

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

Chalk Point Power, LLC)	Docket No. ER21-573-000
Dickerson Power, LLC)	Docket No. ER21-574-000
Lanyard Power Marketing, LLC)	Docket No. ER21-575-000
Morgantown Power, LLC)	Docket No. ER21-577-000
Morgantown Station, LLC)	Docket No. ER21-578-000
)	

**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 to the answer submitted on January 28, 2021, by Chalk Point Power, LLC; Dickerson Power, LLC; Lanyard Power Marketing, LLC; Morgantown Power, LLC; and Morgantown Station, LLC, all of which are wholly owned direct and indirect subsidiaries of GenOn Holdings, LLC (“GenOn”). GenOn responds to the answer filed by the Market Monitor on January 26, 2021 (“January 26th Answer”), and to the protest (corrected) filed by the Market Monitor on January 4, 2021 (“Protest”).³ GenOn asserts that the Market Monitor has not provided any

¹ 18 CFR §§ 385.212 & 385.213 (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”).

³ Answer and Motion for Leave to Answer of the Independent Market Monitor for PJM, Docket No. ER21-573-000, et al.; Protest of the Independent Market Monitor for PJM, Docket No. ER21-573-000, et al. (December 24, 2020, corrected January 4, 2021).

information relevant to the review of the market based rate applications in these proceedings. In the Protest, the Market Monitor provided explanations that PJM market power mitigation does not ensure that GenOn cannot exercise market power. The Market Monitor provided assessments of market power relevant to the resources included in the application. This information directly addresses the sole basis for market based rate approval, which is whether or not GenOn has the ability to exercise market power.

I. ANSWER

GenOn argues (at 3) that its corporate reorganization does not increase or decrease its market power in the PJM markets. Even if correct, the point is irrelevant. Every market based rate application requires review of the ability of the applicant to exercise market power. [Begin CUI-PRIV] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [End CUI-PRIV]

As noted by GenOn (at 5), the Market Monitor did not contest GenOn's triennial review market based rate application. That the Market Monitor did not contest GenOn's triennial review has no bearing on the fact that GenOn can exercise market power despite the PJM market power mitigation. The purpose of the Market Monitor seeking conditions on GenOn's market based rate approval is to prevent the exercise of market power in the PJM markets. It is not, as stated by GenOn (at 5), using these proceedings to address the

⁴ See *Albemarle Beach Solar, LLC, Mechanicsville Lessee, LLC, and AB Lessee, LLC*, 173 FERC ¶ 61,215 at P 26 (2020); *Harts Mill Solar, LLC*, 173 FERC ¶ 61,216 at P 26 (2020).

needed changes to the market power mitigation. The Market Monitor’s broader arguments and recommendations to improve the PJM market power mitigation can and should be addressed in other proceedings. In the meantime, there is no reason to allow GenOn the ability to exercise market power under the current mitigation process. The Commission rejected the Market Monitor’s protests in other dockets based on the fact that the Market Monitor did not provide “any evidence related to Sellers’ market power.”⁵ That is not the case in these proceedings.

Until the Commission or PJM closes the loopholes in the PJM market power mitigation, the condition that GenOn’s resources be required to submit only competitive offers should apply. Competitive offers in the energy market are cost-based offers with operating parameters that are at least as flexible as the defined unit specific parameter limits in the PJM energy market.^{6 7} Competitive offers in the capacity market, defined consistent with the mathematics of the PJM capacity performance design and the actual number of Performance Assessment Intervals, are equal to the Avoidable Cost Rate adjusted for expected Capacity Performance penalties and bonuses.⁸ The evidence, provided by the Market Monitor, that PJM market power mitigation cannot be properly relied upon as the basis for unconditional market based rate authorization is unrefuted. The responses do not and cannot identify any harmful impact to granting the relief requested in the Protest.

⁵ See *Albemarle Beach Solar, LLC, Mechanicsville Lessee, LLC, and AB Lessee, LLC*, 173 FERC ¶ 61,215 at P 26 (2020); *Harts Mill Solar, LLC*, 173 FERC ¶ 61,216 at P 26 (2020).

⁶ See OA Schedule 2.

⁷ See OA Schedule 1 § 6.6.

⁸ See Attachment A to the Complaint of the Independent Market Monitor for PJM, Docket No. EL19-47-000 (February 21, 2019).

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 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.

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).

III. CONCLUSION

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

Respectfully submitted,



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Dated: February 5, 2021

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 these proceedings.

Dated at Eagleville, Pennsylvania,
this 5th day of February, 2021.



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