

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

| | | |
|--|---|--------------------------|
| Independent Market Monitor for PJM |) | Docket No. EL19-47-000 |
| v. |) | |
| PJM Interconnection, L.L.C. |) | |
| |) | |
| Office of the People’s Counsel for District of Columbia, Delaware Division of the Public Advocate, Citizens Utility Board, Indiana Office of Utility Consumer Counselor, Maryland Office of People’s Counsel, Pennsylvania Office of Consumer Advocate, West Virginia Consumer Advocate Division, PJM Industrial Customer Coalition |) | Docket No. EL19-63-000 |
| v. |) | |
| PJM Interconnection, L.L.C. |) | |
| |) | |
| PJM Interconnection, L.L.C. |) | Docket No. ER21-2444-000 |
| |) | |

**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,¹ Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor (“Market Monitor”) for PJM Interconnection, L.L.C.² (“PJM”), submits this answer to the

¹ 18 CFR §§ 385.212 & 385.213 (2021).

² Capitalized terms used herein and not otherwise defined have the meaning used in the PJM Open Access Transmission Tariff (“OATT”) or the PJM Operating Agreement (“OA”).

answer of PJM (“PJM Answer”), filed November 23, 2021, to the Market Monitor’s motion for clarification, or in the alternative, motion for waiver filed on November 18, 2021 (“Motion”).

In its answer, PJM requests that the Commission deny the Market Monitor’s request for clarification, PJM proposes to allow market sellers to change from default to unit specific MSOC, and in the alternative PJM requests that market sellers be required to use the October 31, 2021, MSOC values that the Market Monitor has stated are not consistent with the tariff. PJM also proposes to prohibit market sellers and the Market Monitor from agreeing to different MSOCs based on ongoing discussions, and require any agreed upon MSOC changes to be individually filed with the Commission by the market sellers.³ PJM proposes specific deadlines which would be irrelevant if the Commission rejects PJM’s requested approach on the date by which PJM requests an order.

I. ANSWER TO PJM RESPONSE TO MARKET MONITOR MOTION FOR CLARIFICATION

PJM’s opening assertion is incorrect. The Market Monitor did explain, publicly via a Market Message, and privately to PJM, why the market seller offer caps (“MSOCs”) were modified effective November 12, 2021.⁴ Despite PJM’s knowledge to the contrary and despite the Market Monitor’s clear statement to the contrary, PJM then asserts that the Market Monitor calculations as of October 31, 2021, are consistent with the tariff. It is not a matter of preference. It is a matter of fact. The Market Monitor stated clearly that the October 31, 2021, calculations are not consistent with the tariff and that the November 12, 2021, calculations are

³ PJM Answer at 8

⁴ See Market Message to Capacity Market Participants re Unit Specific Net Revenue Calculation (Dispatchable Units) (November 12, 2021).

consistent with the tariff.⁵ PJM takes out of context and misconstrues the Market Monitor's statement about whether the October 31, 2021, MSOC values were consistent with the tariff. The October 31, 2021, calculations were consistent with the tariff, as interpreted by the Market Monitor at the time of posting, but were not consistent with the tariff, as interpreted by PJM and explained to the Market Monitor at the request of the Market Monitor. The Market Monitor accepted PJM's interpretation of the tariff and implemented that interpretation in the November 12, 2021, MSOCs. PJM does not need the Market Monitor's model to verify anything. PJM has its own model. The Market Monitor relies on PJM's interpretation of the tariff when calculating forward looking net revenues.

Later in the PJM Answer (at 7) PJM acknowledges the Market Monitor's point: "PJM is generally supportive of the Market Monitor's corrective actions in calculating a Net EAS value that more accurately reflect the projected energy revenues of resources."

PJM makes the unsupported assertion that some market participants may be harmed by the November 12, 2021, MSOC calculations. The November 12, 2021, calculations are consistent with the tariff. If the November 12, 2021, MSOC is higher or lower than the October 31, 2021, MSOC value for any market participant, that does not harm or help any market participant. There is no right to use the October 31, 2021, MSOC values. The goal of the process is to correctly calculate the net revenues and therefore the MSOCs, based on the tariff.

All market participants had the option to choose the unit specific approach by October 1, 2021, and subsequently revert to default. But the reverse was not true. Thus, the choice providing the most optionality was to choose the unit specific option.

PJM mischaracterizes the purpose of the defined deadlines for the MSOC process. The October 31, 2021, deadline was for the Market Monitor to post its position on the MSOC values for capacity resources. The November 5, 2021, deadline was for market participants to

⁵ See Market Message to Capacity Market Participants re Unit Specific Net Revenue Calculation (Dispatchable Units) (November 5, 2021) and Market Message to Capacity Market Participants re Unit Specific Net Revenue Calculation (Dispatchable Units) (November 12, 2021).

post their positions on their MSOC values. There is nothing in the tariff preventing the Market Monitor and market participants from continuing to discuss differences and coming to an agreement about MSOC values. PJM's position that any such agreement is inconsistent with the deadlines misunderstands the purpose of the deadlines, which is for the positions to be posted so that they are clear and explicit. PJM's position that any such subsequent agreement would require a separate FERC filing for each such agreement is unsupported and would create administrative inefficiency.⁶ The deadlines were intended to ensure an orderly process and not to create an excuse for an inefficient process that would potentially require a large number of filings by market sellers with the Commission.

