



January 27, 2017

Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: PJM Interconnection, L.L.C., EL16-6-000, -001, -002, -003 & ER16-121-000

Dear Ms. Bose:

On January 19, 2017, PJM submitted in this proceeding a letter indicating that if it does not receive an order by February 10, 2017, "PJM will not implement its compliance proposal until February of 2018 given that market participants' ARR source point nominations (enabling subsequent ARR allocations and FTR auctions) occur on an annual basis."

The Market Monitor agrees that a delay in implementation until February 2018 is appropriate. The Market Monitor does not agree that it would make sense for the Commission to rush to issue an order by February 10, 2017, to enable the proposed changes to go into effect for the upcoming 2017/2018 Planning Period ARR allocation and Financial Transmission Right auction process. PJM states that "that February 10 represents an outside date for receipt of an order that would enable the proposed changes to go into effect." An order issued even today would provide insufficient time to successfully implement the proposed changes. An order issued on February 10 would be too late.

The Market Monitor's concerns are based on the fact that PJM has only described its proposed method in general and has not actually defined its proposed method in detail. As a result there has been no discussion, review or analysis of PJM's proposed method, by PJM or anyone else. PJM cannot provide information to participants about what the impacts on ARR allocations will be or how significant the distributional consequences will be. PJM does not currently possess the information needed to study the impacts of their method and is only now requesting that information from participants. On January 13, 2017, PJM for the first time asked participants to identify their rate-based resources and requested a response deadline of January 30, 2017. PJM will not know until that date whether participants have provided adequate responses or whether follow up questions will be required.

Delaying the implementation of PJM's Stage 1A changes is the most practical course of action. Additional time will allow PJM and participants to gather and report the required information. Additional time will allow PJM the opportunity to determine the impacts,

disseminate the results to participants, get feedback from participants, and make any appropriate changes before implementation. PJM should study the impact of the proposed changes, make the results available to participants and include participants in the discussion and development of these rules.

Accordingly, the Market Monitor recommends that PJM be allowed sufficient time to develop a well designed compliance proposal and directed to make a compliance filing consistent with implementation for the FTR auction scheduled for April 2018.

If you have any questions regarding this filing, please contact the undersigned at (610) 271-8053.

Sincerely,

A handwritten signature in blue ink that reads "Jeffrey Mayes". The signature is fluid and cursive, with a large initial "J" and "M".

Jeffrey W. Mayes, General Counsel

cc: Joseph E. Bowring, IMM, Market Monitor  
Howard J Haas, IMM, Chief Economist  
Seth A. Hayik, IMM, Analyst