



**BY FEDEX & EMAIL**

March 4, 2013

Howard Schneider  
Chair, PJM Board of Managers

Re: Draft RFP for Market Monitoring Services

Dear PJM Board of Managers:

This letter responds to the “draft request for proposals (RFP) and related documentation associated with the provision of market monitoring services” dated December 18, 2012.<sup>1</sup> Monitoring Analytics appreciates this opportunity for comment, and hopes that the Board will take these comments into consideration as it decides how to proceed. Monitoring Analytics also appreciates that the Board recognizes that “robust market monitoring is absolutely critical to PJM’s mission ...”<sup>2</sup>

Monitoring Analytics regrets that the PJM Board of Managers (“Board”) is prepared to terminate the Market Monitoring Services Agreement (“MMSA”) that resulted from the 2008 settlement.<sup>3</sup> The MMSA and related agreements have facilitated a constructive working relationship with PJM staff and stakeholders and with the Board. The Board has not explained why the best course is not to extend the MMSA. The Draft RFP provides no explanation for the proposed termination of Monitoring Analytics as the Independent Market Monitor for PJM (“Market Monitor”).<sup>4</sup> Monitoring Analytics believes that its performance has been exemplary and that its operating costs have been subject to appropriate oversight. The Board has not informed Monitoring Analytics of any performance or budget issue. No justification exists for reducing funding of the market monitor’s capabilities and activities. No explanation is provided for implementing a procurement process that will necessarily disrupt and distract the market monitoring function for a

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<sup>1</sup> Letter to the PJM Community from Dr. Jean Kinsey, Chairperson, PJM Board Competitive Markets Committee, dated December 18, 2012 at 1 (“RFP Cover Letter”), with Draft Request-for-Proposal for the Purpose of Engaging an Independent Market Monitor (“IMM”) dated December 18, 2012 (“Draft RFP”).

<sup>2</sup> RFP Cover Letter at 1.

<sup>3</sup> See *OPSI, Inc. et al. v PJM*, 122 FERC ¶ 61,257 (2008).

<sup>4</sup> When uncapitalized “market monitor” refers to any entity providing market monitoring services to PJM.

considerable time, regardless of the result. Good reason exists to extend the MMSA, just as the current rules provide.

If the Board proceeds to terminate Monitoring Analytics and issues an RFP, the draft proposal does not ensure that the successor entity, even if Monitoring Analytics is that entity, will be as effective and independent as is the Market Monitor under the current MMSA. The criteria in the proposal are too vague, significantly below the standards set by Monitoring Analytics to the extent that they are clear, and do not sufficiently account for the value of market monitoring experience or knowledge of PJM markets and market rules.

The Draft RFP would significantly and inappropriately compromise the independence of the market monitoring function by expanding the Board's role in market monitoring. The Draft RFP would expand the authority of the Board to conduct performance reviews of the Market Monitor to include a detailed review of the market monitor's priorities and the bases for these priorities and create new reporting obligations which would occur at the Board's discretion.<sup>5</sup> This expansion beyond the clear definition of the Board's role in the tariff is inappropriate because it does not respect the defined boundaries between the PJM Board and the monitoring function and because it is a clear infringement on the independence of the market monitoring function.<sup>6 7</sup>

Monitoring Analytics recognizes the importance of communications with both PJM and the PJM Board. The market monitor is an important, independent source of information about the functioning of PJM markets for the Board. The Board is also an important source of feedback for the market monitor. However, if the market monitor chooses not to do what the Board requests, the Board should not have the authority to compel the market monitor. That is the core of independence. If the Board feels that the market monitor is not performing adequately and the market monitor is not responsive in the Board's view, the Board has the ability to make that case to FERC about a specific issue or to propose to terminate the contract for inadequate performance.

The Draft RFP proposes to remove cost sharing provisions, including those that help to ensure that the new market monitor can retain experienced staff and that permit the use of shared services. The Board has not explained why any of these steps are necessary or would

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<sup>5</sup> Draft RFP MMSA § 24.

<sup>6</sup> This provision would also create a requirement that the IMM inform the Board whenever a referral is made to FERC. The decision about whether to provide such information to the Board rests with the Commission.

