

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

PJM Interconnection, L.L.C.	)	Docket No. EL19-100-000,
	)	ER20-584-000
	)	
	)	

**ANSWER OF THE INDEPENDENT MARKET MONITOR FOR PJM**

Pursuant to Rule 213 of the Commission’s Rules and Regulations,<sup>1</sup> Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor (“Market Monitor”) for PJM Interconnection, L.L.C. (“PJM”),<sup>2</sup> submits this answer to the motion of PJM to hold the proceedings in Docket No. EL19-100-000 in abeyance. PJM provides no valid reason to hold the briefing schedule on PJM’s current rules in abeyance. The motion should be denied.

On April 30, 2021, the Commission issued an order (“April 30<sup>th</sup> Order”) rejecting PJM’s proposed rules for implementing a revised Effective Load Carrying Capability (“ELCC”) construct for determining the relative amount of capacity that variable, limited duration, and combination resources may offer in PJM’s capacity market.<sup>3</sup> The April 30<sup>th</sup> Order rejected PJM’s ELCC proposal based on the flawed transition mechanism included in

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<sup>1</sup> 18 CFR § 385.213 (2020).

<sup>2</sup> 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”).

<sup>3</sup> *PJM Interconnection, L.L.C.*, 175 FERC ¶ 61,084 (2021) (“April 30<sup>th</sup> Order”).

the ELCC proposal.<sup>4</sup> The April 30<sup>th</sup> Order made no final determinations on the other flaws in the ELCC proposal identified by the Market Monitor.

The Market Monitor shares the goal of developing a sound ELCC approach. The problem is that the actual ELCC proposal urged by PJM is not sound, will not realize the promise of ELCC in theory, and has not been shown to be better than the current rules. The ELCC proposal should be refined and made more accurate and more consistent with a competitive market.

The Commission indicated that it would reconsider the ELCC proposal if PJM refiled the proposal excluding the transition mechanism.

Unfortunately, PJM does not read the April 7<sup>th</sup> Order as an opportunity to refine its approach. PJM has instead indicated its intention to file exactly the same ELCC proposal, but without the transition mechanism.<sup>5</sup> PJM's proposal continues to rely on unsupported assumptions about how battery resources would operate resulting in undue and discriminatory preference for batteries to the detriment of other resources, including solar resources and wind resources, and inconsistent with market efficiency, reliability and the public interest. The proposal relies on average rather than marginal pricing, which is inconsistent with efficient pricing and competition. These flaws can be addressed if there is motivation to address them and time to address them.

The sole issue presented for the Commission is whether consideration of the current rules should be held in abeyance pending PJM's refile of the flawed ELCC proposal, without the transition mechanism. There is no reason not to proceed with briefing in Docket No. EL19-100-000. Briefing can occur simultaneously with PJM's refile of its proposal. Proceeding on two tracks will allow for the possibility that the Commission may reject

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<sup>4</sup> *Id.* at P 17.

<sup>5</sup> *See* Comments and Motions of the Independent Market Monitor for PJM, Docket No. ER21-278-001 (March 22, 2021).

PJM's new ELCC proposal without prejudice to PJM eventually filing a developed and supported ELCC while having just and reasonable rules in place during the interim.

The Commission's review of MOPR makes it even more apparent that a clear, transparent and efficient definition of the reliability contribution of each type of capacity resource is essential to the reliable and competitive operation of PJM markets.<sup>6</sup> Time, opportunity and motivation necessary to get the rules right are essential.

The motion for abeyance should be denied. Briefing should go forward. The Commission should decide ELCC issues on the basis of the briefing.

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: May 19, 2021

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<sup>6</sup> See *Modernizing Electricity Market Design*, Docket No. AD21-10-000.

## 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 19<sup>th</sup> day of May, 2021.



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