

resources' capacity value in PJM, known as effective load carrying capability ("ELCC"), are deeply flawed, as the Market Monitor has explained in the CIFP stakeholder process.

PJM's approach to ELCC is based on correct insights about the need to calculate the availability of different resource types but the actual and proposed implementation includes a set of illogical implications that then require significant changes in the market design to accommodate. Rather than accepting the illogical implications and modifying basic elements of the fundamental capacity market design to accommodate those illogical implications, PJM needs to rethink the ELCC model that produces illogical results and continue its progress towards a full hourly model that explicitly accounts for unit availability, including correlated outages.

The proposed Technical Conference could create a basis for the Commission to initiate action to define the purpose of and a reasonable approach to the calculation of the reliability contribution of resources across all technologies.

This answer responds primarily to the comments filed by the IRC/RTO Council, as it filed the only pleading opposing a Technical Conference. The IRC/RTO Council has not provided justification for the Commission to avoid paying needed attention to this issue. The Technical Conference should be convened.

I. ANSWER

The IRC/RTO Council opposes a general Technical Conference on capacity accreditation, arguing (at 3–6) that the Commission does not require uniform rules, that the RTOs' capacity constructs differ, and that there are existing stakeholder processes addressing the issue. None of those are or have been reasons that a technical conference should not be convened. PJM has supported technical conferences on other topics despite the same underlying facts. In addition, the IRC/RTO Council filing ignores the fact that PJM has repeatedly justified PJM's approach to ELCC on the basis that it is the same approach taken by most other RTO/ISOs. The technical conference would be an efficient way to determine similarities and differences in approach and, more importantly, to propose and discuss better

and more durable approaches to defining the reliability contribution of resources. There is merit to addressing the reliability contribution of all resources in a broadly conceived format. A Technical Conference has the potential to assist ISO/RTO efforts. The Market Monitor agrees with ACP that capacity accreditation, in a broad sense, is a significant issue and worthy of attention in a Technical Conference. The term capacity accreditation implies an ex ante administrative determination of the reliability contribution of resources that fails to account for the dynamic nature of markets and fails to account for actual performance in real time which is all that really matters. A better term would be the reliability contribution of all resources.

The Electric Power Supply Association (“EPSA”) did not oppose a Technical Conference, but it did state concerns about the scope of such a conference. EPSA states (at 2):

We further caution that ACP’s proposed framework for discussion, as outlined in the Petition and attached Proposed Agenda for Technical Conference,[footnote omitted] drills far too deeply down into technical details such as empirical requirements and modeling standards, while also teeing up discussion of the role and impact of state and federal policies, such that the requested discussion could veer too far afield and risk massive complication rather than the establishment of first principles or guidance.

The Market Monitor shares EPSA’s concerns. The Technical Conference would be most useful if it focuses on the issue of the reliability contribution of resources more broadly. Getting into the details suggested by ACP is premature and is unlikely to be productive at this time.

EPSA recommends (at 5):

[T]he Commission could address issues such as the locational application of accreditation modeling, addressing unit-specific capabilities or performance as compared to class technology averages, whether changes to accreditation address the performance concerns raised by recent events like Winter Storm Elliot or Winter Storm Uri, and the application of capacity accreditation across technologies.

EPSA's proposal is consistent with a broader approach to a Technical Conference that is more likely to be productive. The Technical Conference should not focus solely on the micro details of the dated, ex ante, class average, non-locational and computationally complex/intractable ELCC approach, whether average or marginal. The Technical Conference should include consideration of better, more granular, more unit specific and more locational approaches to the reliability value of all types of resources, including for example the Market Monitor's hourly approach and CAISO's slice of day approach.

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.³ 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 as the Commission resolves the issues raised in this proceeding.

³ 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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Respectfully submitted,



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Dated: October 19, 2023

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 19th day of October, 2023.



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