

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

PJM Transmission Owners)	Docket No. ER20-841-000
)	
)	

**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 (“Market Monitor”) for PJM Interconnection, L.L.C. (“PJM”),² submits this answer and motion for leave to answer the answer of the PJM Transmission Owners (“PJM TOs”) submitted on March 9, 2020 (“March 9th Answer”). This proceeding concerns a proposal filed by the PJM TOs to change the PJM market design to add a new closed process for developing supplemental projects at certain stations and substations and to thereby constrain the scope of planned transmission projects subject to competition (“TO Filing”). Limiting the scope of projects subject to competition affects competition. The PJM TOs’ assertion that the Market Monitor has no role in the analysis, design and monitoring of

¹ 18 CFR §§ 385.212 & 385.213 (2019).

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”).

competitive transmission in PJM markets has no merit, and ignores the key Commission policy initiative in this area established by Order No. 1000.³

A. The TO Filing Is Related to Competition.

PJM TOs state (at 8): “The proposed Attachment M-4 is limited to Supplemental Projects already subject to the PJM Transmission Owners’ exclusive planning authority,[footnote omitted] and expressly excludes projects subject to the RTEP Process.” On the contrary, the proposed Attachment M-4 creates a class of projects excluded from opportunity for competition without reasonable opportunity for review to ensure that they are properly classified.

Projects included as supplemental projects are not exposed to competition from alternative proposals. Robust competitive transmission development policy requires subjecting as many projects as possible to competition. If adopted, this TO Filing would be a step in the wrong direction because it would remove transparency about the nature of projects that are categorized as supplemental and removed from competition. For as long as supplemental projects are allowed under the rules, it is important to ensure that supplemental projects meet the applicable criteria.

B. The Market Monitor’s Proper Role Includes Competitive Transmission Development.

The PJM TOs assert (at 2): “[T]he IMM Motion improperly strays beyond the IMM’s proper purview of providing oversight to PJM’s wholesale power markets, as set forth in the PJM Tariff and Commission regulations, and into issues of transmission planning.” The PJM TOs state (at 4): “No aspect of the January 17 Filing raised any issues with or has any

³ See, e.g., *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 (2011) (“Order No. 1000”), order on reh’g, Order No. 1000-A, 139 FERC ¶ 61,132 (2012).

bearing on existing or proposed PJM wholesale market rules or market design elements. The PJM TOs cite to a portion of a passage from Order No. 890-A.⁴

The language cited by PJM TOs resolves nothing about the nature of the market monitoring function. The role of the Market Monitor in PJM is set forth in Attachment M and Attachment M–Appendix to the OATT.

Order No. 1000, the key Commission order addressing competitive transmission development was issued on July 21, 2011, over four years after Order No. 890-A.⁵ The old planning approach, addressed in Order No. 890-A, was reformed under Order No. 1000. The TO Filing pertains to competition in transmission development.

Contrary to the PJM TOs’ assertions (at 5), Order No. 1000 explicitly acknowledges that competitive transmission policy reflects the fact that decisions about the transmission system are “related to,” in the sense that they directly affect, competitive investment decisions in generation.⁶

Transmission affects the electrical topology of the grid, which affects the nodal wholesale price of delivered energy. The argument that transmission planning, including, in particular, modern competitive transmission development policy, is unrelated to competition and competitive market design in the wholesale energy markets is not correct and not supportable.

⁴ *Preventing Undue Discrimination & Preference in Transmission Serv.*, Order No. 890-A, 121 FERC ¶ 61,297 at P 258 (2007) (“Order No. 890-A”).

⁵ See Order No. 1000 at P 30 (“These reforms, discussed in detail below, were aimed at ensuring that the transmission planning and cost allocation requirements established in Order No. 890 continue to result in the provision of Commission-jurisdictional service at rates, terms and conditions that are just and reasonable and not unduly discriminatory or preferential.”).

⁶ *See id.* at P 31.

The Market Monitor's responsibility and obligation to actively participate in this proceeding is directly supported by the existing provisions of Attachment M, including those cited by the PJM TOs in the March 9th Answer.⁷

Section IV.D of Attachment M to the OATT provides: "The Market Monitoring Unit shall evaluate and monitor existing and proposed PJM Market Rules, PJM Tariff provisions, and the design of the PJM Markets." PJM Market Rules are defined expansively to "mean the rules, standards, procedures, and practices of the PJM Markets set forth in the PJM Tariff, the PJM Operating Agreement, the PJM Reliability Assurance Agreement, the PJM Consolidated Transmission Owners Agreement, the PJM Manuals, the PJM Regional Practices Document, the PJM-Midwest Independent Transmission System Operator Joint Operating Agreement or any other document setting forth market rules."⁸ The rules for transmission planning are included as Schedule 6 to the OA. The TO Filing proposes to amend (despite having no authority to amend it) the OATT to add a new Attachment M-4. Both existing planning rules and the proposed M-4 constitute part of the PJM Market Rules that are explicitly included within the Market Monitor's purview.

If necessary to address any actual uncertainty on this point, the Market Monitor requests that the Commission provide clarity on the Market Monitor's role in this proceeding.

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. The Commission has made exceptions, however, where an answer clarifies the issues or

⁷ PJM TOs at 5, citing OATT Attachment M § IV.A.

⁸ See OATT § 2.

assists in creating a complete record.⁹ 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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Dated: March 16, 2020

⁹ 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).

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 16th day of March, 2020.



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