

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

PJM Interconnection, L.L.C.)	Docket No. ER14-822-000
)	
Independent Market Monitor for PJM)	
v.)	Docket No. EL14-___-000
PJM Interconnection, L.L.C.)	
)	(Not Consolidated)

**COMMENTS, COMPLAINT AND MOTION TO CONSOLIDATE
OF THE INDEPENDENT MARKET MONITOR FOR PJM**

Pursuant to Rules 206, 211 and 212 of the Commission’s Rules and Regulations,¹ Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM (“Market Monitor”),² submits these comments on the filing submitted in the above captioned proceeding by PJM Interconnection, L.L.C. (“PJM”) on December 24, 2013 (“December 24th Filing”). The December 24th Filing explains how the PJM market rules fail to treat Demand Resources (“DR”) comparably to Generation Capacity Resources in a number of important respects and documents how that failure is compromising reliability in PJM and undermining the efficiency and competitiveness of the PJM capacity market, and, therefore, the ability of those markets to establish just and reasonable prices for capacity. The December 24th Filing takes steps in the right direction, but they are not adequate to address this important market design issue. The Market Monitor proposes a

¹ 18 CFR § 385.206, 385.211, and 385.212 (2013).

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”).

number of revised features that would make the proposal a just and reasonable approach to address the identified problems with non-comparable DR.

In order to ensure that the two key corrections needed, the application of the daily must offer requirement to DR and setting the offer cap at \$1,000 for DR consistent with the offer cap for other Capacity Resources, come within the scope of this proceeding or a proceeding in which they may be considered and acted on, the Market Monitor also submits a complaint pursuant to Rule 206 and section 206 of the Federal Power Act.³

The unjust and unreasonable aspects of the PJM market design involve the same facts and circumstances that PJM unsuccessfully sought to address in the December 24th Filing. Accordingly, the Market Monitor moves to consolidate its complaint with the proceeding considering the December 24th Filing so that the Commission can efficiently resolve the issues raised. The rules applied to DR in the current market design do not treat DR in a manner comparable to other Capacity Resources, even though DR is sold in the same capacity market, is treated as a substitute for other capacity resources and displaces other capacity resources in RPM auctions. PJM stakeholders have had a reasonable opportunity to address these issues, but the December 24th Filing which resulted from the stakeholder process is inadequate to address these serious issues. The December 24th Filing explicitly acknowledges that PJM modified the filing based on discussions with stakeholders despite its own views. The current rules allowing non comparable DR are unjust, unreasonable and unduly discriminatory, and PJM should be directed to take immediate action to correct this design flaw.

³ 16 U.S.C. § 824e (2000).

I. COMMENTS

A. There Should Be One PJM Capacity Load Response Program That Ensures Uniform, Comparable Rules for DR Availability.

The December 24th Filing makes explicit what has been clear for some time. Despite the fact the Demand Resources are cleared in the PJM capacity market as full substitutes for generation resources, Demand Resources are treated as emergency resources and not economic resources. By definition, DR and generation resources that clear in the capacity market are economic resources. They offer and compete in a market and are selected as part of a market clearing process. DR is thus an economic resource. But DR continues to be treated in a different way than other economic resources. DR is provided special treatment that means it is not a full substitute for other capacity resources and that limits its usefulness to the system.

PJM recognizes this fundamental problem. The December 24th Filing states that because DR resources have a low participation rate in the Economic Program, “PJM does not have available to it Demand Resources as part of the normal economic dispatch process until it initiates Emergency procedures” (at 3). In contrast, all Generation Capacity Resources must offer daily into the Day-Ahead Energy Market.⁴

PJM Witness Bryson describes two recent scenarios in which more than \$40 million of PJM customers’ money was paid unnecessarily to DR providers as a result of a two hour notification time and a two hour minimum duration. This short term inefficiency can be avoided, and the far greater long term damage to the markets can be prevented, by revising the standards for all DR so that DR can function as a capacity resource which is treated in the PJM capacity market as a substitute for generating resources.

