

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

Illinois Municipal Electric Agency)	Docket No. EL21-79-000
)	
v.)	
)	
PJM Interconnection, L.L.C.)	
)	

**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 of Illinois Municipal Electric Agency filed July 21, 2021 (“IMEA”). In its answer, IMEA attempts to respond to arguments raised in the Market Monitor’s answer filed August 5, 2021 (“IMM Answer”). IMEA misunderstands the Market Monitor’s position on reform to the rules and PJM’s implementation of the existing rules. IMEA’s complaint should be rejected because PJM has followed its rules, and because the relief requested by IMEA is unjust, unreasonable and unduly discriminatory.

¹ 18 CFR §§ 385.212 & 385.213 (2021).

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”).

I. ANSWER

A. Subsidies

IMEA is clearly requesting unduly discriminatory and preferential treatment in its favor.

IMEA's interpretation of the tariff would require other customers to subsidize IMEA's asserted rights to nonexistent surplus revenue in the form of uplift payments. Despite IMEA's detailed review of PJM's tariff language, IMEA cannot and does not cite a single market rule that supports IMEA's position that other load should pay a subsidy in the form of an uplift payment to IMEA.

B. Definition and Payment of CTRs

IMEA has correctly identified a significant issue in the PJM Market Rules. But rather than propose to fix the rules, IMEA attempts to reinterpret the current rules in its favor, as if the rules had been changed. IMEA proposes to unilaterally modify the rules in its favor and at the expense of other customers. IMEA has not evaluated whether any other individual customers could also make similar claims and therefore what the total retroactive subsidy from other nonfavored customers would be.

The Market Monitor agrees that the rules governing the definition and payment of CTRs are confusing. The Market Monitor agrees that the rules governing the definition and payment of CTRs are not consistent with the operation of an efficient and competitive market. The Market Monitor agrees that the rules governing the definition and payment of CTRs should be significantly modified to address the substantive issues and to add clarity. The Market Monitor agrees that if the rules governing the definition and payment of CTRs were modified as the Market Monitor recommends, IMEA would be paid more if similar circumstances were to occur again. The Market Monitor does not agree that IMEA has correctly understood or characterized the current rules.

The rules have not yet been changed. IMEA has not proposed to change the rules. IMEA's request that other customers subsidize IMEA should be rejected.

C. PJM Market Rules

PJM's Market Rules, including the OATT, the RAA and Manual 18, define the netting process that PJM has consistently applied in the capacity market to determine the value of CTRs. Manual 18 specifically recognizes the issue raised by IMEA as a potential outcome.

PJM Manual 18 states:

It is important to note that the LDA Reliability Requirement (based on the internal generation and CETO) used in the clearing process is typically higher than the unforced capacity obligation (based on coincident peak load) used for load charges and the CTR determination. Since the concept of CTRs is to provide credit towards the portion of the obligation met by imported resources, CTRs are calculated as the difference between the zonal (LDA) unforced capacity obligation and the unforced capacity cleared in the zone (LDA). The total CTRs are typically lower than the LDA import capability (CETL) while the CETL is fully utilized in meeting the LDA Reliability Requirement and calculating the LDA clearing price. LSEs in the constrained LDA benefit when the CETL into the LDA is increased by transmission upgrades.³

Schedule 8.A to the RAA includes the definition of daily unforced capacity obligation:

For each billing month during a Delivery Year, the Daily Unforced Capacity Obligation of a Party that has not elected the FRR Alternative for such Delivery Year shall be determined on a daily basis for each Zone as follows:

Daily Unforced Capacity Obligation = OPL x Final Zonal RPM Scaling Factor x FPR

Where:

OPL = Obligation Peak Load, defined as the daily summation of the weather-adjusted coincident summer peak, last preceding the Delivery Year, of the end-users in such Zone (net of operating

³ PJM Manual 18 § 6.1 at 159.

Behind The Meter Generation, but not to be less than zero) for which such Party was responsible on that billing day, as determined in accordance with the procedures set forth in the PJM Manuals

Final Zonal RPM Scaling Factor = the factor determined as set forth in sections B and C of this Schedule

FPR = the Forecast Pool Requirement

PJM implemented its rules. The complaint should be rejected.

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.⁴ 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.

⁴ 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 this proceeding.

Respectfully submitted,



Jeffrey W. Mayes

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

Joseph E. Bowring
Independent Market Monitor for PJM
President
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8051
joseph.bowring@monitoringanalytics.com

Howard J. Haas
Chief Economist
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8054
howard.haas@monitoringanalytics.com

John Hyatt
Senior Economist
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8050
john.hyatti@monitoringanalytics.com

Devendra R. Canchi
Senior Analyst
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8050
devendra.canchi@monitoringanalytics.com

Dated: August 26, 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 this proceeding.

Dated at Eagleville, Pennsylvania,
This 26th day of August, 2021.



Jeffrey W. Mayes

General Counsel

Monitoring Analytics, LLC

2621 Van Buren Avenue, Suite 160

Eagleville, Pennsylvania 19403

(610) 271-8053

jeffrey.mayes@monitoringanalytics.com