

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

PJM Interconnection, L.L.C.

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Docket No. ER20-2573-000

**ANSWER AND MOTION FOR LEAVE TO 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 (“Market Monitor”) for PJM Interconnection, L.L.C. (“PJM”),<sup>2</sup> submits this answer to the answer of PJM filed October 7, 2020 (“October 7<sup>th</sup> Answer”). Consideration of PJM’s compliance filing to implement fast-start pricing rules has been held in abeyance to allow PJM time to resolve the “pricing and dispatch misalignment problem, as identified in the record.”<sup>3</sup>

On July 31, 2020, PJM filed in response to the Commission’s directive that PJM resolve misalignment issues with dispatch and settlements in PJM’s Real-Time Energy Market (“July 31<sup>st</sup> Filing”).<sup>4</sup> The July 31<sup>st</sup> Filing simply fails to solve the problem.

The October 7<sup>th</sup> Answer is PJM’s latest attempt to defend the July 31<sup>st</sup> Filing. The October 7<sup>th</sup> Answer fails to directly address the specific and critical issues raised and

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<sup>1</sup> 18 CFR §§ 385.212 & 385.213 (2020).

<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”).

<sup>3</sup> See *PJM Interconnection, L.L.C.*, 170 FERC ¶ 61,018 (2020) (“Abeyance Order”) at PP 30–32.

<sup>4</sup> *Id.*

instead creates more confusion. The October 7<sup>th</sup> Answer contains significant errors and misstatements. PJM's example, intended to explain the short term reforms in the October 7<sup>th</sup> Answer (at 4), incorrectly describes PJM's own proposal, and contradicts the changes described in PJM's July 31<sup>st</sup> Filing.<sup>5</sup> This answer is necessary to correct such errors and misstatements and should be accepted to ensure an accurate record and to facilitate the decision making process.

## I. ANSWER

The October 7<sup>th</sup> Answer introduces new confusion by incorrectly describing real-time market dispatch and in no way refutes the evidence presented in the Market Monitor's September 25<sup>th</sup> Answer that resources will not be paid prices consistent with following dispatch instructions under the July 31<sup>st</sup> Filing. Meanwhile, on the same day PJM filed its Answer, PJM presented its intention to implement the correct solution to align dispatch and pricing, to the Markets Implementation Committee (MIC).<sup>6</sup> The MIC presentation demonstrates that PJM clearly understands the issues and agrees with the Market Monitor on the nature of the problem and the appropriate solution. There is no reason to continue debate on the substance and merits of the issue. The July 31<sup>st</sup> Filing and PJM's supporting answers serve no purpose other than to attempt to release the fast start compliance filing from abeyance under an incomplete, incorrect dispatch and pricing alignment solution.

As PJM's graphic from its MIC presentation, duplicated in Figure 1, shows, the dispatch period, the time when resources follow the dispatch signal, is not the same thing

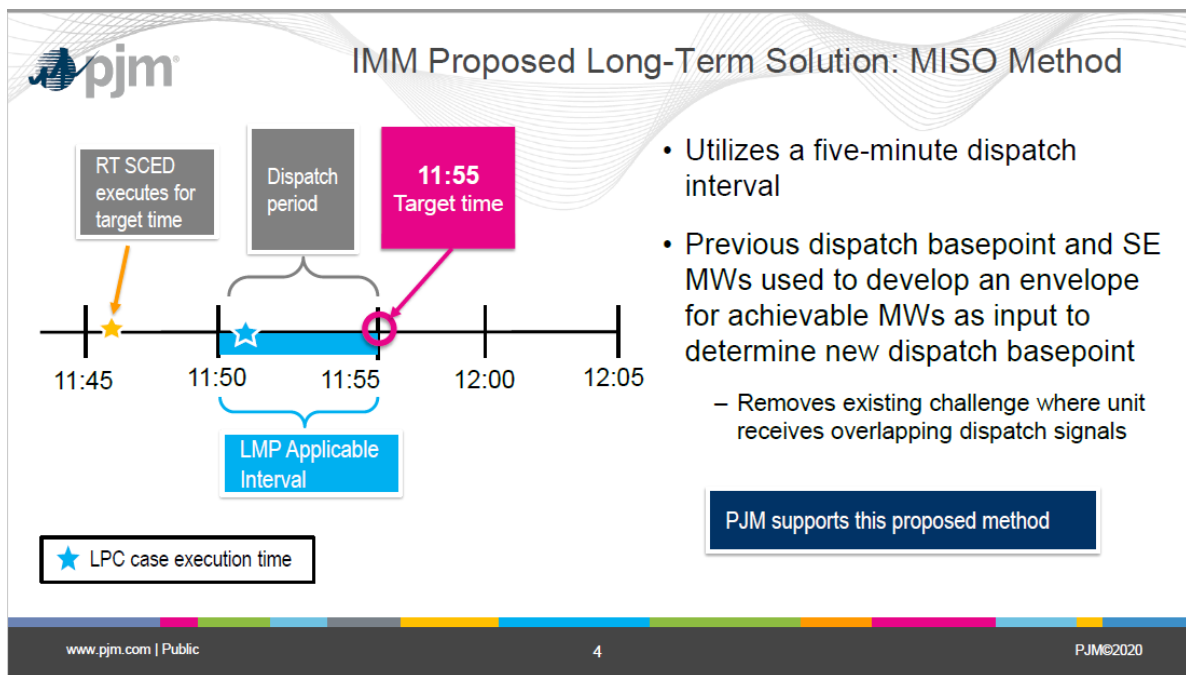
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<sup>5</sup> See July 31<sup>st</sup> Filing at 6.