The simple solution to this design issue is to establish rules for DR availability consistent with DR’s role as an economic resource, including rules that require DR to offer

⁴ OA Schedule 1 § 6.6.

in the Day-Ahead Energy Market with offer caps of \$1,000, improved notice rules, improved minimum duration rules and improved measurement and verification.

The December 24th Filing takes a step in this direction, but adopts a confusing and unduly complicated approach. The December 24th Filing proposes to create a new PJM Pre-Emergency Load Response Program and to retain the PJM Emergency Load Response Program.

There is no reason to have two DR programs. Only the PJM Pre-Emergency Load Response Program is needed. As part of the change, the pre-emergency DR program should be renamed RPM DR as PJM's proposed name is still not descriptive of the role of DR. All capacity resources are pre-emergency. The RPM DR program should be moved to Attachment DD where other capacity market rules are located.

PJM's proposed new DR program appropriately removes the link between calls on DR and emergency system conditions. PJM rules require that PJM declare an Alert 2 as defined in NERC standards when it calls DR.⁵ An Alert 2 does not occur until system conditions are at the emergency level.⁶ PJM should be able to call on DR whenever operators need it at the offered price, consistent with its status as a capacity resource and an economic resource that clears in the capacity market.

Unfortunately, the December 24th Filing also proposes to continue the PJM Emergency Load Response Program, the result of which is to accord a discriminatory preference to behind the meter generation. PJM does not explain why some DR should continue to be linked to emergency conditions, but the practical effect of retaining this link

⁵ OA Schedule 1 PJM Emergency Load Response Program, Emergency Operations; OA § 1.10 (Emergency); PJM Manual 13 (Emergency Operations) at 20..

⁶ See PJM Manual 13 (Emergency Operations) at 20. A NERC Energy Emergency Alert Level 2 (EEA2) is issued "when the following have occurred: Public appeals to reduce demand, voltage reduction, and interruption of non-firm load in accordance with applicable contracts, demand side management, or utility load conservation measures." *Id.*

for behind the meter generation is to facilitate the continued use of diesel engines, with environmental exceptions, to provide DR.⁷ There is no economic, reliability or environmental reason to retain this exemption for behind the meter diesel engines. Each argument that PJM makes to support the introduction of the pre-emergency DR category applies with equal force to behind the meter generation.

Typically the behind the meter generating facilities used in DR are diesel engines that do not meet otherwise applicable EPA air quality rules and that have higher emissions than the natural gas resources that they generally displace. The Market Monitor and PJM have explained to regulators that such DR serves no special reliability need.⁸ Contrary to PJM's assertion (at 9, 14), these diesels engines are not subject to "strict" environmental rules. The actual effect of PJM's approach will be to continue to provide an exemption for diesel engines in the DR program from otherwise applicable air quality rules. Maintaining

⁷ See U.S. Environmental Protection Agency (EPA), *National Emission Standards for Hazardous Air Pollutants for Reciprocating Internal Combustion Engines; New Source Performance Standards for Stationary Internal Combustion Engines*, Final Rule, EPA-HQ-OAR-2008-0708, 78 Fed. Reg. 6674, 6679-6681 (January 30, 2013). EPA defines emergencies in its rules at 40 CFR § 4211(f)(2), which provides at subsection (f)(2)(ii): "Emergency stationary ICE may be operated for emergency demand response for periods in which the Reliability Coordinator under the North American Electric Reliability Corporation (NERC) Reliability Standard EOP-002-3, Capacity and Energy Emergencies (incorporated by reference, see §60.17), or other authorized entity as determined by the Reliability Coordinator, has declared an Energy Emergency Alert Level 2 as defined in the NERC Reliability Standard EOP-002-3."

