

Market Monitor requests that the Commission grant this petition and require AEP to provide the requested information within two weeks.

I. BACKGROUND

Section V.B.1 of Attachment M to the OATT authorizes the Market Monitor to request that market participants provide additional information if the Market Monitor determines that such information “is required to accomplish the objectives of the Plan.” Section V.B.2 of Attachment M provides, “The information request recipient shall provide the Market Monitoring Unit with all information that is reasonably requested.” Section V.B.2 provides further, that, “If an information request recipient fails to provide requested information within a reasonable time, the Plan provides that the Market Monitor may enforce the information request by initiating regulatory or judicial proceedings, including petitioning the Commission for an order directing production of the information.”

Under Sections IV.E-1 of Attachment M and Section II.A.2 of Attachment M–Appendix to the OATT, the Market Monitor reviews the costs included in cost-based offers to determine whether such costs raise market power concerns, comply with the PJM Cost Development Guidelines, and are otherwise acceptable.

A competitive offer level is the short run marginal cost of the generating unit, so offers that exceed short run marginal costs raise market power concerns. [REDACTED]. Therefore, the Market Monitor requires the detailed support for the variable operations and maintenance expenses that AEP includes in its cost-based offers, in order to perform the required review and to determine whether the cost-based offer, which is the offer cap, is acceptable. The Market Monitor needs the information in order to perform its market power review. The Market Monitor is unable to obtain such information from an alternative source.

A. Market Monitor’s Requests for Information

In a letter dated October 28, 2016, the Market Monitor formally requested that AEP provide the total costs of variable operations and maintenance (VOM) used in the

development of the [REDACTED] cost-based offer for September 1, 2016, including identification of costs by category. A copy of the request is provided as confidential Attachment A. The Market Monitor's request followed a less formal effort to obtain the information. A copy of the email chain, including the Market Monitor's prior requests and AEP's initial and final responses, is provided as confidential Attachment B.

B. Response to the Market Monitor's Information Requests

AEP refuses to provide information responsive to the request. In an email dated November 9, 2016 (provided in confidential Attachment B), AEP stated that it would not respond to the request because [REDACTED]

II. PETITION

A. It Is Reasonable for the Market Monitor to Request Information on Variable Operations and Maintenance Expense in Order to Conduct Market Power Review.

Attachment M to the OATT confers broad responsibility on the Market Monitor for review of market behavior and the market design for market power concerns. Attachment M clearly defines the Market Monitor's authority to request the referenced data. AEP does not address the role of the Market Monitor as defined in Attachment M.

AEP's position is very simple. AEP states: "[REDACTED]."

It is not AEP's role to determine whether the Market Monitor should have the data required to evaluate AEP's cost-based offers. The Market Monitor has made it clear that the review of the level of VOM is not part of the Market Monitor's review of fuel cost policies.

The Market Monitor cannot reach a conclusion about the competitiveness of the units' offers without a review of the data supporting the offers.

The Market Monitor does not have the authority to require AEP to change its cost-based offers. But without the requested information, the Market Monitor cannot reach a conclusion about whether the offers are appropriate. As a result, the Market Monitor cannot

make a recommendation about whether the offers are appropriate and the FERC cannot make a decision about AEP's cost-based offers.

B. The Market Monitor Needs the Requested Information to Review AEP's Offers.

The Market Monitor cannot assess the correct level of AEP's cost-based offers without the requested supporting information from AEP.

III. COMMUNICATIONS

Pursuant to 18 C.F.R. § 385.203(b)(3), the Market Monitor designates the following persons as those to receive all notices and communications with respect to this proceeding:

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IV. CONCLUSION

The Market Monitor respectfully requests that the Commission promptly grant this petition and require AEP to provide all of the information specified in the Market Monitor's information requests within two weeks.

Respectfully submitted,



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Dated: November 22, 2016

ATTACHMENT A
[REDACTED]

ATTACHMENT B
[REDACTED]

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon representatives of AEP.

Dated at Eagleville, Pennsylvania,
this 22nd day of November, 2016.



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