<sup>7</sup> The Board's tariff roles are defined at OATT Attachment M § III.D.

meet its goal of “procuring the most effective market monitoring services at an appropriate cost.”<sup>8</sup>

A market monitor cannot be effective if it is unwilling to adopt positions critical of the market administrator or market participants. The market monitor’s interest in efficient and competitive markets will conflict from time to time with the interests of the market administrator and stakeholders. Protection of competition and efficiency has the potential to create conflict with every class of stakeholder at some point in the stakeholder or regulatory process. Retention of a market monitor should not be influenced by PJM or by market participants under these circumstances.

Monitoring Analytics has regularly defended competitive markets and market rules and practices with a sound basis in economics despite opposition, depending on the issue, from each of the membership sectors. Willingness to engage in the stakeholder and regulatory debate has secured numerous improvements in the PJM market design and helped facilitate PJM’s continuing leadership among its peers.

***The Board Should Exercise Its Option to Renew the Contract.***

Section III.F.1 of Attachment M to the PJM Open Access Transmission Agreement (OATT) provides, “Upon expiration of [the] initial six (6) year term, the contract may be renewed for subsequent term(s) of three (3) years if both parties agree.” Based on Monitoring Analytics performance, renewal is the best means for the Board to retain an independent and effective market monitoring function for PJM.

The Board has the authority and responsibility to “propose to terminate, retain by contract renewal or replace the Market Monitoring Unit, consistent with the requirements of Section III.F.”<sup>9</sup> The Board indicates that its intention is to propose to terminate the MMSA and replace the market monitor.

Monitoring Analytics does not agree that the Board’s exercise of the Section III.F.1 provision for an RFP is appropriate, particularly when read in conjunction with the Commission’s interpretation of and reliance on the relevant provisions in Order No. 719.<sup>10</sup> The Board has not found that Monitoring Analytics “has not adequately performed the functions set forth

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<sup>8</sup> RFP Cover Letter at 1.

<sup>9</sup> OATT Attachment M § III.D.1.b.

<sup>10</sup> See *Wholesale Competition in Regions with Organized Electric Markets*, Order No. 719, FERC Stats. & Regs. ¶ 31,281 at PP 343–344 (2008) (“Order No. 719”), *order on reh’g*, Order No. 719-A, FERC Stats. & Regs. ¶ 31,292 (2009), *reh’g denied*, Order No. 719-B, 129 FERC ¶ 61,252 (2009).

in [the market monitoring plan].”<sup>11</sup> The Board has not explained any deficiency in the Market Monitor’s performance, nor provided a reason for its decision to terminate the Market Monitor.<sup>12</sup> On the contrary, the Board does express its desire to keep open “the option of continuing the contractual relationship with the incumbent provider.” The Market Monitor shares the Board’s interest in that option, which can be pursued under the rules.

Subsequent to the inclusion of Section III to Attachment M under the 2008 settlement, the Commission determined in Order No. 719 that PJM’s tariff protects the independence of the market monitoring function by ensuring Commission review of a proposed contract termination.<sup>13</sup> Monitoring Analytics has distinguished itself by its willingness to independently and objectively address any issue, regardless of whom it affects. Firing Monitoring Analytics is not consistent with protecting and encouraging this independent behavior. Any successor market monitor for PJM, and market monitors for other ISOs/RTOs, will consider the outcome of this process. A market monitor cannot operate independently if it can be terminated without regard to how well it performs, or because it is operating independently.

***The Board Should Not Use an RFP to Review the Budget of the Market Monitor.***

The current provisions for financial oversight of the market monitoring function allow the Board to exercise its authority and meet its responsibility to “review the budget of the Market Monitoring Unit consistent with the budget processes and requirements set forth in Section III.E.”<sup>14</sup> Monitoring Analytics is not aware of any financial issue or concern raised by the Board, the Finance Committee or the OPSI Advisory Committee that has not been addressed. The process set forth in Section III.E is designed to address budget issues without disrupting the market monitoring function.

The Board does not explain its rationale for issuing an RFP, but it does refer to providing “a competitive environment to consider proposals” and “its fiduciary obligations and tariff prescribed role to ensure PJM is procuring the most effective market monitoring services at an appropriate cost.”<sup>15</sup>

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<sup>11</sup> OATT Attachment M § III.F.2.a(2) and III.F.2.b.

<sup>12</sup> See OATT Attachment M § III.F.3.d & e.

<sup>13</sup> *Id.* at PP 343-344 and n.424.

<sup>14</sup> OATT Attachment M § III.D.1.a & III.E.

<sup>15</sup> RFP Cover Letter at 1.