⁸ Comments of the Independent Market Monitor for PJM, EPA Docket No. EPA-HQ-OAR-0708 (August 9, 2012); Comments of the Independent Market Monitor for PJM, EPA Docket No. EPA-HQ-OGC-2011-1030 (February 16, 2012); Market Monitor, Comments of the Independent Market Monitor for PJM, Supporting Testimony before the Pennsylvania House of Representatives Environmental and Energy Committee re House Bill 1699, An Act Providing for the Regulation of Certain Reciprocal Internal Combustion Engines (November 20, 2013), which can be accessed at: http://www.monitoringanalytics.com/reports/Reports/2013/IMM_Comments_to_PA_CERE_1699_20131120.pdf; Letter from Terry Boston, President & CEO, PJM to Hon. Chris Ross re Pennsylvania House Bill 1999 (November 11, 2013) ("With regards to your inquiry of potential impacts to grid reliability, PJM does not anticipate the emergence of system reliability issues, should HB 1699 become law."); Letter from Terry Boston, President & CEO, PJM to Hon. Mary M. Cheh re District of Columbia Bill 20-569 (December 19, 2013).

the PJM Emergency Load Response Program for the special benefit of diesel engines that do not meet EPA's otherwise applicable air quality regulations, is unduly discriminatory and should be rejected.

B. Notification Time and Minimum Load Management Event Duration Should be Modified Consistent with PJM's Recommendations.

For DR to be a substitute for capacity, it is essential that it responds rapidly when called and that it has a short minimum duration time. DR is the willingness to be interrupted when the capacity needed to serve your load but which you choose not to pay for is needed by load which did pay for it. In order for DR to actually meet its side of the bargain with other loads, DR must get off the system quickly and not require payment for longer than the system needs it to be off. DR is currently called only when the system is extremely tight as a result of DR's very high strike prices. This makes it even more important that DR provide the operational flexibility needed by PJM.

DR with long lead times and long minimum run times is both an operational issue for PJM and a financial issue for other loads. If PJM must call DR when the need is uncertain and must pay DR for the full two hour minimum run period, substantial uplift costs are imposed on other loads.

DR has an incentive not to respond at all, and not to respond rapidly when it does respond, unlike generating units which are in the business of providing electric power, and have a strong incentive to run when prices exceed costs.⁹

⁹ See EnergyConnect, Inc. explains: "[G]enerators generally have very high fixed costs and relatively low incremental costs related to fuel and some incidental expenses. The vast majority of generation has incremental costs of less than \$100/MWh. Energy margins can provide additional revenue to cover the large fixed costs of most generation as well. In contrast, DRRs have low fixed costs but very high incremental costs. In many cases, the incremental cost of dispatch for a DRR can be in excess of the energy bid cap rate of \$1000/MWh that a DRR can receive for curtailing energy consumption on the system. Thus, for most DRRs that are called upon, each dispatch often results in a reduction of net revenue for providing capacity service, unlike the situation for generation which regularly results in an increase in revenue for each dispatch." Motion to Intervene and

PJM Witness Bryson describes two recent scenarios in which more than \$40 million of PJM customers' money was paid unnecessarily to DR providers as a result of a two hour notification time and a two hour minimum duration. PJM Witness Bryson testifies that PJM could have managed DR more effectively with a 30 minute notification time. Accordingly, the December 24th Filing proposes a default 30 minute notification time and a one hour minimum duration.

A 30 minute notification time and a one hour minimum duration are the maximum reasonable parameters for DR. Customers that cannot reduce demand more quickly, or resume operations more quickly when reductions are no longer needed, should not attempt to provide DR or should provide DR only as part of a portfolio. These customers, by definition, do not have flexible operations and actually need generation capacity in order to avoid service disruptions. These customers are users of capacity and not suppliers of capacity.

The December 24th Filing should have made the 30 minute notice and minimum one hour duration the requirement for all DR. Instead, these parameters are only defaults with broad exemptions that undermine the rule and make it effectively impossible to administer.

The December 24th Filing proposes exemptions for resources that (i) "require gradual reduction" to avoid damage to equipment, products or feedstock, (ii) raise "on site safety concerns" from reducing or (iii) involve "unavoidable communications latency" in notifying mass market residential customers.

