

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

New Jersey Board of Public Utilities)	Docket No. EL18-54-000
)	
v.)	
)	
PJM Interconnection, L.L.C., New York)	
Independent System Operator, Inc.,)	
Consolidated Edison Company of)	
New York, Inc., Linden VFT, LLC,)	
Hudson Transmission Partners, LLC and)	
New York Power Authority)	
)	
)	

COMMENTS OF THE INDEPENDENT MARKET MONITOR FOR PJM

Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM¹ (“Market Monitor”), submits these comments on the complaint filed by the New Jersey Board of Public Utilities (“BPU”) against PJM Interconnection, L.L.C. (“PJM”), et al., on December 22, 2017. The BPU states that PJM Interconnection, L.L.C. and New York Independent System Operator, Inc., have violated the “Mutual Benefits” provision of their Joint Operating Agreement by allowing NYISO customers to unfairly shift responsibility for transmission costs to New Jersey customers. The BPU specifically points (at 1) to PJM’s failure “to fully implement its Tariff regarding cost allocation where there is a point of

¹ 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”).

service on the border of PJM, thereby enabling parties to shield themselves from cost allocation and obtain an unlawfully preferential rate.”

The Market Monitor agrees that PJM or PJM transmission owners have failed to implement the tariff concerning RTEP cost allocation to transmission customers that have a Point of Delivery at the Border of PJM where the Transmission System interconnects with the Merchant D.C. Transmission Facilities.² Accordingly, the relief sought by BPU should be granted, and PJM should be directed to fully implement Section 232.2 of the OATT, including directions to revise and clarify the associated Schedule 12.³

Section 232.2 of the OATT states (emphasis added):

... A Transmission Interconnection Customer that is granted Firm Transmission Withdrawal Rights *and/or transmission customers that have a Point of Delivery at the Border of PJM where the Transmission System interconnects with the Merchant D.C. Transmission Facilities* may be responsible for a reasonable allocation of transmission upgrade costs added to the Regional Transmission Expansion Plan after such Transmission Interconnection Customer’s Queue Position is established, in accordance with Section 3E and Schedule 12 of the Tariff...

Section 232.2 of the OATT requires the same RTEP cost allocation when a transmission customer has FTWRs and when a transmission customer has “a Point of

² One reading of the tariff is that PJM Transmission Owners have exclusive and unilateral rights to file revisions to Schedule 12 pursuant to Section 205 of the Federal Power Act. *See* OATT § 9.1(a)&(d). This limitation would not apply to a compliance filing directed by the Commission in response to a complaint under Section 206. *See New Eng. Inc. v. New Eng. Power Pool*, 106 FERC ¶ 61,280 at P 74 (2004) (“[W]e will be rigorous in our review of all Section 205 filings made by the Transmission Owners, whether jointly or individually, and of any comments or protests submitted by market participants or other interested parties relating to these filings. In addition, we note that no right accorded to any Transmission Owner under the Filing Parties’ proposal will prohibit the Commission from exercising its full authority under Section 206 of the FPA, as may be necessary, or prohibit any market participant from seeking relief under this statutory safety net. We will continue to monitor the workability and fairness of this allocation of filing responsibilities after RTO-NE commences operations.”)

³ *Id.*

Delivery at the Border of PJM where the Transmission System interconnects with the Merchant D.C. Transmission Facilities.” Linden VFT recently converted its FTWRs to NFTWRs and was approved by PJM for firm transmission service with a Point of Delivery at LINDENVFT. PJM assigned RTEP cost responsibility to FTWRs held by Linden VFT, but does not assign the same cost responsibility or any cost responsibility to the NFTRWs held by Linden VFT in conjunction with transmission that has a Point of Delivery at the Linden VFT facility. PJM is not in compliance with Section 232.2.

Schedule 12 of the OATT provides for the allocation of RTEP transmission upgrade costs to transmission customers, as required in Section 232.2. Schedule 12 includes specific reference to transmission customers with merchant tie lines with FTWRs but omits any reference to transmission customers that have a Point of Delivery at the Border of PJM where the Transmission System interconnects with the Merchant D.C. Transmission Facilities. The omission does not change the requirement in the controlling filed tariff provision, Section 232.2. The OATT requires the same treatment, but, for clarity, should also include language explicitly implementing the requirement.

The shortcomings of Schedule 12 have not created any difficulties until now, because, until recently, all owners of all Merchant D.C. Transmission Facilities held FTWRs. Effective January 1, 2018, in response to the Commission’s orders, PJM converted FTWRs held by Hudson Transmission Partners (“HTP”) and Linden VFT. Linden VFT has requested and received year-FIRM transmission service on the PJM to LINDENVFT path from PJM, allowing it to benefit from the omission of appropriate rules in Schedule 12 and avoid paying RTEP charges. This result does not comply with the explicit requirements of Section 232.2 of the OATT.

PJM should be directed to correct this omission so that the combination of NFTWRs and firm transmission service with a Point of Delivery at the Border of PJM where the Transmission System interconnects with the Merchant D.C. Transmission Facility is treated exactly the same as FTWRs, for the purpose of allocating RTEP cost responsibility.

PJM should assign cost responsibility based on Section 232.2 alone until Schedule 12 is revised and clarified. If PJM provides service to Merchant D.C. Transmission Facilities before Schedule 12 is revised, as is now the case, then Merchant D.C. Transmission Facilities should be required to pay their share of RTEP costs for the entire period, consistent with the requirements of Section 232.2.

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

Respectfully submitted,



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Dated: February 23, 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 23rd day of February, 2018.



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