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

Ohio Power Partners, LLC)	Docket No. EC25-106-000
AL MTWN LP Holdings, LLC)	
AL MTWN GP Holdings, LLC)	
)	
)	

COMMENTS OF THE INDEPENDENT MARKET MONITOR FOR PJM

Pursuant to Rule 211 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. (“PJM”),² submits these comments responding to the filing submitted by Ohio Power Partners, LLC, et al. (“Applicants”) on June 17, 2025 (“June 17th Filing”), requesting approval of a proposed transaction under Section 203 of the Federal Power Acts. The June 17th Filing requests approval of the transaction (“Transaction”) in which subsidiaries of ArcLight Infrastructure Partners (“ArcLight”) will acquire Middletown Energy Center, a 436.6 MW natural gas facility in Ohio.³

¹ 18 CFR § 385.211 (2024).

² 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”).

³ AL MTWN LP Holdings, LLC, AL MTWN GP Holdings, LLC and AL Middletown LP will acquire certain indirect upstream interests in the Ohio Power Partners, LLC, and in additional transactions, AL Middletown LP Buyer will acquire certain additional indirect upstream interests in Ohio Power Partners, LLC.

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The Applicants' market power analysis shows that the Transaction results in only a small increase in HHI. ArcLight currently has market power in the PJM Capacity Market and in the PJM energy market and the Transaction will increase that market power, albeit by a relatively small amount. The fact that the transaction does not fail the Commission's HHI threshold does not ensure that the transaction does not increase market power. Consideration of the impact of the Transaction on market power is critical to determine whether the transaction is in the public interest, particularly where competitive markets are relied upon to ensure just and reasonable rates.⁴

The Commission does not require a pivotal supplier analysis in the initial evidentiary support in applications for approval of transactions that pass the Commission's market power screens.⁵ The Market Monitor believes that it is important for the Commission and the public to consider the implications of ownership consolidation in the PJM market. The Market Monitor is uniquely positioned with access to the market data required to perform the pivotal supplier analysis. There are gaps in the market power mitigation rules for the PJM energy, capacity, and ancillary services markets. The existence of pivotal suppliers in the PJM markets, along with insufficient market power mitigation, means that all increases in structural market power undermine the competitiveness of the PJM markets.

The Market Monitor does not oppose the Transaction subject to the proposed behavioral conditions that would protect the market from market power and help ensure competitive behavior. Approval of the Transaction with reasonable behavioral conditions would be consistent with the public interest.⁶

⁴ See *Shell Energy N. Am. (US), L.P. v. FERC*, 107 F.4th 981, 986–987 (DC Cir. 2024); *Public Citizen, Inc. v. FERC*, 7 F.4th 1177, 1193–1195 (2021).

⁵ 192 FERC ¶ 61,074 at 130.

⁶ See 16 U.S.C. § 824b.

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The broader question for the Commission's merger policy is whether any transactions that result in incremental increases in market power in the PJM Capacity Market, or any PJM market, without clear behavioral conditions should be approved as consistent with the public interest given the fact that the PJM Capacity Market is already characterized by endemic market power.

I. COMMENTS

A. ArcLight Has Market Power, and Any Acquisition Would Increase That Market Power.

ArcLight is a pivotal supplier in the aggregate PJM energy market and local energy markets. ArcLight is a pivotal supplier in the PJM Capacity Market. Any sale of capacity from a competitor to ArcLight would increase that market power. Given that the Commission must evaluate merger and acquisition requests on a transaction by transaction basis, a market seller can grow through serial acquisitions, none of which appear to violate merger metric thresholds, but which, when evaluated together, would violate one or more such metric thresholds. ArcLight is currently the fifth largest owner of capacity in PJM, with 11,986 MW of capacity, and ArcLight has announced another planned acquisition not yet filed with the Commission.⁷

Notwithstanding the HHI level, a supplier may have the ability to raise market prices above the competitive level. If reliably meeting the PJM system load requires energy from a single supplier, that supplier is singly pivotal and has monopoly power in the aggregate energy market. If a small number of suppliers are jointly required to reliably meet the PJM system load, those suppliers are jointly pivotal and have oligopoly power. The number of pivotal suppliers in the energy market is a more precise measure of structural market power

⁷ ArcLight Capital Partners, "ArcLight Acquires Advanced Power, A Leading Power Infrastructure Developer," Press Release (July 24, 2025), <https://www.prnewswire.com/news-releases/arclight-acquires-advanced-power-a-leading-power-infrastructure-developer-302512542.html?tc=eml_cleartime>.

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than the HHI. The same is true in the capacity market. If the capacity of a single supplier is needed to clear the capacity market, that supplier is pivotal. The HHI is not a definitive measure of structural market power. The capacity market illustrates the mismatch between the HHI metric and the pivotal supplier metric. The identification of jointly pivotal suppliers as a source of market power does not require an assumption that the suppliers collude. There are multiple mechanisms that would permit the exercise of market power when there are limited suppliers providing relief to a constraint. FERC's definition of highly concentrated markets, based on an HHI greater than 1800, includes between five and six owners with equal market shares.

The current market power mitigation rules for the PJM energy market rely on the assumption that the aggregate market includes sufficient competing sellers to ensure competitive market outcomes. With sufficient competition, any attempt to economically or physically withhold generation would not result in higher market prices, because another supplier would replace the generation at a similar price. This assumption requires that the total demand for energy can be met without the supply from any individual supplier or without the supply from a small group of suppliers. This assumption is not always correct. There are pivotal suppliers in the aggregate energy market.⁸

The Market Monitor's market power analysis shows a similar change in the capacity market HHI based on the transaction as the Applicants. Table 1 shows that HHI increases by 3, from 544 to 547, for the PJM RTO as a whole in the 2026/2027 auction. This does not mean that the transaction raises no market power concerns. ArcLight is a pivotal supplier in the PJM Capacity Market.

