minimis rule from Solutions DFAX, while retaining the Solutions DFAX method.

The Complaint raises some legitimate concerns about the implementation of the solutions based DFAX allocation of transmission costs. There would be merit to the Commission undertaking a comprehensive review of the ways in which the Solutions DFAX is implemented. The goal for such a process would be to ensure that the most

¹ 18 CFR § 385.211 (2020).

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”).

rational and efficient approach to implementing the Solutions DFAX method is used in PJM. Such an approach should allocate costs consistent with benefits and appropriately calibrate the incentives for investment in new transmission capability.

PJM does not control the tariff provisions that govern the Solutions DFAX method. PJM transmission owners, who have a direct interest in the Solutions DFAX method, control the section of the OATT relevant to the Solutions DFAX method.³ A review process conducted by the Commission would result in an approach that best serves the public interest.

The solution proposed by complainants has significant flaws and has not been demonstrated to be better than the current approach. No replacement approach should be approved until all potential alternatives, including the status quo, are thoroughly reviewed.

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

Respectfully submitted,



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Dated: February 9, 2021

³ See OATT § 9.1; OATT Schedule 12; PJM Consolidated Transmission Owners Agreement § 8.3.

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 9th day of February, 2021.



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