No customer should be expected to incur damage to equipment or create a safety issue. But such customers should not sell capacity in the PJM capacity market when quick shutdowns and short duration shutdowns are part of the definition of the product. CSPs can manage the inflexibilities of their customers through a broader portfolio. If some

Protest of EnergyConnect, Inc., Docket No. ER12-1372 (April 18, 2012) at 5; *see also* Motion to Intervene and Protest of Converge, Inc., ER13-2108 (August 23, 2013) at 13-20.

customers cannot reduce in 30 minutes but can stay off the system for longer periods, they can be packaged with customers who can reduce quickly but not stay off for longer periods.

Customers that cannot rapidly reduce without damaging their business or creating unsafe conditions are the kinds of customers who should pay for capacity to ensure reliable service. Likewise, customers with unavoidable communications latency are poor candidates for DR. The value of DR is the ability to release capacity when it is needed by others with less flexibility. If customers cannot determine how to respond within 30 minutes to a notification, then DR participation is not for them.

The December 24th Filing would permit DR with 60 minute and even 120 minute notification periods. Such notification periods would result in exactly the same problems that PJM has identified in the December 24th Filing.

The descriptions of potentially exempted resources are broad and subject to abuse. These categories create enforcement issues that are difficult to manage and unnecessary. Accordingly, the exceptions should be rejected, and 30-minute notification and a one hour minimum duration should be the rule for all DR.

C. Offer Price Caps for DR Should Be No Higher Than the Offer Caps for Generating Resources.

Since their inception the PJM market rules have capped offers in the PJM Energy Market from generation resources at \$1,000 per MWh.¹⁰ In contrast, energy market offer caps for DR resources whether energy only or energy and capacity equal the \$1,000 offer cap applicable to generating resources plus two times the shortage pricing penalty factors. Current DR energy market offer caps are \$1,800 per MWh based on \$1,000 plus two times the shortage pricing penalty factor. The penalty factors and the market offer caps will rise next year and the year following that until a \$2,700 per MWh DR offer cap is established under the current rules.

¹⁰ See OA Schedule 1 § 1.10.1A(d).

An offer cap of \$1,800 incorrectly values DR at shortage pricing levels. This means that although DR is called when PJM has adequate reserves, DR is valued as if PJM were short of reserves. In other words, DR is overpriced when capped at \$1,800.

The December 24th Proposal would implement a range of offer caps equal to \$1,000 plus one or two times the shortage pricing penalty factor, less one dollar.

PJM's proposed prices are arbitrary and unsupported, and price DR at only \$1.00 less than shortage penalty factors.

There is no reason to apply a higher offer cap to DR than to generation. If a higher offer cap is warranted and the RPM net revenue offset method is refined, then offer caps should be raised for all resource types.

In PJM's scarcity pricing compliance filing, the Commission directed PJM "to remove the \$1,000 offer cap for capacity demand resources."¹¹ The Commission found (at P 130) that "the key distinction between capacity demand resources and capacity generation resources is the must-offer requirement in the day-ahead market," and determined that the rules must incent voluntary offers from DR into the energy market. The Commission found (at P 131) that some DR may not offer as a result of the \$1,000 offer cap.

A more direct way to achieve the intended goal is to add a must offer requirement for DR. PJM included such a requirement in their initial proposal but withdrew it after discussions with DR providers (at 12-13). The Commission should require a uniform \$1,000 offer cap and add a must offer requirement for DR.¹²

The Commission should take the opportunity in this proceeding to add a must offer requirement for DR comparable to the requirement now applicable to PJM Generation Capacity Resources. Such a must offer requirement would directly and effectively address

¹¹ See *PJM Interconnection, L.L.C.*, 139 FERC ¶ 61,057 at PP 131 (2012).

