



## I. ANSWER

EEI argues (at 5): “market monitors should not, in the regular course of business, pursue or participate in activities beyond the core market monitor functions outlined by the Commission, such as participating in transmission planning, cost of service matters, or cost allocation matters, unless specifically authorized by the Commission. There has been no such Commission authorization.”

EEI misstates the scope of the market monitoring function under the applicable rules. EEI ignores the relevant provisions in the PJM Market Monitoring Plan (OATT Attachment M). EEI also ignores major developments in the Commission’s regulation through competition approach.

Section IV.D of Attachment M to the OATT provides: “The Market Monitoring Unit shall evaluate and monitor existing and proposed PJM Market Rules, PJM Tariff provisions, and the design of the PJM Markets.” PJM Market Rules are defined expansively to “mean the rules, standards, procedures, and practices of the PJM Markets set forth in the PJM Tariff, the PJM Operating Agreement, the PJM Reliability Assurance Agreement, the PJM Consolidated Transmission Owners Agreement, the PJM Manuals, the PJM Regional Practices Document, the PJM-Midwest Independent Transmission System Operator Joint Operating Agreement or any other document setting forth market rules.”<sup>3</sup>

The Cost Containment Proposal would amend Schedule 6 of the PJM Operating Agreement to add provisions facilitating competitive transmission development. The proposal falls within Section IV.D and within the proper scope of PJM’s market monitoring function.

EEI ignores the key Commission policy initiatives in transmission planning established by Order No. 1000. Order No. 1000 explicitly acknowledges that competitive

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<sup>3</sup> See OATT § 2.

transmission policy reflects the fact that decisions about the transmission system directly affect competitive investment decisions in generation.<sup>4</sup> PJM’s proposal to modify the rules governing competitive transmission development is squarely within the market design core function of market monitoring.<sup>5</sup>

Transmission affects the electrical topology of the grid, which affects the nodal wholesale price of delivered energy. The argument that transmission planning, including, in particular, modern competitive transmission development policy, is unrelated to competition and competitive market design in the wholesale energy markets is not correct and not supportable. The February 28<sup>th</sup> Answer should be accepted as filed consistent with the Market Monitor’s responsibilities.

The Commission has accepted Market Monitor pleadings, including an answer filed in another proceeding, concerning transmission planning rules, finding that such pleadings facilitate the decision making process and disregarding misplaced objections similar to EEI’s.<sup>6</sup> The February 28<sup>th</sup> Answer should also be accepted consistent with that precedent.

## **I. 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>7</sup> In this answer, the Market Monitor provides the

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<sup>4</sup> See Order No. 1000 at P 31.

<sup>5</sup> Contrary to EEI implied argument based on core functions, a market monitor may, of course, appropriately take actions with respect to issues within the scope of the market monitoring function even they are not so essential that they are not explicitly identified as core to the function.

<sup>6</sup> See, e.g., *Appalachian Power Company; PJM Interconnection, L.L.C.*, 170 FERC ¶ 61,196 at P 56 (2020).

<sup>7</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 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.

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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).

## II. CONCLUSION

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

Respectfully submitted,



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Dated: March 20, 2020

## **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 20<sup>th</sup> day of March, 2020.



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