

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

Transcontinental Gas Pipe Line Company LLC	) ) )	Docket No. CP21-94-004
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**COMMENTS OF THE INDEPENDENT MARKET MONITOR FOR PJM**

Pursuant to Rule 211 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 these comments in support of the application filed by Transcontinental Gas Pipe Line Company LLC (“Transco”) in this proceeding on September 6, 2024 (“September 6<sup>th</sup> Filing”). Transco’s application for a Temporary Certificate would allow it to continue operating the Regional Energy Access Expansion Project (“REA” or “Project”) that provides gas to PJM generators.<sup>3</sup> The Market Monitor recommends that Transco’s September 6<sup>th</sup> Filing be approved.

**I. COMMENTS**

On January 11, 2023, the Commission issued Transco a certificate of public convenience and necessity to construct and operate the REA Project.<sup>4</sup> The certificate

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<sup>1</sup> 18 CFR § 385.211 (2024).

<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> *Transcontinental Gas Pipe Line Company, LLC*, Application of Transcontinental Gas Pipe Line Company, LLC for a Temporary Emergency Certificate, Docket No. CP21-94-004.

<sup>4</sup> See *Transcontinental Gas Pipe Line Company, LLC*, 182 FERC ¶ 61,006 (2023) (“Certificate Order”), order on reh’g, 182 FERC ¶ 61,148 (2023) (collectively, “Certificate Orders”), *pet. for review granted in part, vacating decision*, *N.J. Conservation Foundation et. al. v. FERC*, No. 23-1064 (July 30, 2024).

authorized Transco to construct new facilities to support an incremental expansion of Transco's existing system by 829,400 Dth/day and replacement of existing facilities that support 1.2 Bcf/day of existing firm contracts.<sup>5</sup> As demonstrated in Transco's Temporary Certificate Application, all the facilities authorized in the Certificate Orders are in service and the expansion capacity is running at nearly full capacity, serving customers in New Jersey, Pennsylvania, and Maryland.<sup>6</sup>

On July 30, 2024, the United States Court of Appeals for the District of Columbia Circuit ("D.C. Circuit") vacated and remanded the Certificate Orders.<sup>7</sup> The September 6<sup>th</sup> Filing requests that the Commission issue a temporary certificate for the REA Project to ensure that it can continue to operate while the Commission acts on remand.

Transco's requested temporary certificate would authorize the continued operation of existing interstate natural gas pipeline capacity that is important for PJM to meet its goals of providing reliable power at the lowest possible price based on competitive markets.

Natural gas provides a large and growing share of total generation in PJM. Table 3-66 in the 2023 Annual State of the Market Report for PJM shows the share of generation by natural gas, coal, nuclear and other fuel types in the Real-Time PJM energy market since 2008.<sup>8</sup> In 2023, generation from natural gas was 44.1 percent of all PJM generation, the

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<sup>5</sup> The Certificate Orders authorized Transco to undertake several steps to optimize its existing system by abandoning and replacing preexisting compressor stations, metering and flow regulating devices. *See* Transco's Temporary Certificate Application at 15-16.

<sup>6</sup> *See* Transco Temporary Certificate Application at 25 (indicating that the use of REA's incremental capacity "has been robust both during the 2023–2024 winter heating season and through the summer months of 2024. During the 2023–2024 winter, when 450,000 dt per day of incremental REA capacity was in-service, average nominations were 527,000 dt per day.").

<sup>7</sup> *N.J. Conservation Foundation, et. al v. FERC*, No. 23-1064, 2024 U.S. App. LEXIS 18725 (July 30, 2024).

<sup>8</sup> *See* the 2023 Annual State of the Market Report for PJM: Volume 2, Section 3: Energy Market, P 209. (March 14, 2024).

highest level since the start of PJM markets for the same period, and coal was 14.7 percent, the lowest level since the start of PJM markets for the same period.

The Market Monitor has estimated that PJM will need from 1.9 to 4.8 BCF per day of additional firm gas pipeline capacity in order to replace retiring resources and maintain reliability, as an essential complement to, not as a substitute for, the new intermittent resources that are being added and will continue to be added.<sup>9</sup>

The REA incremental expansion of Transco's existing system by approximately 0.8 BCF per day is an important part of adding needed gas supply to the PJM system. The REA Project is designed to increase the quantities of natural gas supplies from the Marcellus Shale region to areas of New Jersey, Pennsylvania and Maryland.<sup>10</sup>

As the Market Monitor stated in the 2023 Annual State of the Market Report for PJM:<sup>11</sup>

Given current constraints on the gas pipeline system, the potential sources of the firm gas supply required to replace potential retirements are not clear. It is essential that the Commission, the states, PJM, PJM stakeholders and all segments of the gas industry (transportation, storage and commodity) address the issues of firm gas availability and the dual fuel options. PJM should immediately start a process to identify the available and potential sources of gas supply to the PJM market area in order to permit an evaluation of the risks to reliability and the related need for dual fuel capacity. PJM will rely on existing and new gas-fired generation in the foreseeable future and it is essential that such resources have the gas supply arrangements that will permit them to provide reliability and flexibility and competitive offers and have accurate real time information from the gas pipelines about the terms under which gas transportation is available.

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<sup>9</sup> 2023 Annual State of the Market Report for PJM: Volume 2, Section 7: Net Revenue (March 14, 2024).

<sup>10</sup> Temporary Certificate Application at 26.

<sup>11</sup> 2023 Annual State of the Market Report for PJM: Volume 2, Section 1: Introduction at 3.

## II. CONCLUSION

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

Respectfully submitted,



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Dated: October 8, 2024

## 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 8<sup>th</sup> day of October, 2024.



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