The Market Monitor recognizes the Board’s role in reviewing the market monitor’s budget.<sup>16</sup> Issuing an RFP, however, is not an appropriate vehicle for the Board to exercise budgetary oversight. An RFP is an extreme measure that allows for the replacement of the market monitor if it fails to adequately perform its function. Section III.D.1.a authorizes and makes the Board responsible for budgetary oversight. Section III.D.1.b separately authorizes the Board to terminate, retain or replace an incumbent market monitor.

This separation of the budget review and performance evaluation retention roles explicitly avoids the need to use an RFP for cost control.

Monitoring Analytics is compensated for market monitoring services for PJM on a cost basis which results from a budget reviewed by the Board, the OPSI Advisory Committee and participant members of the Finance Committee and subject to review by the Commission.<sup>17</sup> The budget does not include any profit, as would be the case for a typical consulting arrangement.<sup>18</sup> Monitoring Analytics develops a budget and receives a payment under Schedule 9-MMU of the OATT based on that budget, plus or minus any adjustment based on actual expenditures during the prior year.<sup>19</sup> Monitoring Analytics returns any surplus and is responsible for any shortfall.<sup>20</sup>

Contracts subject to an RFP do not typically contain such strict terms. This arrangement means that every dollar spent by ratepayers finances the operational costs of the market monitoring function and nothing else. The tariff provides for financial oversight of Monitoring Analytics budget.<sup>21</sup> Monitoring Analytics prepares an annual budget for PJM market monitoring services subject to review by the Board, the PJM Finance Committee and the OPSI Advisory Committee. Every year Monitoring Analytics expenses for PJM market monitoring services are subject to an audit by a nationally recognized independent third

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<sup>16</sup> OATT Attachment M § III.D.1.a & III.E.

<sup>17</sup> See Attachment M § III.E; MMSA §§ 5,14; OATT Schedule 9-MMU § (g).

<sup>18</sup> OATT Attachment M § III.E.1 (“The Market Monitor shall prepare a budget each year of its expenses on an accrual basis in accordance with generally accepted accounting principles that is sufficient to cover the anticipated actual costs to perform the services under this Plan, including, but not limited to, salary and benefits, rent and utilities, interest, depreciation and other operating expenses.”).

<sup>19</sup> OATT Schedule 9-MMU § (g).

<sup>20</sup> *Id.*

<sup>21</sup> OATT Attachment M § III.E.

party auditor.<sup>22</sup> This oversight process performs as intended and no issue has been raised with respect to this process.

### *The Draft RFP Lacks Transparency.*

Significant provisions of the Draft RFP are vague and discretionary. If there is an RFP, no RFP should be issued without substantial clarification in order to achieve the requirement of transparency.<sup>23</sup> The failure to include sufficient detail about the process reserves a level of discretion to the Board that is inconsistent with transparency.

One important aspect of the current arrangements for retaining the market monitoring function is that the service is compensated on a cost basis, with no opportunity for profit. This is an important and unusual feature about how PJM procures market monitoring services. The RFP should appropriately emphasize this feature. The Draft RFP includes no changes to the cost provisions included in the current OATT Attachment M § III.E, OATT Schedule 9-MMU or the MMSA.

The Draft RFP provides that it may require the new market monitor to enter into “other agreements as necessary” that are unspecified.<sup>24</sup> The Draft RFP does not include a draft of the Services Level Agreement (SLA), which is closely associated with the MMSA, and, like the MMSA, filed with the Commission. The SLA is an essential document for protecting and promoting an objective and independent market monitoring function, as it contains the terms of access to PJM market data. The MMSA, the SLA and any other agreements should be final when the RFP is issued so that all participants in the process can have transparent access to all relevant features of the contract.

The Draft RFP reserves to PJM “the right to amend the RFP at any time before the specified due date for proposals.”<sup>25</sup> In addition, after proposals are received, the Draft RFP describes a process under which applicants will be sent amendments to the Commission approved RFP desired by PJM.<sup>26</sup> This explicit reservation of discretion is broad and renders the terms and conditions included in the RFP provisional, even after Commission review and approval. Such a process is not transparent.

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<sup>22</sup> OATT Attachment M § VII.

<sup>23</sup> The tariff requires the Board to propose an open, nondiscriminatory and transparent request for proposals. OATT Attachment M § III.F.2.b.

<sup>24</sup> Draft RFP § III.B.

<sup>25</sup> Draft RFP § II.A.

