

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

PJM Interconnection, L.L.C.	)	Docket No. EL14-37-001,
	)	ER17-1433-000
	)	
	)	

**COMMENTS OF THE INDEPENDENT MARKET MONITOR FOR PJM**

Pursuant to Rule 211 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 these comments responding to the compliance filing submitted by PJM Interconnection, L.L.C. (“PJM”) on April 18, 2017 (“April 18<sup>th</sup> Filing”). The revisions to the FTR forfeiture rule proposed in the April 18<sup>th</sup> Filing improve the rule, comply with the Commission’s directives, and should be approved.

On January 19, 2017, the Commission issued an order finding certain aspects of the PJM’s application of the FTR forfeiture rule to be unjust and unreasonable.<sup>3</sup> The Commission required revisions to the FTR forfeiture rule including: use of a portfolio approach to virtual transactions that includes increment offers, decrement bids and up to congestion transactions and includes a portfolio’s net impact on a constraint which makes an FTR more valuable; and inclusion of all FTRs including counter flow FTRs.

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<sup>1</sup> 18 CFR § 385.211 (2016).

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

<sup>3</sup> *PJM Interconnection, L.L.C.*, 158 FERC ¶ 61,038 (2017).

The April 18<sup>th</sup> Filing meets the Commission's requirements. Consistent with the Commission's order to incorporate a portfolio approach to the rule, PJM's proposal calculates the net impact of each participant's portfolio on each constraint. In addition, consistent with the Commission Order, the revised rules include all FTRs, including counter flow FTRs, for potential forfeiture. Under the April 18<sup>th</sup> Filing, if the portfolio affects a constraint which makes the FTR more valuable and results in congestion in the day-ahead market greater than in the real-time market, the profit on that FTR will be forfeited for that hour.

The revisions to the FTR forfeiture rule proposed in the April 18<sup>th</sup> Filing improve the previous rule. The rule treats all virtuals, INCs, DECs and UTCs equally, which the previous rule did not. The inclusion of counter flow FTRs in the FTR forfeiture calculation appropriately treats all FTRs equally regardless of FTR flow direction.

The revisions in the April 18<sup>th</sup> Filing simplify the FTR forfeiture process and make the FTR forfeiture process more accurate and consistent by considering net portfolio impacts, by treating all virtuals consistently and by including counter flow and prevailing flow FTRs.

The revisions to the FTR forfeiture rule proposed in the April 18<sup>th</sup> Filing should be approved.

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

Respectfully submitted,



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Dated: May 15, 2017

## 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 May, 2017.



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