

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

PJM Interconnection, L.L.C. )  
 ) Docket Nos. ER16-1336-000  
 )

**ANSWER AND MOTION FOR LEAVE TO ANSWER  
OF THE INDEPENDENT MARKET MONITOR FOR PJM**

Pursuant to Rules 212 and 213 of the Commission’s Rules and Regulations,<sup>1</sup> Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM<sup>2</sup> (“Market Monitor”), submits this answer and motion for leave to answer the request for rehearing submitted in the above referenced proceeding by the PJM Utilities Coalition et al. (“PJM Utilities”) on June 30, 2016. The request for rehearing should be denied.

**I. ANSWER**

PJM Utilities seek rehearing of the Commission’s order in this proceeding issued May 31, 2016 (“May 31<sup>st</sup> Order”), which determined:

The question, then, is whether the potential operational difficulties raised by PJM nonetheless warrant the ramp rate exemption, notwithstanding its broader impact on the Capacity Performance incentive structure. We agree with the Market Monitor that PJM has not provided sufficient evidence to justify the proposed tariff revisions; based on the record here, we are not persuaded that the potential difficulties of resources’ self-scheduling in advance of

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<sup>1</sup> 18 CFR §§ 385.212 & 385.213 (2016).

<sup>2</sup> Capitalized terms used herein and not otherwise defined have the meaning used in the PJM Open Access Transmission Tariff (“OATT”) or the PJM (“OA”).

emergencies warrant PJM's proposed change to the Capacity Performance penalty structure.<sup>3</sup>

The Commission correctly decided that when a participant fails to deliver capacity that a resource is obligated to provide, it should be treated as nonperforming, with no excuses.<sup>4</sup>

Operational parameters, including ramp rates, are not a reason to excuse nonperformance. Nonperformance means a failure to deliver, and the rules provide reasonable consequences for that failure. The inability of a resource to perform during the most critical times should be reflected in the relative value of its capacity, regardless of the operating parameters of the resource. If a resource does not perform, its value will and should be reduced. If a resource does perform, its value will and should reflect that performance. The proposal to accept excuses would undercut the core principle of Capacity Performance and favor resources that cannot perform over those that can perform. The record in this proceeding has established that the Commission's determination is just and reasonable, is a logical element of capacity performance market design, and consistent with a competitive and efficient capacity market that serves the public interest.

The reasons for the policy of no excuses have been thoroughly explained in the May 31<sup>st</sup> Order and in the principal capacity performance proceeding, Docket No. ER15-623-000 et al., and do not require reiteration here. The Commission has clearly articulated its rationale and PJM Utilities provide no reason for the Commission to change its approach. Accordingly, the request for rehearing should be denied.

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<sup>3</sup> See *PJM Interconnection, L.L.C., et al.*, 155 FERC ¶ 61,213 at P 25 (2016).

<sup>4</sup> See *Id.* at PP 26–27.

## II. MOTION FOR LEAVE TO ANSWER

The Commission's Rules of Practice and Procedure, 18 CFR § 385.213(a)(2), do not permit answers to answers or protests unless otherwise ordered by the decisional authority. The Commission has made exceptions, however, where an answer clarifies the issues or assists in creating a complete record.<sup>5</sup> In this answer, the Market Monitor provides the Commission with information useful to the Commission's decision-making process and which provides a more complete record. Accordingly, the Market Monitor respectfully requests that this answer be permitted.

## III. 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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<sup>5</sup> See, e.g., *Cal. Indep. Sys. Operator Corp.*, 129 FERC ¶ 61,241 at P 16 (2009) (“[w]e will accept the answers and responses to the requests for rehearing because they provide information that assisted us in our decision-making process”); *KN Wattenberg Transmission LLC*, 94 FERC ¶ 61,189 at 61,671 (2001) (finding good cause to accept an answer to a request for rehearing “in order to insure a complete record in this proceeding”); *Tex. E. Transmission, LP*, 131 FERC ¶ 61,164 at P 1, n.3 (2010) (accepting answer to a request for rehearing that aided the Commission's decision-making); *Southwest Power Pool, Inc.*, 126 FERC ¶ 61,153, at P 18 (2009) (accepting answers that aided the Commission's decision-making).

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Dated: July 15, 2016

## 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 15<sup>th</sup> day of July, 2016.



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