

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

PJM Interconnection, L.L.C. )  
 ) Docket No. ER18-87-000, -001  
 )

**MOTION FOR LEAVE TO ANSWER  
AND ANSWER OF THE  
INDEPENDENT MARKET MONITOR FOR PJM**

Pursuant to Rules 212 and 213 of the Commission’s Rules and Regulations,<sup>1</sup> Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM<sup>2</sup> (“Market Monitor”), submits this answer to the answer filed May 15, 2018, by NextEra Energy Resources, LLC (“NextEra”) in response to the Market Monitor’s request for rehearing of the order issued in this proceeding March 30, 2018 (“March 30<sup>th</sup> Order”). NextEra Energy Resources inadvertently supports the case for granting rehearing by conceding the key factual basis supporting the Market Monitor’s request.

**I. ANSWER**

**A. PJM’s Regulation Proposal Is Consistent with Order No. 755 Because It Does Account for Actual Mileage in Settlement.**

NextEra argues (at 3) that PJM and the IMM do not support their claim the Commission erred in finding that PJM’s Regulation Proposal does not reflect actual mileage in payments made to regulation resources. NextEra argues (*id.*) incoherently, that while

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<sup>1</sup> 18 CFR §§ 385.212 & 385.213 (2017).

<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”).

both the Market Monitor and PJM provided evidence that the PJM proposal would calculate performance offers and set clearing prices on the basis of actual mileage, the Market Monitor and PJM fail to provide evidence that actual mileage would be included in the settlement calculation. NextEra recognizes (*id.*) that the equation is proof that actual, not historic, mileage is used in setting price and in settlement in PJM's Proposal. NextEra nevertheless claims that the request for rehearing "misses the point of the March 30 Order," which NextEra explains (*id.*) is that "the Commission has previously determined that failure to include actual mileage in the settlements calculation is inconsistent with the requirements of Order No. 755." NextEra argues that (at 4) "[b]y seeking to replace the mileage ratio with the Regulation Rate of Technical substitution in the settlements calculation, PJM is seeking to overturn prior Commission orders."

NextEra's argument is nonsensical, and supports the conclusion that March 30<sup>th</sup> Order was in error.

The March 30<sup>th</sup> Order confused the elimination of the mileage ratio in settlement with the elimination of actual mileage in settlement. The March 30<sup>th</sup> Order states (at P 53) that "the Regulation Proposal is inconsistent with the Commission's regulations and Order No. 755 because it does not account for actual mileage in settlement." The March 30<sup>th</sup> Order states that nowhere in PJM's proposed offer formula or settlements formula is there a value for the volume of actual mileage a resource, only a historical expectation of that mileage. By NextEra's own observations, these are incorrect assertions. The PJM Regulation Proposal, by eliminating the mileage ratio and replacing it with the marginal rate of technical substitution, does not eliminate actual mileage from the settlement calculation.<sup>3</sup> The PJM Regulation Proposal specifically includes actual mileage in the determination of actual

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<sup>3</sup> See PJM Proposal, Docket No. ER18-87-000 (Oct. 17, 2017) at 27–28, PJM Answer, ER18-87-000 (Dec. 6, 2017) at 8; PJM presentation: "Regulation Market Overview" (Nov/ 16, 2015) at 17, which can be accessed at: <<http://www.pjm.com/-/media/committees-groups/task-forces/rmistf/20151016/20151016-item-03-regulation-market-overview.ashx>>; and Market Monitor Answer, ER18-87-000 (Jan. 2, 2018) at 4.

within hour offers, the within hour marginal offer, the within hour price of regulation and the within hour settlement. If actual mileage is used to determine price, based on offers that reflect actual mileage, any subsequent settlement making use of that price will, by definition, include actual mileage, so long as every resource is paid that price. By NextEra's own logic, the PJM proposal is consistent with the requirements of Order 755.

## II. MOTION FOR LEAVE TO ANSWER

The Commission's Rules of Practice and Procedure, 18 CFR § 385.213(a)(2), do not permit answers to answers or protests unless otherwise ordered by the decisional authority. The Commission has made exceptions, however, where an answer clarifies the issues or assists in creating a complete record.<sup>4</sup> In this answer, the Market Monitor provides the Commission with information useful to the Commission's decision-making process and which provides a more complete record. Accordingly, the Market Monitor respectfully requests that this answer be permitted.

## III. CONCLUSION

For the reasons provided above, the Market Monitor respectfully requests that the Commission consider this answer as it resolves the issues raised in this proceeding.

Respectfully submitted,



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<sup>4</sup> See, e.g., *PJM Interconnection, L.L.C.*, 119 FERC ¶61,318 at P 36 (2007) (accepted answer to answer that "provided information that assisted ... decision-making process"); *California Independent System Operator Corporation*, 110 FERC ¶ 61,007 (2005) (answer to answer permitted to assist Commission in decision-making process); *New Power Company v. PJM Interconnection, L.L.C.*, 98 FERC ¶ 61,208 (2002) (answer accepted to provide new factual and legal material to assist the Commission in decision-making process); *N.Y. Independent System Operator, Inc.*, 121 FERC ¶61,112 at P 4 (2007) (answer to protest accepted because it provided information that assisted the Commission in its decision-making process).

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Date: May 30, 2018

## 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 30<sup>th</sup> day of May, 2018.



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