

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

NRG Energy Holdings, Inc., Edison Mission Energy)
Energy) Docket No. EC14-14-000
Energy)

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

Pursuant to Rule 211 of the Commission’s Rules and Regulations,¹ Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM (“Market Monitor”),² submits these comments on the joint application of NRG Energy Holdings Inc. (“NRG”) and Edison Mission Energy (“EME”) for approval of a transaction whereby NRG would acquire substantially all of the assets of EME. The Market Monitor provides its alternative analysis and comments in a report included as Attachment A. The Market Monitor may provide additional comments, including at the required time established by the Commission in this proceeding. Additional comments may include specific recommendations for addressing any concerns identified in the complete record.

I. COMMENTS

The Market Monitor’s report provides an assessment of the impact of the proposed merger between NRG and EME on PJM wholesale electricity markets including the Energy Market, the Capacity Market and the Regulation Market. In conducting this analysis the Market Monitor has made use of actual dispatch, offer and availability data to define the relevant markets and to examine the effects of the proposed merger on those markets using

¹ 18 CFR § 385.211 (2011).

² Capitalized terms used herein (including the attached report) and not otherwise defined have the meaning used in the PJM Open Access Transmission Tariff (“OATT”).

concentration ratios and pivotal supplier indices. The Commission has accepted and considered similar analyses when evaluating proposed mergers in PJM.³

The analysis presented in this report covers the impact of the proposed merger on the structure of the PJM markets, using current data. The analysis examines market structure metrics in order to quantify the expected impact of the proposed merger on the market structure of constraint defined markets within PJM. The analysis concludes that the proposed merger would increase concentration in a specific, highly concentrated PJM locational energy market, would increase concentration and reduce TPS scores in the RTO capacity market and would increase concentration in the PJM market for regulation.

The proposed merger has a limited, but not inconsequential impact on the potential competitiveness of PJM markets. The IMM recommends that the Commission consider mitigation to address the issues identified in this report. Appropriate mitigation could resolve all concerns about competitive impacts identified. At this point, based on the current record, the IMM believes that behavioral mitigation, in the form of requirements to engage in competitive offer behavior in each PJM market, would resolve the issues identified.

II. NEW COMMENT DATE

By letter issued December 5, 2013, the Commission requested additional information in order for the application to be accepted and explained that the application will not be complete until the information is received. Although the Market Monitor files these comments based on the original comment date, the Market Monitor reserves the right to file

³ See *Exelon Corporation, Constellation Energy Group, Inc.*, 138 FERC ¶ 61,167 (2012); see also *Analysis of Horizontal Market Power under the Federal Power Act*, 138 FERC ¶ 61,109 (2012) (“We reiterate, however, that the Commission may consider arguments that a proposed transaction raises competitive concerns that have not been captured by the Competitive Analysis Screen. Likewise, while applicants must continue to provide a Competitive Analysis Screen, we will also consider any alternative methods or factors, if adequately supported.”).

additional comments, including on any additional comment date established as a result of the December 5th letter. Additional comments may include specific recommendations for addressing any concerns identified in the complete record.

III. PROTECTIVE ORDER

The Market Monitor includes as Attachment B Non-Disclosure Certificates signed by the Market Monitor staff listed below:

Thomas Blair
Joseph Bowring
Devendra Canchi
Howard Haas
Siva Josyula
Suzette Krausen
Ellen Krawiec
Matt Loiacono
Jeffrey Mayes
Alexandra Salaneck
Cindy You

Accordingly, the Market Monitor requests that all parties serve the Market Monitor with non-redacted information, including any information already submitted.

IV. CONCLUSION

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

Respectfully submitted,



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Dated: December 9, 2013

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 9th day of December, 2013.



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Attachment A