

PJM has proposed to continue to use net EA&S calculated on the basis of an historical rolling three year average, which is consistent with the current approach. The Market Monitor views this approach as reasonable only because a reliable forward looking approach has not yet been fully reviewed by PJM members. A forward looking approach based on market data would be preferable because it would reflect market views of expected prices and revenues rather than historical values. Competitive sellers base their offers on expected prices and revenues.

PJM has proposed changes to the shape and location of the RPM demand curve, the VRR curve, based on appropriate principles, including system reliability incorporating the industry standard loss of load expectation of one in ten years. The full forecast demand should be included in the evaluation of reliability and in the VRR curve.

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 16, 2014

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 16th day of October, 2014.



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