The overall context of this proposed transaction is also important. PJM's Capacity Market is extremely tight and likely to remain extremely tight for the foreseeable future,

⁸ Monitoring Analytics, L.L.C., *2025 Quarterly State of the Market Report for PJM: January through March*, Section 3: Energy Market, at 236-237.

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resulting in prices that are extremely high by PJM capacity market historical standards, which increases the potential impact of market power.⁹ When there is endemic market power, effective mitigation is essential to ensure competitive pricing. It is consistent with the public interest to condition the approval of transactions that increase market power on behavioral conditions in order to address market power.

Table 1 shows the HHI change in the PJM Capacity Market for the last three Base Residual Auctions using actual market data. Table 2 shows the change in ArcLight's Three Pivotal Supplier ("TPS") test scores before and after the acquisition of Middletown. {BEGIN CUI//PRIV} REDACTED {END CUI//PRIV}.

⁹ See Monitoring Analytics, L.L.C., *Analysis of the 2025/2026 Base Residual Auction*, Parts A through G, <<https://www.monitoringanalytics.com/reports/Reports/2024.shtml>> and <<https://www.monitoringanalytics.com/reports/Reports/2025.shtml>>.

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Table 1 Capacity Market HHI Change due to Transaction, PJM RTO

Base Residual Auction	RPM Market	Preacquisition HHI	Postacquisition HHI	Change in HHI
2024/2025	RTO	485	489	4
	MAAC	641	641	0
	EMAAC	972	972	0
	SWMAAC	1614	1614	0
	DPL South	1273	1273	0
	PSEG	4183	4183	0
	PSEG North	4604	4604	0
	Pepco	3157	3157	0
	ATSI	1153	1153	0
	ATSI Cleveland	4851	4851	0
	ComEd	1951	1951	0
	BGE	4090	4090	0
	PPL	2997	2997	0
	DAY	2696	2696	0
	DEOK	2924	2924	0
2025/2026	RTO	565	568	3
	MAAC	708	708	0
	EMAAC	1170	1170	0
	SWMAAC	2222	2222	0
	DPL South	1726	1726	0
	PSEG	4909	4909	0
	PSEG North	5224	5224	0
	Pepco	3186	3186	0
	ATSI	1279	1279	0
	ATSI Cleveland	5838	5838	0
	ComEd	2316	2316	0
	BGE	3404	3404	0
	PPL	3651	3651	0
	DAY	2108	2108	0
	DEOK	3822	3822	0
2026/2027	Dominion	5169	5169	0
	RTO	544	547	3
	MAAC	758	758	0
	EMAAC	1268	1268	0
	SWMAAC	1937	1937	0
	DPL South	1658	1658	0
	PSEG	5398	5398	0
	PSEG North	5709	5709	0
	Pepco	3117	3117	0
	ATSI	1324	1324	0
	ATSI Cleveland	5862	5862	0
	ComEd	2600	2600	0
	BGE	5821	5821	0
	PPL	3800	3800	0
	DAY	3826	3826	0
	DEOK	4146	4146	0
	Dominion	5163	5163	0
	JCPL	1769	1769	0

Table 2 Capacity Market Pivotal Supplier Score Change due to Transaction

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B. Behavioral Recommendations Would Address the Incentive to Exercise Market Power due to the Transaction.

Market power mitigation in PJM is not sufficient to address all exercises of market power. As a result, the Commission cannot ensure that the Transaction will have no adverse effects on competition in the PJM markets.

In order to ensure that market power is not exercised as a result of the transaction, the Market Monitor recommends the following behavioral conditions as part of approval:

1. A commitment, for all resources owned or controlled by ArcLight, to develop cost-based offers using a fuel cost policy that passes the Market Monitor's review and to limit price-based offers to a markup no greater than \$1 per MWh, will prevent the exercise of aggregate market power in the energy market.
2. A commitment, for all resources owned or controlled by ArcLight, to refrain from using crossing price and cost-based energy market offer curves (markup switching) will ensure that a price-based offer curve with a high markup will not be chosen by PJM's least cost offer determination when a resource has local market power as determined by the TPS test.¹⁰
3. A commitment, for all resources owned or controlled by ArcLight, to submit only operating parameters based on physical limits, as defined in the PJM tariff, in the energy market will ensure that ArcLight cannot use market power to operate inflexibly during weather alerts, emergencies, and periods when its units fail the TPS test.

¹⁰ This restriction is necessary for effective market power mitigation until PJM implements its Commission approved solution in Docket ER24-2905.

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4. A commitment, for all resources owned or controlled by ArcLight, to only give notice of retirement if the unit is expected to be uneconomic, because projected avoidable costs exceed projected net revenues, after accounting for identified risks.
5. A commitment, for all supply owned or controlled by ArcLight, to submit capacity market offers that do not exceed the net avoidable cost rate, which is the current Market Seller Offer Cap, will help ensure that capacity market offers are competitive, even if the PJM market rules change.
6. A commitment, for all supply owned or controlled by ArcLight, to offer the full ICAP MW equivalent of all their cleared UCAP capacity MW in the day-ahead and real-time energy markets every day.
7. A commitment to not remove resources from the PJM market to serve co-located load behind the generator's meter unless explicitly permitted by Commission policy.

II. CONCLUSION

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,



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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 August, 2025.



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