<sup>26</sup> *Id.* (“PJM reserves the right to amend the RFP at any time before the specified due date for proposals. After the proposal due date, amendments to the RFP shall be sent only to Applicants who submitted a proposal.”).

In order to meet the “open, non-discriminatory, and transparent” standard in Attachment M § III.F.2.b, the RFP must be complete when filed with the Commission for prior approval, and any proposed changes should be approved solely by the Commission based on the Commission’s determination of whether they are just and reasonable, consistent with an independent market monitoring function, and without regard to whether PJM and potential new market monitors agree to the change.

The Draft RFP does not explain how applicants can compete on costs when the market monitor recovers its costs under a budgetary process which provides that the market monitor may apply for budget increases within years or from year to year as needed.<sup>27</sup> The Board stated that it issued an RFP “to provide a competitive environment to consider proposals that might be offered for market monitoring services beginning August 1, 2014,” but this is not consistent with the applicable budget rules. The Draft RFP provides for applicants to provide cost information:

Section III.E. of Attachment M to the PJM Tariff sets forth the terms pertaining to the budget for market monitoring and the compensation of the entity providing market monitoring services. Applicants will provide an initial fixed annual price for the Services Contract, which price (prorated as necessary) will remain in effect until December 31, 2015, and an estimated budget for each of the years commencing January 1, 2016, January 1, 2017 and January 1, 2018. Applicants understand and acknowledge that the contract price of the Services Contract for each of the years commencing January 1, 2016, January 1, 2017, and January 1, 2018 may be modified in accordance with the budget process set forth in Attachment M.

The RFP does not consider the fact that none of these estimates are binding under the standards and procedures for the development and review of the budget development. The Draft RFP does not explain how such cost estimates will be evaluated or how they can be meaningfully compared.

The RFP process does not meet any reasonable standard of transparency.

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<sup>27</sup> OATT Attachment M § III.E.

***The Draft RFP Should Explicitly Recognize the Market Design Role of the Market Monitoring Function.***

The Draft RFP, in Section I.B Purpose, lists only two of the three functions of the market monitor that the Commission emphasized in Order No. 719 and that are defined in the PJM tariff.<sup>28</sup> In addition to monitoring participant behavior and reporting of PJM market performance, which the Draft RFP references in section 1.B, the tariff also requires the market monitor to play a role in market design.<sup>29</sup>

There has been some confusion in the past about the nature of the involvement of the market monitoring function in market design even after Order No. 719 was issued. The Market Monitor believed that this issue was resolved.

Monitoring Analytics has participated on most significant PJM market design issues in the PJM stakeholder process, regulatory proceedings at the Commission and other regulatory proceedings.

***The Draft RFP Would Interfere with the Independence of the Market Monitoring Function.***

The Draft RFP's proposed revised MMSA § 24 would create a new role for the Board in its interactions with the market monitor. The proposed revision states:

The PJM Board and the IMM shall meet periodically, as determined by the PJM Board, to review the IMM's performance under this Agreement and to review whether any changes to the Agreement are necessary or desirable. The performance review shall include, but not be limited to, a review of the IMM's prioritization and performance of its functions and responsibilities under Attachment M of the PJM Tariff. In order for the PJM Board to ensure the IMM is adequately performing the functions and responsibilities under this Agreement, the IMM shall keep the Board informed of its activities, including apprising the PJM Board of any referrals of suspected market violations to the Commission. In advance of the performance reviews pursuant to this paragraph, the IMM shall prepare for the PJM Board a description of its activities since the last review that it has undertaken in furtherance of its functions and responsibilities, identifying the prioritization of the activities and the bases (such

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<sup>28</sup> Draft RFP at 4 (§ I.B). *See also* RFP Cover Letter at 1.

<sup>29</sup> *See* OATT Attachment M § IV.B.2 & D.



as the extent of expected impacts upon market outcomes expected from the activities) for the prioritizations.

Proposed MMSA § 24 provides for Board oversight of the market monitor's setting of its priorities. Such involvement is not an appropriate role for the Board and would create a process infringing on the market monitor's independence. This proposed provision conflicts with the explicit requirement in Attachment M § III.D.3 that the "Board shall have no responsibility for, or authority over, the Market Monitoring Unit," other than reviewing its budget, making proposals related to retention and periodically conferring with the market monitor.