The Market Monitor's request for clarification should be approved and PJM's position rejected.

II. ANSWER TO PJM RESPONSE TO MARKET MONITOR REQUEST FOR WAIVER

PJM confuses the decision to select default or unit specific offer caps with the ability of market participants to disagree with the November 12, 2021, MSOC values. PJM has identified a preexisting issue with the tariff deadlines for selecting the default or unit specific options. The market sellers' deadline for requesting unit specific MSOCs precedes, by 30 days, the Market Monitor's deadline for posting net revenues and MSOCs. PJM did not propose to change the fact that market sellers' deadline for the choice of default or unit specific precedes the Market Monitor's deadline by 30 days, or otherwise address this issue, when PJM filed to modify the other MSOC related deadlines.⁷

In the interest of providing market sellers the flexibility to select the unit specific option, the Market Monitor supports PJM's proposed waiver of the October 1, 2021, deadline

⁶ Some market participants have reached such agreements with the Market Monitor and filed agreements with the Commission, following the PJM filing.

⁷ *PJM Interconnection, L.L.C.*, Docket Nos. EL19-47-000, et al, "Compliance Filing Concerning Certain Proposed Revised Pre-Auction Deadlines, Request for waiver of RPM Auction Deadlines, and Motion for a Shortened Comment Period of 7 Days," (September 10, 2021).

for the choice of default or unit specific MSOC, to permit market participants to revisit that decision, but only if that waiver applies to all market sellers that chose the default option and not just the subset suggested by PJM. The goal of the entire process should be to set MSOC values that are as accurate as possible for all market participants.

PJM requests specific deadlines subject to a Commission decision that PJM requests by no later than December 27, 2021, after PJM's proposed deadlines. PJM's proposed process could require unnecessary and inefficient efforts in the event that the Commission does not accept PJM's deadlines after the fact. PJM has proposed a deadline of this Friday, December 3, 2021, for market sellers to change their selection of the default MSOC and request a unit specific MSOC.

The Market Monitor requested a waiver of the market sellers' deadline for responding to the Market Monitor to one week after a Commission order granting a waiver (Motion). The Market Monitor now requests that market participants be allowed to request unit specific MSOCs, as PJM recommends, as soon as possible but no later than Friday, December 10, 2021. The Market Monitor requested a waiver of PJM's deadline to 20 days after the market sellers' deadline (Motion).⁸

III. COMMENT ON PJM'S DEFINITION OF MSOC VALUES

In the absence of the Commission accepting the Market Monitor's motion for clarification or the Market Monitor's proposed waiver, or PJM's proposed modifications to the Market Monitor's proposed waiver, PJM would require market sellers to use the October 31, 2021, MSOC values that the Market Monitor has explicitly stated are not consistent with the tariff. PJM would prevent market sellers from agreeing to the Market Monitor's November 12, 2021, MSOC values that the Market Monitor has explicitly stated are consistent with the tariff.

⁸ See "Motion for Clarification, or in the Alternative, Motion for Waiver of the Independent Market Monitor for PJM," (November 18, 2021).

PJM's conclusions are inconsistent with a rational administration of the tariff and the markets and competitive market outcomes.

IV. 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.⁹ 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.

V. CONCLUSION

The Market Monitor requests that the Commission grant the Market Monitor's motion for clarification, or in the alternative, approve the Market Monitor's requested waiver. The Market Monitor requests that the Commission accept the part of PJM's proposed modification to the Market Monitor's waiver request that would permit market sellers to modify their selection of the default option, but only if that waiver applies to all market sellers that chose the default option and not just the subset suggested by PJM, subject to the timing specified in the Market Monitor's request. The Market Monitor requests that the Commission reject PJM's other modifications to the Market Monitor's waiver request and reject PJM's views about the flexibility of the Market Monitor and market sellers to come to agreement

⁹ 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).

about MSOC values after the deadlines for the posting of MSOC values by the Market Monitor and market sellers, and PJM's statement of acceptance or rejection.

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

Respectfully submitted,



Jeffrey W. Mayes

Joseph E. Bowring
Independent Market Monitor for PJM
President
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8051
joseph.bowring@monitoringanalytics.com

General Counsel
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8053
jeffrey.mayes@monitoringanalytics.com

Alexandra Salaneck
Senior Analyst
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8050
alexandra.salaneck@monitoringanalytics.com

Dated: December 1, 2021

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 1st day of December, 2021.



Jeffrey W. Mayes
General Counsel
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610)271-8053
jeffrey.mayes@monitoringanalytics.com