¹² See Protest and Compliance Proposal of the Independent Market Monitor for PJM, ER09-1063-004 (July 19, 2010) at 31-35.

the issues raised by PJM Witness Bryson. Accepting a must offer requirement for DR in PJM would also moot the rationale for requiring different offer caps for DR. The Commission has accepted a must offer requirement for DR in ISO New England, Inc. (“ISO-NE”).¹³ In ISO-NE, this must offer rule is a component of a market design that also includes a uniform \$1,000 offer cap.¹⁴

D. Measurement and Verification Using Proration Based on Thirty Minutes of a Clock Hour Is Not Adequate and Should Use Actual Data at Five Minute Intervals.

PJM currently measures compliance using the hourly integrated load for whole clock hours only. When an event does not completely fill a clock hour, compliance during the clock hour is not measured. If an event occurs from 12:01 to 14:01, the event compliance calculation would only consist of the hour from 13:00-14:00, and exclude 60 minutes from the total event time. PJM pays for the entire duration of the event but measures compliance for only half of the duration. The current method of calculating compliance is designed for hourly integrated meters rather than interval meters.¹⁵

PJM proposes to modify the approach to compliance measurement. PJM would base compliance on estimates of usage during an event which includes 30 minutes or more of any clock hour. To estimate compliance during partial hour dispatch, PJM would prorate the hourly measured reduction to the partial hour period. PJM proposes to increase the granularity of the compliance calculation without increasing the granularity of data, and thus cannot and will not accurately measure compliance. While PJM’s proposal is marginally better than the status quo, it foregoes the opportunity to fully address a

¹³ See *ISO New England Inc.*, 142 FERC ¶ 61,027 at PP 27–30 (2013).

¹⁴ ISO New England Market Rule 1 § III.1.10.1A(d).

¹⁵ See *ISO New England*, Section III, Market Rule 1, Appendix E1, Demand Response, P.20.

significant measurement and verification issue and help ensure that PJM customers are receiving what they pay for.

The Market Monitor recommends that interval meters be required and that the measurement and data collection intervals be reduced to five minutes, consistent with PJM energy market pricing rules which would permit compliance verification on a five minute basis.¹⁶

Table 1 illustrates the difference between PJM’s and the Market Monitor’s proposals for compliance verification for an event dispatched from 12:30-17:00. In this situation, PJM’s proposal would measure compliance based on hours 12:00-17:00, which includes usage for 30 minutes that are not part of the event. PJM plans to prorate the hourly reduction during the first clock hour by the share of the hour included in the event. In this case, the hourly reduction in the first hour would be multiplied by 30/60. Under PJM’s approach the participant’s behavior before the start of the event affects the calculated compliance value.

Table 1 Extra minutes counted for compliance for the PJM proposal compared to the MMU proposal for an event from 12:30-17:00

Proposal	Meter Interval	Compliance Measurement		Measured Compliance	Extra Minutes Measured for Compliance
		Threshold	Event Time		
PJM	60 Minute	30 Minute or More	12:30-17:00	12:00-17:00	30
MMU	5 Minute	5 Minute	12:30-17:00	12:30-17:00	0

PJM’s proposal does not explicitly address the issue of compliance calculations for dispatch with fewer than 30 minutes during an hour. Table 2 illustrates the issue. PJM would ignore the last 25 minutes of hour 12:00-13:00 for compliance calculations.

¹⁶ See proposal given at the Capacity Senior Task Force on October 4, 2013.

Table 2 Minutes not counted for compliance for the PJM proposal compared to the MMU proposal for an event from 12:35-17:00

Proposal	Meter Interval	Compliance Measurement		Event Time	Measured Compliance	Minutes not Measured for Compliance
		Threshold	Event Time			
PJM	60 Minute	30 Minute or More	12:35-17:00	12:35-17:00	13:00-17:00	25
MMU	5 Minute	5 Minute	12:35-17:00	12:35-17:00	12:35-17:00	0

Table 3 illustrates the compliance measurement in the case when there is increased load in the first half hour. A location that has higher load in the first half hour and then reduces by the expected amount in the second half hour would not receive the correct compliance credit under PJM’s proposal. PJM’s approach would under calculate actual compliance in this situation.