The primary responsibility of the Board with respect to the market monitoring function is, above all else, to promote and protect the market monitor's ability to independently present views on PJM markets that are potentially contrary to the real or perceived interests of participants and PJM staff.<sup>30</sup>

Draft RFP § II.F regarding disclosures of interest should be clarified and improved. The provision requires that each applicant certify that it either does not have or will terminate any "business relationships" that exist "between the Applicant and PJM or a PJM market participant or stakeholder (direct or indirect)" that contravenes the Code of Ethics at OATT Attachment M § XI. The Draft RFP should exclude any applicant with an existing conflict of interest, or one who has had a conflict of interest during the past two years. This section should state, as it appears to intend, that the Code of Ethics will apply to the applicant, the parent company of the applicant and any affiliates of the applicant.

The Draft RFP proposes to change the term "Market Monitoring Unit" to "IMM" throughout the MMSA. This change is desirable to the extent that it intends to emphasize the independence of a single, exclusive market monitoring function. However, if the MMSA is revised in this way, it is also necessary to make this change consistently and completely throughout the PJM tariff and other documents in order to have a unified designation for the market monitor. Moreover, the rules should clarify that all past reference in the PJM context to any of the "Market Monitoring Unit," "MMU," "Independent Market Monitor" and "IMM," refer to the market monitor, and that the market monitor has exclusive responsibility to perform the market monitoring function in PJM pursuant OATT Attachment M and Attachment M-Appendix.

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<sup>30</sup> See OATT Attachment M § I ("The objectives of this PJM Market Monitoring Plan are to maintain an independent Market Monitoring Unit that will objectively monitor, investigate, evaluate and report on the PJM Markets, including, but not limited to, structural, design or operational flaws in the PJM Markets or the exercise of market power or manipulation in the PJM Markets. The Market Monitoring Unit shall have responsibility for implementing the Plan. In the event of any conflict between a provision in the Plan and a provision of the PJM Market Rules, the provision of the Plan shall control.").

After independence, the second key responsibility of the Board is to ensure that that the market monitor has the funding needed to carry out its duties.

In addition to ensuring that the market monitor does not spend too much in fulfilling its responsibilities, an equally important objective of the budget process is to provide a mechanism to ensure that the market monitor has the capabilities to perform its function. The PJM tariff (Attachment M § III.B) requires that, “The Market Monitoring Unit shall be comprised of personnel having the experience and qualifications necessary to implement this Plan.” The Draft RFP sets forth qualification requirements that assign no weight to staff with substantial knowledge of PJM, PJM markets and PJM stakeholders and a demonstrated history of addressing issues related to PJM, PJM markets and PJM stakeholders.<sup>31</sup> The Draft RFP should set requirements based on the quality of market monitoring now available to PJM and the public interest in maintaining that quality.

The RFP should be designed to ensure that the outcome is market monitoring services at least equivalent to those currently being provided. That includes a commitment to maintaining the primary organizational focus on monitoring PJM markets, to participating in the stakeholder process in a comparable way, to monitoring markets and participant behavior in a comparable way, to collecting, managing and analyzing data in a comparable way, to maintaining data and physical security consistent with PJM standards in a comparable way, to proposing changes to market design in a comparable way, to providing inputs to mitigation, to locating all monitoring staff in close proximity to PJM and to reporting on PJM markets in a comparable way.

The goal of selecting an RFP winner on the basis of the lowest cost offer is misleadingly simple. The monitoring function is provided at cost. Any reduction in that cost will come at the expense of the scope of monitoring or the quality of monitoring. It will cost less to do less and it will cost less to hire fewer employees with lower salaries and lower benefits. Moreover, the selection of an RFP winner on the basis of the lowest cost offer provides no assurance whatsoever that the winner will not request an immediate budget increase when they realize the cost of providing the required scope of activities. Such a request is provided for in Attachment M to the tariff.

