

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

PJM Interconnection, L.L.C.)	Docket No. ER24-98-000
)	
PJM Interconnection, L.L.C.)	Docket No. ER24-99-000
)	(not consolidated)
)	

**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 answer submitted by PJM on July 10, 2023, to the Market Monitor’s comments in this proceeding filed, October 23, 2023 (“PJM Answer”). The PJM Answer responds in opposition to the Market Monitor’s request for an extension of time, until November 17, 2023, for the submission of protests and comments in the above captioned dockets. The current deadline for the submission of comments is November 3, 2023.³ PJM argues (*passim*) that the Market Monitor and other stakeholders had adequate notice of the content of PJM’s filings and do not need additional time. This response is unserious and should be rejected. The proposed changes to the market design were not provided in writing prior to the filing and the details of the filing require careful explanation.

¹ 18 CFR §§ 385.212 & 385.213 (2023).

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

³ See Combined Notice of Filings #1, Docket Nos. ER24-85-000, et al. (October 1, 2023). The Market Monitor also requested a shortened period for answers to the motion for extension, to October 25, 2023, and for expedited action on the motion for extension by the Commission by October 27, 2023.

Sufficient time to respond to the important issues raised in PJM's filings should be permitted. The motion for extension should be granted. Two weeks is hardly excessive and is in fact a very short additional time to respond.

I. ANSWER

PJM informed stakeholders that it would file its proposals on October 1, 2023. Instead, PJM waited until October 13, 2023, nearly two weeks later. The reasons for PJM's delay in filing are not clear, if, as PJM asserts (at 2), even stakeholders "had plenty of notice as to the contents of the filing before the actual submissions on October 13, 2023." PJM now proposes to deny commenters an additional two weeks in which to evaluate PJM's filing.

There should be no presumption that PJM's proposal in these proceedings will survive reasonable scrutiny and will ever be implemented. The Market Monitor is working on an alternative just and reasonable proposal that it will file in a separate proceeding. The contemplated proposal will be just and reasonable and straightforward to implement, and it is designed for implementation within the existing RPM auction framework.

A motion for extension of the comment date was granted in response to PJM's last change to the capacity market rules, the Capacity Performance rules proposed on December 12, 2014, which had also been discussed by stakeholders prior to the filing and had been supported by written analysis and simulations presented in the stakeholder process.⁴ Additional time is also appropriate now to review the replacement for the CP rules which are even more fundamental and extensive than the CP changes. The PJM proposal is a radical change to the design of the capacity market which, prior to the filing, had never been provided in written detail and which had not been supported by simulations and analysis during the stakeholder process in many cases because of PJM's assertion of resource constraints.

⁴ See *PJM Interconnection, L.L.C.*, Docket Nos. ER15-623-000, et al. (December 24, 2014).

Getting the rules for capacity markets correct is more important than proceeding with undue haste. PJM's proposal deserves to be properly vetted, and adequate time for an initial careful review is fundamental to that purpose.

PJM stakeholders involved in the RASTF/CIFP process generally agreed that PJM's seasonal approach, advanced only in the last few months of a multiyear stakeholder process, were not adequately explained or supported. As a result, PJM did not file the seasonal approach explicitly. PJM did effectively file key elements of the seasonal approach, but used averages of the calculated seasonal values which it termed annual values. The point remains that the filed approach was not adequately explained in the stakeholder process.

PJM never provided a written description of its approach prior to the filing, despite repeated requests by stakeholders to do so. Bullet points on PowerPoint slides do not substitute for written descriptions and analysis and detailed tariff language. The affidavits and the filing are the first time PJM has committed its ideas to writing.

While the Market Monitor was aware that PJM planned to file a deeply flawed proposal, the Market Monitor and market participants did not know, prior to filing, many of the details or exactly how PJM would attempt to support its proposal as just and reasonable. The details matter for the required analysis.

PJM significantly changed their positions several times during the stakeholder process. The outline of PJM's final proposal became evident only one week prior to the presentation at the CIFP Stage 4 meeting. The draft redlines of the tariff were made available only on October 5 and there was no certainty that additional changes would not be made.

Market participants face risks and uncertainty associated with a major change to the PJM market design. One of the many flaws of the process is that the expected outcomes of the proposed market design have never been made clear to market participants in an actionable way and there is substantial uncertainty as a result.

The Market Monitor and all stakeholders should have reasonable time to respond to PJM's attempts to support its proposal now that written filings exist. An additional two

weeks is hardly excessive given the complexity and extensive nature of the market changes in the filing.

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 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.

III. CONCLUSION

The Market Monitor respectfully requests that the Commission afford due consideration to this answer as the Commission considers the Market Monitor's motion for extension.

Respectfully submitted,



Jeffrey W. Mayes

General Counsel
Monitoring Analytics, LLC

Joseph E. Bowring
Independent Market Monitor for PJM
President
Monitoring Analytics, LLC

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).

2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8051
joseph.bowring@monitoringanalytics.com

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

Dated: October 24, 2023

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 24th day of October, 2023.



Jeffrey W. Mayes

General Counsel

Monitoring Analytics, LLC

2621 Van Buren Avenue, Suite 160

Eagleville, Pennsylvania 19403

(610) 271-8053

jeffrey.mayes@monitoringanalytics.com