Table 3 Calculated compliance and measurement error for the PJM proposal and the MMU proposal for an increased load in the first half hour

Proposal	Expected Reduction MW in Minutes 31-60	Reduced MW Minutes 0-30	Reduced MW Minutes 31-60	Actual Compliance	Calculated Compliance	Measurement Error
PJM	60	-60*	60	100%	0%	-100%
MMU	60	-60*	60	100%	100%	0%

* Negative values represent an increase of load.

PJM’s proposal to calculate compliance for periods more than thirty minute by prorating measured hourly usage is marginally better than the current method but it will not correctly measure reductions. The Market Monitor recommends that DR be required to use interval meters and to base compliance on five-minute intervals. The use of five-minute intervals for compliance calculation would largely eliminate measurement error.

E. The Proposed Rules for Subzonal Dispatch Should Be Accepted.

PJM proposes to have the ability to establish subzones during the operating day and to penalize non-compliance with subzonal dispatch instructions. This is a necessary first step to ensure the efficient use of DR. The goal should be to implement nodal dispatch of DR in the same way that generation is dispatched nodally. In order to provide the flexibility promised by DR, PJM must have the ability to dispatch DR in the quantity needed and only in locations that help system reliability.

Under the current requirement for zonal dispatch, which is scheduled to be modified to require sub zonal dispatch, PJM must dispatch and pay all DR in a zone regardless of whether all of it is needed and regardless of whether some helps or hurts relevant constraints. Accordingly, the proposed rules for subzonal dispatch should be accepted.

F. The Implementation Timeline Should Not Be Delayed.

PJM proposes delayed implementation (at 34) for the 30 minute default notification time and subzonal dispatch proposals. PJM does not explain why these revisions cannot be implemented for the 2014/2015 Delivery Year, along with its other proposed revisions. Implementation on June 1, 2014, would prevent additional events with associated waste as in the the examples provide by PJM Witness Bryson. The proposed revisions, modified as recommended here, should become effective June 1, 2014.

G. The Market Monitor's Proposals Avoid Unnecessary Uplift.

There are interactions among elements of PJM's proposal. The total amount of uplift paid to DR resources is a positive function of notification time, of minimum run time, of the strike price and of the amount of DR that must be called simultaneously. Long notification times, long minimum run times, high strike prices and zonal dispatch have a multiplicative impact on total uplift payments to DR. The result of the Market Monitor's proposals on each of these items would be to reduce uplift related to inefficiencies associated with the current rules governing DR. This is another reason why the December 24th Filing should be accepted with the modifications that the Market Monitor recommends.

II. RULE 206 REQUIREMENTS

A. Rule 206(b)(1): Action or Inaction Alleged To Violate Statutory Standards or Regulatory Requirements

The action or inaction alleged to violate statutory standards or regulatory requirements is discussed in Section I above.

B. Rule 206(b)(2): Legal Bases for Complaint

The legal bases for this complaint are set forth in Section I.

C. Rules 206(b)(3) and 206(b)(4): Issues Presented as They Relate to the Complainant and Quantification of Financial Impact on Complainant

The Market Monitor has brought this complaint consistent with its responsibility to monitor “[c]ompliance with the PJM Market Rules” and “[t]he potential for a Market Participant to exercise market power or violate any of the PJM or FERC Market Rules or the actual exercise of market power or violation of the PJM or FERC Market Rules.”¹⁷ The rules for DR do not ensure that DR is comparable to other capacity resources and do not ensure that DR actually provides the operational benefits of a capacity resource which is a direct substitute for other capacity resources including generating units. DR is not available to the market on a daily basis like other capacity resources and DR has an offer cap which will soon be more than two times higher than the offer cap applicable to generating resources.