The current MMSA § 10.4 provides that the MMU must “maintain a staff or otherwise provide for subcontractors with necessary expertise to perform [its market monitoring responsibilities].” The MMSA also recognizes that MMU staff should continue to receive compensation for their service in a manner comparable to PJM employees. For example, MMSA § 13 provides for participation by MMU staff in certain PJM benefits programs, which cuts the costs of providing those benefits while ensuring reasonable parity of

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<sup>31</sup> Draft RFP at 6–7 (§ II.C).

compensation among MMU and PJM staff. The goal is to avoid creating a disparity that compromises the ability of the market monitor to retain experienced staff or that creates arbitrary incentives for moving between PJM and the market monitor, given the close relationship between the subject matters covered by both organizations. MMSA § 18 specifically aims to avert competition between PJM and the market monitor from soliciting each other's staff. The Draft RFP MMSA removes the provision of the MMSA that provides for the comparability of benefits between the market monitor and PJM.<sup>32</sup>

***Issuance of the Draft RFP Shows that the Current Terms for Renewal Do Not Adequately Protect the Independence of the Market Monitoring Function.***

Although now organized separately from PJM, the market monitor continues to carry out one of the essential functions of an ISO or RTO. Like PJM, the market monitor as an organization performs RTO functions. It makes sense for a variety of reasons, but primarily to attract and retain an experienced, capable and specialized staff, that PJM accords institutional security to its staff. Those reasons apply with equal force to the market monitor. The market monitor is a separate organization in order to preserve its independence, a feature critical to its function. Otherwise, the market monitor should be maintained as part of the PJM community of organizations which are together necessary to provide all of the functions required of an ISO/RTO.

Since August 1, 2008, Monitoring Analytics has been able, as an entity organizationally separate from PJM, to define its role as the market monitor in a manner that protects and promotes competitive and efficient markets. The proposed issuance of an RFP indicates that the existing contractual framework that governs Monitoring Analytics service as the Market Monitor requires clarification so that all interested parties understand and expect that the decision about whether to retain Monitoring Analytics as the Market Monitor is based on the adequacy of Monitoring Analytics performance.

It is appropriate that a Commission-approved contract define the requirements of the entity that serves as the market monitor, but it should be made clear that this contractual relationship does not make the market monitor a consultant as the term is generally understood. Consultants are not expected to serve primarily as objective critics. Consultants are not expected to serve as permanent repositories of specialized client-specific knowledge. Consultants generally do not organize their business around the needs of one particular client. In contrast, the market monitor must objectively review market rules, market performance and the conduct of market participants and the market administrator. At times

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<sup>32</sup> Cf. Draft RFP MMSA and MMSA § 13. The RFP also removes without explanation, another cost control measure, the MMSA § 15, which allowed the Market Monitor to request that that PJM provide, under terms to be negotiated, "shared services to MMU, such as janitorial support, help desk support, human resources, security and payroll support." This provision is not critical, but it is not consistent with the stated purpose of the RFP.

the market monitor must take positions in defense of competitive and efficient markets contrary to the real or perceived interests of market participants. The market monitor gains knowledge of the markets and the market rules through years of involvement and investment in human and physical capital.

The best course would be to renew the MMSA for an additional term. Monitoring Analytics recommends a discussion during those three years about ways in which the current tariff could be enhanced to promote an independent, effective and robust market monitoring program.

In such a discussion, the Market Monitor would propose the following as a starting point:

- The Board should retain responsibility to propose to terminate the market monitor contract based on inadequate performance and subject to Commission review, but there should be more explicit guidance in the tariff about how decisions to terminate or retain an incumbent can be consistent with the independence of the market monitoring function. Termination should continue to be a consequence only of inadequate performance.
- The term of the MMSA should be evergreen. Current provisions for periodic review of and advisory input regarding the market monitor's performance should be retained.<sup>33</sup>
- The PJM Finance Committee, which includes market participants whom the market monitor monitors, should be excluded from any role in reviewing the market monitor's budget. Permitting such a role for the PJM Finance Committee creates a conflict of interest. The PJM Board and the OPSI Advisory Committee, currently serving in that role, can ensure and have ensured a reasonable and properly administered budget.

The proposed changes would create terms and conditions of service for the market monitor consistent with the unique and important role it performs. The effectiveness of the market monitoring function depends upon the willingness of the market monitor to take difficult positions and to back them with real experience and understanding of the markets and the market rules. The market monitor cannot perform its duties without the resources and experienced staff required. PJM has established itself as a leader among its peers, and the performance of Monitoring Analytics as its Market Monitor has contributed to that success. The institutional relationship that is needed to continue that success exists today, but rules that better protect that relationship are needed.

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<sup>33</sup> See OATT Attachment M § III.D.2, G & H.

Monitoring Analytics hopes that the Board will consider these comments as it determines how to proceed.

Sincerely,

A handwritten signature in black ink that reads "Joseph E. Bowring". The signature is written in a cursive style with a large, prominent "B".

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President

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