

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

Independent Market Monitor for PJM)	
)	Docket No. EL19-47-000
v.)	
PJM Interconnection, L.L.C.)	
)	
Office of the People’s Counsel for District of Columbia, Delaware Division of the Public Advocate, Citizens Utility Board, Indiana)	Docket No. EL19-63-000
Office of Utility Consumer Counselor, Maryland Office of People’s Counsel, Pennsylvania Office of Consumer Advocate, West Virginia Consumer Advocate Division, PJM Industrial Customer Coalition)	(not consolidated)
)	
v.)	
PJM Interconnection, L.L.C.)	
)	

ANSWER OF THE INDEPENDENT MARKET MONITOR FOR PJM

Pursuant to Rule 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.² (“PJM”), submits this answer to the motion for expedited relief of the PJM Power Providers Group (“Power Providers”) filed July 22, 2021. Power Providers (at 2) request that if the Commission does not order a replacement rate for

¹ 18 CFR § 385.213 (2021).

² Capitalized terms used herein and not otherwise defined have the meaning used in the PJM Open Access Transmission Tariff (“OATT”) or the PJM Operating Agreement (“OA”).

the default Market Seller Offer Cap (“MSOC”) by tomorrow, July 27, 2021, that the Commission use the default MSOC that was found unjust and unreasonable in the MSOC Order.³

The MSOC Order permitted use of the unjust and unreasonable MSOC in the May 2021 BRA, noting (at P 73) the “imminent start of the delivery year and the two-year delay that the auction already has encountered.”

There is no such urgency attached to the upcoming auction currently scheduled for December. The Market Monitor agrees that the capacity market auctions should be held in a timely manner. But if the tradeoff is between a delay and a capacity market that incorporates market power through an inappropriate market seller offer cap, a delay is clearly preferable.

If the Commission determines that there is insufficient time to implement a just and reasonable market seller offer cap consistent with reasonable data submission deadlines for the next auction, then PJM should be directed to postpone the next auction to provide whatever additional time is necessary. PJM has filed a request for a waiver of its rules that would allow it to file modified deadlines for offer review five days after a decision establishing the market seller offer cap.⁴

In the absence of a modified market seller offer cap, the Commission cannot prevent the exercise of market power in the next capacity auction. The Commission should take the time it needs to protect the public interest in competitive markets and to ensure the proper administration of the Federal Power Act.

³ *Independent Market Monitor for PJM v. PJM, et al.*, 174 FERC ¶ 61,212 (2021) (“MSOC Order”).

⁴ See Request of PJM Interconnection, L.L.C. for Prospective Waiver of Certain Pre-Auction Deadlines Affected by the Default Market Seller Offer Cap, Docket No. ER21-2444-000 (July 16, 2021).

P3 nowhere explained why it is appropriate to continue to use an excessively high market seller offer cap.

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: July 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 July, 2021.



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