

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

PJM Interconnection, L.L.C.)	Docket No. ER17-2291-000
)	
PJM Interconnection, L.L.C.)	Docket No. ER17-2218-000
)	
Midcontinent Independent System Operator, Inc.)	Docket No. ER17-2220-000
)	
)	(not consolidated)

**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,¹ Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM² (“Market Monitor”), submits this answer to the answer filed September 25, 2017, in this proceeding by the American Municipal Power, Inc. (“AMP”). AMP continues to defend weaker standards for external capacity resources to participate in the PJM capacity market, which would make the PJM capacity market less effective and less efficient and would be inconsistent with a competitive outcome.

I. ANSWER

AMP claims (at 4) that the relief requested by Market Monitor constitutes a collateral attack on prior Commission orders. In fact, the Market Monitor agrees with the Commission’s statements in the orders to which AMP refers, including that one purpose of

¹ 18 CFR §§ 385.212 & 385.213 (2015).

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

pseudo ties is the avoidance of TLR Level 5 curtailments, and seeks only to ensure that the stated policy is implemented.³ The 2014 Order cited by AMP explicitly states, “pseudo-tied generation resources ... are treated like internal generation.”⁴ AMP argues (at 4–5) that “treated like” does not mean “treated identically” in all circumstances, and that the Market Monitor’s position is impossible to satisfy. AMP fails to explain why modification of the provisions concerning nonrecallability, suspension and termination, as the Market Monitor recommends, is impossible. AMP mischaracterizes the Market Monitor’s position. AMP actually seeks to defend application of a different standard, even though like treatment is possible and is necessary to implement the Commission’s stated policy objective.

AMP did not explain how the Market Monitor’s position imposes higher standards on external capacity resources than on internal capacity resources in its answer filed September 6, 2017, and it fails again to do so here. AMP merely reiterates (at 6) its earlier incorrect assertion that “the Market Monitor’s proposal would either impair reliability in the native Balancing Authority Area in the event the native Balancing Authority ceded all control, or would preclude external generating resources from participating in RPM in the event the native Balancing Authority refused.” A real pseudo tie does mean ceding control over the unit. That is the point. A native Balancing Authority should not accept pseudo tie

³ See *PJM Interconnection, L.L.C.*, 147 FERC ¶ 61,060 at PP 44, 50 (2014) (“As PJM explained, even though a pseudo-tied generation resource is physically located in one balancing authority, it is treated electrically as being in another balancing authority. Therefore, that pseudo-tied resource is subject to the dispatch of that second balancing authority and it is not tagged as an interchange transaction between the two areas and, under NERC rules, it is not subject to curtailment in a TLR-5 event.”); *PJM Interconnection, L.L.C.*, 151 FERC ¶ 61,208 at PP 96–97 (2015) (“[W]e agree with the clarification PJM provides in its Deficiency Letter Response and find that this requirement is necessary to ensure that external resources are accountable for their individual performance when PJM’s system is experiencing Emergency Actions. Regarding the Illinois Commission’s argument that requiring external resources to become pseudo-tied will exacerbate seams issues between PJM and adjacent regions, we find that the Illinois Commission fails to specify what seams issues would be exacerbated or how such result would occur.”), *order on reh’g*, 155 FERC ¶ 61,157 (2016).

⁴ AMP at 5 & n.15, citing 147 FERC ¶ 61,060 at PP 44, 50.

requests that impair its reliability. AMP does not explain how external resources would be treated worse than in internal resources by PJM. On the contrary, the criticism appears to be that the treatment would be the same. AMP still fails to provide a single example of how the Market Monitor's position would result in more stringent requirements for external than for internal capacity resources. AMP's arguments have no merit and should be rejected.

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.⁵ 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 answer as the Commission resolves the issues raised in this proceeding.

⁵ See, e.g., *PJM Interconnection, L.L.C.*, 119 FERC ¶61,318 at P 36 (2007) (accepted answer to answer that "provided information that assisted ... decision-making process"); *California Independent System Operator Corporation*, 110 FERC ¶ 61,007 (2005) (answer to answer permitted to assist Commission in decision-making process); *New Power Company v. PJM Interconnection, L.L.C.*, 98 FERC ¶ 61,208 (2002) (answer accepted to provide new factual and legal material to assist the Commission in decision-making process); *N.Y. Independent System Operator, Inc.*, 121 FERC ¶61,112 at P 4 (2007) (answer to protest accepted because it provided information that assisted the Commission in its decision-making process).

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Respectfully submitted,



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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 12th day of October, 2017.



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