

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

Neptune Regional Transmission System, LLC;)	
Long Island Power Authority)	Docket No. EL21-39-000
v.)	
PJM Interconnection, L.L.C.)	

BRIEF OF THE INDEPENDENT MARKET MONITOR FOR PJM

Pursuant to the Order on Complaint Establishing Paper Hearing Procedures issued June 25, 2021,¹ Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor (“Market Monitor”) for PJM Interconnection, L.L.C. (“PJM”),² submits this brief. This proceeding concerns a complaint filed December 31, 2020, by Neptune Regional Transmission System, LLC and Long Island Power Authority against PJM (“Complaint”). The Complaint requests (at 1) that the Commission direct the modification of the allocation of transmission costs for PJM Regional Transmission Expansion Plan (RTEP) projects in the solutions based dfax method. Specifically, the Complaint seeks modification of the netting calculation and elimination of the de minimis rule, while retaining the other elements of the solutions based dfax method.

The Complaint raises some legitimate concerns about the allocation of transmission costs. For example, the de minimis rule is arbitrary and has unintended consequences. But the allocation of transmission costs is a complex issue including both analytical and policy

¹ *Neptune Regional Transmission System, LLC and Long Island Power Authority v. PJM Interconnection, L.L.C.*, 175 FERC ¶ 61,247.

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”).

considerations. These cost allocation questions must be addressed in a comprehensive manner rather than focusing selectively on one or two elements. If the Commission determines that cost allocation should be reviewed, the review should be from the ground up and attempt to separate the analytical elements from the policy choices. The Commission should determine the best venue for such review, but the process should start with a careful review of all elements that affect the current allocation of transmission costs, a definition of analytical alternatives and the policy options.

Instituting a new rulemaking proceeding would be a reasonable approach to permit an efficient and timely resolution of the cost allocation issues.³ Comprehensively addressing allocation issues in a rulemaking proceeding would avoid the barriers to communication imposed by ex parte rules, and would allow the Commission to determine rules for cost allocation that best serve the public interest.

The solution proposed by complainants has significant flaws, is not based on a comprehensive review of the current allocation methods, and has not been demonstrated to be better than the current approach.

The Market Monitor does not take a position on the best allocation method at this time. The preferred approach, should the Commission decide to examine the issues, is a comprehensive review of the analytical and policy components of transmission cost allocation.

The Market Monitor respectfully requests that the Commission afford due consideration to this brief as it resolves the issues raised in this proceeding.

³ See *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, Advance Notice of Proposed Rulemaking, 176 FERC ¶ 61,024 (July 15, 2021).

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Respectfully submitted,



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Dated: October 8, 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 8th day of October, 2021.



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