

plants. Many of these customers rely on CGT's services to support participation in PJM wholesale power markets. Reduced flexibility for power plant owners affects their market behavior, including flexibility, and can have harmful impacts on market efficiency. CBT's proposals reducing customer flexibility are the opposite of what is needed. CGT needs to better adapt its terms of service to meet the needs of electric power plants. CGT should be required to develop terms and conditions that enhance power plants' operational flexibility.

The Market Monitor notes that the CGT filing raises important policy issues about the compatibility of the pipeline business model and the market-based power generator business model. The Commission should also consider a broader proceeding to address these issues.

I. COMMENTS

A. Restricting Hourly Flows to Ratable Takes Has Not Been Shown Just and Reasonable, Will Harm Power Plants' Operational Flexibility, and Reduce Wholesale Electric Market Efficiency.

CGT proposes to add language to Section 12 of its General Terms and Conditions ("GT&C") that limits, unless otherwise stated in a customer's individual contract, the hourly rate at which a customer may take deliveries to 1/24th of its Maximum Daily Delivery Obligation ("MDDO"), otherwise known as ratable takes.⁵ The Market Monitor shares concerns raised by intervenors that the revision is unnecessary and overly restrictive.⁶ The default terms in the GT&C should not include terms that are unsuited to most customers and must be rejected. Requiring a 1/24th hour take is inconsistent with how natural gas fueled generating units operate on the electric grid and would unduly impair their flexibility. Power plants should not be required to choose between a default service that does not meet their needs and a premium service that exceeds their needs.

⁵ CGT Rate Filing at 16.

⁶ See Calpine at 15-16; CDC at 18-21; Indicated Consumer Advocates at 12-16.

CGT asserts that the rule is needed to protect system operations, but does not explain why less burdensome alternatives are inadequate or why ratable takes are required now but not previously.⁷ CGT does not explain why balancing requirements and associated penalties cannot continue to be relied on. Matching the terms of service with customer needs would maximize efficiency in natural gas transportation markets and in the downstream markets that depend on them. The revision should not be approved.

B. The Proposed Penalty Rate for Imbalances Greater than Ten Percent Restricts Customers' Operational Flexibility without Justification.

CGT proposes to revise Section 19.4 of its GT&C to include a new non-critical condition daily scheduling penalty.⁸ Under this provision, customers would be charged a penalty, the applicable Rate Schedule ITS maximum rate, on any difference greater than ten percent between daily scheduled quantities and actual physical deliveries. The Market Monitor shares concerns raised by intervenors that this provision is unreasonably inflexible and restrictive.⁹

CGT has not justified the need for imposing such daily scheduling penalties. Penalties should not be imposed on customers who require flexibility without showing how such flexible usage raises system costs. Providing incentives for electric generating units to operate inflexibly with no economic rationale will result in inefficient operations and pricing in wholesale electric markets. The revisions should not be approved.

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.

⁷ CGT Answer at 26.

⁸ CGT Rate Filing at 15.

⁹ See, e.g., Calpine at 14–15; CDC at 19–20.

The Commission has made exceptions, however, where an answer clarifies the issues or assists in creating a complete record.¹⁰ 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 resolves the issues raised in this proceeding.

Respectfully submitted,



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¹⁰ 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).

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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 4th day of September, 2020.



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