PJM Witness Bryson describes two recent scenarios in which more than \$40 million of PJM customers’ money was paid unnecessarily to DR providers as a result of a two hour notification time and a two hour minimum duration. This short term inefficiency can be avoided, and the far greater long term damage to the markets can be prevented, by revising the standards for all DR so that DR can function as a capacity resource which is treated in the PJM capacity market as a substitute for generating resources.¹⁸

It is essential for the efficient performance of the capacity market, both for economics and for resource adequacy, that the rules require DR to operate comparably to other capacity resources with which they compete and displace in the market. Unaddressed

¹⁷ See OATT Attachment M § IV.B.1 & 4.

¹⁸ See, e.g., Market Monitor, Analysis of the 2015/2016 RPM Base Residual Auction (September 24, 2013) at 34–36.

over the long term, allowing DR to displace other capacity resources without ensuring comparable operational standards could undermine resource adequacy in PJM.

D. Nonfinancial Impacts on Complainant

See section II.C above.

E. Rule 206(b)(6): Related Proceedings

The issues raised in Docket No. ER14-822-000 are directly related to the issues raised in this complaint. This complaint has been filed with comments in that proceeding. The Market Monitor have moved for consolidation of this complaint with Docket No. ER14-822-000.

F. Rule 206(b)(7): Specific Relief Requested

The Market Monitor respectfully requests that the Commission direct PJM to submit a compliance filing that provides: (i) a requirement that DR must offer daily into the PJM Day-Ahead Energy Market, and (ii) a cap on offers from DR at \$1,000 per MWh, consistent with the offer cap applicable to Generation Capacity Resources.

G. Rule 206(b)(8): Documents that Support the Complaint

This pleading and PJM's filing in ER14-822-000 (December 24, 2014), including Attachment A, (Affidavit of Michael E. Bryson on Behalf of PJM, Interconnection, L.L.C.) support the complaint.

H. Rule 206(b)(9): Dispute Resolution

The Market Monitor has not contacted the Enforcement Hotline or Dispute Resolution Service or made use of the tariff-based dispute resolution mechanisms. The Market Monitor does not believe that such mechanisms are intended and appropriate for resolving disputes of this nature.

I. Rule 206(b)(10): Form of Notice

A form of notice suitable for publication in the Federal Register is included as an Attachment.

J. Rule 206(c): Service on Respondent

The Market Monitor certifies that copies of this Complaint were served by email and overnight mail on Respondent and on the parties including on the official service list for Docket No. ER14-822-000.

III. COMMUNICATIONS

All communications with respect to this pleading and in connection with this proceeding should be addressed to the following:

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IV. CONCLUSION

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

Respectfully submitted,



Jeffrey W. Mayes

Joseph E. Bowring

¹⁹ Designated to receive service.

²⁰ Designated to receive service.

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Dated: January 14, 2014

Attachment

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Independent Market Monitor for PJM

v.

PJM Interconnection, L.L.C.

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Docket No. EL14-____-000

NOTICE OF COMPLAINT

(____, 2014)

Take notice that on January 14, 2014, pursuant to section 206 of the Rules and Practice and Procedure of the Federal Energy Regulatory Commission (Commission), 18 CFR § 385.206 (2013), Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM (“Market Monitor”), filed a formal complaint against PJM Interconnection, L.L.C. (“PJM”) requesting that the Commission direct PJM to include rules in the tariff that provide: (i) a requirement that DR must offer daily into the PJM Day-Ahead Energy Market, and (ii) a cap on offers from DR at \$1,000 per MWh, consistent with the offer cap applicable to Generation Capacity Resources.

The Complainant states that copies of the complaint were served on representatives of PJM and served to the parties in Docket No. ER14-822-000.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission’s Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. The Respondent’s answer and all interventions, or protests must be filed on or before the comment date. The Respondent’s answer, motions to intervene, and protests must be served on the Complainants.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the “eFiling” link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the “eLibrary” link and is available for review in the Commission’s Public Reference Room in Washington, DC. There is an “eSubscription” link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: 5:00 pm Eastern Time on _____, 2014.

Kimberly D. Bose,
Secretary

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 14th day of January, 2014.



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