



IMEA's waiver request does not solve a concrete problem that needs to be remedied. The FRR sales cap for FRR entities is designed to protect competitive investment in the non-FRR PJM region. It operates much like the Minimum Offer Price Rule ("MOPR").<sup>3</sup> The 2006 RPM settlement permits FRR entities to sell a defined, limited amount of surplus capacity into the PJM capacity market subject to a cap.<sup>4</sup> No rationale based on sound market design principles exists for the existence of any cap greater than zero.

The FRR sales cap exists because the market design for RPM, based on competitive investment, must coexist with neighboring markets and FRR entities that do not rely on competitive investment, but instead assign investment risks to captive customers. The FRR rules established under the settlement permit IMEA to sell an amount up to the FRR sales cap.<sup>5</sup> The settlement agreement would more effectively protect competitive investment in PJM if it prevented all such sales.

IMEA is free to sell the balance of capacity to control areas other than PJM.

There is no reason why a special exception should be made for IMEA to sell any amount in excess of the FRR sales cap in the tariff. Because IMEA has not supported its request for waiver of the application of the FRR sales cap in the BRA for the 2018/2018 Delivery Year, the request should be denied.

Contrary to IMEA's assertions (at 2-4), neither the FRR rules that IMEA selectively specifies nor the Commission order denying IMEA's prior waiver request creates a problem that that needs to be solved by excusing IMEA from the filed rules. If there is any problem,

---

FERC ¶ 61,182 at P 8 (2011); *California Independent System Operator Corp.*, 132 FERC ¶ 61,004, at P 10 (2010).

<sup>3</sup> OATT Attachment DD § 5.14(h).

<sup>44</sup> See PJM and Settling Parties filing, Docket No. ER05-1410-000 et al. (September 29, 2006); *PJM Interconnection, L.L.C.*, 117 FERC ¶ 61,331 (2006).

<sup>5</sup> See PJM Reliability Assurance Agreement ("RAA") Schedule 8.1 § E.

it is IMEA's election to submit an FRR Plan when it was not prepared to comply with the FRR rules (set forth in 14 tariff pages) and the rule that prevents IMEA from rescinding its notice now that certain FRR rules apply that IMEA does not like.<sup>6</sup> In its comments opposing IMEA's prior waiver request, the Illinois Commerce Commission suggested that the Commission consider "a waiver request from IMEA to be excused from the five-year stay-in provision for FRR participants as described in Schedule 8.1 of the RAA."<sup>7</sup> If IMEA files with Commission a request for such relief, the Market Monitor would not oppose it. Any such request should be on condition that IMEA not elect FRR status again for five years, consistent with the filed FRR rules.<sup>8</sup>

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

Respectfully submitted,



---

Jeffrey W. Mayes

Joseph E. Bowring  
Independent Market Monitor for PJM  
President  
Monitoring Analytics, LLC  
2621 Van Buren Avenue, Suite 160  
Valley Forge Corporate Center  
Eagleville, Pennsylvania 19403  
(610) 271-8051  
*joseph.bowring@monitoringanalytics.com*

General Counsel  
Monitoring Analytics, LLC  
2621 Van Buren Avenue, Suite 160  
Valley Forge Corporate Center  
Eagleville, Pennsylvania 19403  
(610) 271-8053  
*jeffrey.mayes@monitoringanalytics.com*

Dated: March 25, 2015

---

<sup>6</sup> RAA Schedule 8.1 § C.1 & 2.

<sup>7</sup> Comments of the Illinois Commerce Commission, Docket No. ER15-834-000 (January 28, 2015) at 7.

<sup>8</sup> RAA Schedule 8.1 § C.2.

## 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 25<sup>th</sup> day of March, 2015.



---

Jeffrey W. Mayes  
General Counsel  
Monitoring Analytics, LLC  
2621 Van Buren Avenue, Suite 160  
Valley Forge Corporate Center  
Eagleville, Pennsylvania 19403  
(610) 271-8053  
*jeffrey.mayes@monitoringanalytics.com*