<sup>6</sup> "Five Minute Dispatch Long-term Evaluation," PJM Presentation to the Markets Implementation Committee (October 7, 2020). <<https://pjm.com/-/media/committees-groups/committees/mic/2020/20201007/20201007-item-13-five-minute-dispatch-long-term-evaluation.ashx>>.

as the RT SCED solution target time.<sup>7</sup> The target is a point in time. The dispatch period is an interval of time. Under the agreed solution, the dispatch period will end at the target time, consistent with resources completing the ramp up or down to meet the dispatch instruction. The dispatch period will align with the pricing interval (LMP applicable interval), as is the case in most of the RTOs/ISOs. PJM recognizes the need to make this change and plans to do so in 2021.<sup>8</sup> PJM only needs to file its intended solution to rectify the shortcomings of the July 31<sup>st</sup> Filing.

**Figure 1 PJM MIC Graphic Depicting Alignment Solution**



The October 7<sup>th</sup> Answer creates confusion by discussing an RT SCED “target dispatch interval” when there is no such concept in RT SCED.<sup>9</sup> RT SCED solves for a target time, a snapshot of a future point in time. RT SCED does not produce results for an interval, or a period of time. RT SCED does not solve anything for a dispatch interval, which would

<sup>7</sup> *Id.* at 4.

<sup>8</sup> *Id.* at 2.

<sup>9</sup> October 7<sup>th</sup> Answer at 4.

be defined by a start and end time. The time period when the dispatch signal is effective is not defined by the RT SCED software. The time period when the dispatch signal is effective is defined by the issuing of dispatch instructions to resources by PJM, which happens when the dispatchers approve an RT SCED solution.

The October 7<sup>th</sup> Answer states (at 4) that the Market Monitor incorrectly applied the method proposed in the July 31<sup>st</sup> Filing. The October 7<sup>th</sup> Answer inexplicably misrepresents PJM's own proposal. The October 7<sup>th</sup> Answer (at 4) incorrectly states that the RT SCED solution that solves for a 10:00 target time would be used in pricing no sooner than 10:00 AM. The July 31<sup>st</sup> Filing would use the RT SCED solution approved at 9:50 with a 10:00 target time to price the 9:55 to 10:00 interval, while the dispatch instruction is expected to be effective from 9:50 to 9:55.<sup>10</sup> The Market Monitor's September 25<sup>th</sup> Answer correctly applies the July 31<sup>st</sup> Filing's approach to the historic RT SCED data. As the July 31<sup>st</sup> Filing proposes no changes to the dispatch process, and market participant behavior plays no role in the analysis, there are no behavior changes to take into account. The Market Monitor's analysis is correct.

The principles articulated in Order No. 825 and reaffirmed by the Commission in the Abeyance Order aim to compensate resources with prices that correspond to their dispatch instructions for the time period when they follow those instructions.<sup>11</sup> This means the actual physical resource dispatch period is aligned with pricing by using the same RT SCED solution to calculate the dispatch instructions and the prices for the same period. The metric presented by the Market Monitor in the September 25<sup>th</sup> Answer measures exactly that alignment. The Market Monitor calculated the frequency with which the dispatch period

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<sup>10</sup> See July 31<sup>st</sup> Filing at 6.

<sup>11</sup> See *Settlement Intervals and Shortage Pricing in Markets Operated by Regional Transmission Organizations and Independent System Operators*, 155 FERC ¶ 61,276, Order No. 825 (June 16, 2016). See, for example, P. 6-7.

would align with the corresponding pricing interval and showed that the July 31<sup>st</sup> Filing makes alignment worse. PJM has not and cannot dispute this finding. Alignment cannot be achieved with a 10 minute RT SCED ramp time with five minute pricing and settlement periods. PJM recognizes this and intends to correct it, as stated in its October 7<sup>th</sup> presentation to the MIC.<sup>12</sup> The simple solution is for PJM to file its intended corrections to the dispatch and pricing process.

## 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>13</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

The Market Monitor respectfully requests that the Commission afford due consideration to this answer and reject the July 31, 2020, filing in this proceeding. The

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<sup>12</sup> "Five Minute Dispatch Long-term Evaluation," PJM Presentation to the Markets Implementation Committee (October 7, 2020). <<https://pjm.com/-/media/committees-groups/committees/mic/2020/20201007/20201007-item-13-five-minute-dispatch-long-term-evaluation.ashx>>

<sup>13</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).

Abeyance Order in Docket No. ER19-2722 should remain effective unless and until PJM submits a filing that resolves the identified misalignment issues.<sup>14</sup>

Respectfully submitted,



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<sup>14</sup> On July 21, 2020, the Market Monitor submitted a Motion for Extension of Abeyance in Docket No. ER19-2722-000 (and in this Docket No. ER20-2573), in order to facilitate the coordinated resolution of the closely related issues raised in these dockets.

Dated: October 9, 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 9<sup>th</sup> day of October, 2020.



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