

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

North Carolina Electric Membership Corporation)	Docket No. EL25-79-000
)	
v.)	
)	
PJM Interconnection, L.L.C.)	
)	

COMMENTS OF THE INDEPENDENT MARKET MONITOR FOR PJM

Pursuant to Rule 211 of the Commission’s Rules and Regulations¹ 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 Complaint filed against by PJM by the North Carolina Electric Membership Corporation (“NCEMC”) on May 8, 2025 (“Complaint”). The Complaint alleges that the treatment of NCEMC’s Pseudo-Tied Resources in the PJM Capacity Market unfairly pays them the rest of RTO prices when the load they are meant to serve pays higher Locational Delivery Area (“LDA”) prices.

The Market Monitor supports the Complaint. Pseudo tied capacity resources should be modeled to specific LDAs and not rest of RTO. The point of LDAs is to establish locational prices. Pseudo tied resources are locational and should not simply be deemed to

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”).

serve the entire RTO. The Complaint should be granted and PJM should be required to revise its rules to assign pseudo tied resources to a specific LDA or LDAs.

I. COMMENTS

The Market Monitor has since 2016 consistently recommended that all capacity imports be required to be deliverable to PJM load in an identified LDA, zonal or subzonal, or defined combinations of specific zones, e.g. MAAC, prior to the relevant delivery year to ensure that they are full substitutes for internal, physical capacity resources. Pseudo ties alone are not adequate to ensure deliverability to PJM load.³

The establishment of a pseudo tie is one requirement for an external resource to be eligible to participate in the PJM Capacity Market. Pseudo tied external resources, regardless of their location, are treated as only meeting the reliability requirements of the rest of RTO and not the reliability requirements of any specific LDA. All imports offered in the auction from areas external to PJM are modeled as supply in the rest of RTO and not in any specific zonal or subzonal LDA. All internal resources are internal to a specific LDA.⁴

Effective May 9, 2017, significantly improved pseudo tie requirements for external generation capacity resources were implemented.⁵ The rule changes include: defining coordination with other Balancing Authorities when conducting pseudo tie studies; establishing an electrical distance requirement; establishing a market to market flowgate test to establish limits on the number of coordinated flowgates PJM must add in order to accommodate a new pseudo tie; a model consistency requirement; the requirement for the

³ 2025 Quarterly State of the Market Report for PJM: January through March; Section 5: Capacity Market (May 8, 2025).

⁴ External resources are not assigned to any of the five global LDAs or 22 zonal and subzonal LDAs. PJM's current practice is to model external resources in the rest of RTO. The practice is not currently documented by PJM. It was previously documented in "PJM Manual 18: PJM Capacity Market," § 2.3.4 Capacity Import Limits, Rev. 39 (Dec. 21, 2017).

⁵ 161 FERC ¶ 61,197 (2017).

capacity market seller to provide written acknowledgement from the external Balancing Authority Areas that such pseudo tie does not require tagging and that firm allocations associated with any coordinated flowgates applicable to the external Generation Capacity Resource under any agreed congestion management process then in effect between PJM and such Balancing Authority Area will be allocated to PJM; the requirement for the capacity market seller to obtain long-term firm point to point transmission service for transmission outside PJM with rollover rights and to obtain network external designated transmission service for transmission within PJM; establishing an operationally deliverable standard; and modifying the nonperformance penalty definition for external generation capacity resources to assess performance at subregional transmission organization granularity.

Generation external to the PJM region is eligible to be offered into an RPM auction if it meets specific requirements.^{6 7 8} Firm transmission service must be acquired from all external transmission providers between the unit and border of PJM and generation deliverability into PJM must be demonstrated prior to the start of the delivery year. In order to demonstrate generation deliverability into PJM, external generators must obtain firm point to point transmission service on the PJM OASIS from the PJM border into the PJM transmission system or by obtaining network external designated transmission service. In the event that transmission upgrades are required to establish deliverability, those upgrades must be completed by the start of the delivery year. The following are also required: the external generating unit must be in the resource portfolio of a PJM member; 12 months of NERC/GADs unit performance data must be provided to establish an EFORD;

⁶ See RAA Schedule 9 & 10.

⁷ See PJM Manual 18: PJM Capacity Market § 4.2.2 Existing Generation Capacity Resources–External, Rev. 59 (June 27, 2024).

⁸ See PJM Manual 18: PJM Capacity Market § 4.6.4 Importing an External Generation Resource, Rev. 59 (June 27, 2024).

the net capability of each unit must be verified through winter and summer testing; and a letter of non-recallability must be provided to assure PJM that the energy and capacity from the unit is not recallable to any other balancing authority.

All external generation resources that have an RPM commitment or FRR capacity plan commitment or that are designated as replacement capacity must be offered in the PJM Day-Ahead Energy Market.⁹

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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⁹ OATT Schedule 1 § 1.10.1A.

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 9th day of June, 2025.



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