

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

Illinois Municipal Electric Agency)	Docket No. EL21-79-000
)	
v.)	
)	
PJM Interconnection, L.L.C.)	
)	

**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 (“Market Monitor”) for PJM Interconnection, L.L.C. (“PJM”),² submits this answer to responses to the complaint submitted by Illinois Municipal Electric Agency (“IMEA”) on May 28, 2021. In their pleadings, PJM and Exelon et al. demonstrate that IMEA’s complaint is without merit and should be rejected.³

I. ANSWER

The Market Monitor agrees with PJM’s statements (at 2, 4-11, 13-18) that the value of the Qualifying Transmission Upgrade (QTU)/Capacity Transfer Right (CTRs)/Incremental Capacity Transfer Rights (ICTRs) credits in a given Delivery Year is limited by the tariff to

¹ 18 CFR §§ 385.212 & 385.213 (2020).

² 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”).

³ Answer of PJM Interconnection, L.L.C., Docket No. EL21-79-000 (June 29, 2021) (“PJM”); Protest of Exelon Corporation and Its Affiliates, Docket No. EL21-79-000 (June 28, 2021) (“Exelon”).

the capacity congestion charges actually paid in a year. The funding for Capacity Transfer Rights (CTRs) and their variants is entirely the result of capacity market clearing price differences for LDAs and the actual level of capacity imports into LDAs. CTRs return excess payments by load which result when load in a price separated LDA pays the higher LDA price for all MW of capacity but capacity MW imported into the LDA receive the lower LDA price based on their location. The amount of funds available for CTRs is clearly defined. It is illogical to suggest that IMEA has a right to a source of revenue that does not exist. If there is no surplus or the surplus is reduced, IMEA does not have the right to pretend that the surplus is greater. IMEA would have other customers subsidize this asserted but nonexistent right.

The Market Monitor agrees with PJM's statement that ICTRs get first rights to CTR credits and may receive all the CTR credits in a given auction. But total ICTR credits cannot exceed the available CTR credits in an auction. If the surplus payments that are the source of funding for ICTRs and CTRs do not exist, they cannot be conjured. The credits paid to ICTRs must be reduced so the total credits paid to ICTRs do not exceed the total CTR credits collected from the load in the relevant LDA. This reduction simply reflects the fact that not all of the ICTR MW were actually used to import capacity.

If the ICTRs exceed the surplus amount, this simply means that not all the ICTR MW were actually used to import capacity MW into the constrained LDA. This is another reason that PJM is correct in its interpretation and the IMEA position is unsupportable. The price difference cannot and should not be paid based on imports that did not occur. Yet that is IMEA's position.

The PJM manual provisions are consistent with the rules in Attachment DD. The Market Monitor agrees that Exelon's review (at 2-5) of Section 5.16 and the applicable tariff and manual provisions supports its conclusion (at 5) that "the megawatt volume of CTRs vary from Delivery Year to Delivery Year and the megawatt volume of CTRs allocated to the new service customer shall not exceed the CTRs."

IMEA's interpretation of the tariff would require other customers to subsidize their asserted rights to nonexistent surplus revenue for unused import capability in the form of uplift payments. IMEA cites no market rules and no logical reasons that support the suggestion that other load should pay a subsidy in excess of the actual available capacity market congestion revenues.

As PJM notes (at 4, 23-24), the proration of ICTRs when CTR MW are less than ICTR MW is not a new PJM practice. The 2020/2021 planning year was not the first year that ICTR credits have been prorated so as to not exceed total CTR credits collected from LDAs. That is the only logical outcome in such circumstances.

The Market Monitor agrees that PJM correctly followed its tariff and manual procedures in administering the 2021/2022 BRA and incremental auctions, including its determination of total CTRs and the resulting proration of affected ICTRs. IMEA's complaint has 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.⁴ In this answer, the Market Monitor provides the Commission with information useful to the Commission's decision-making process and

⁴ See, e.g., *PJM Interconnection, LLC*, 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, LLC*, 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).

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.

Respectfully submitted,



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Dated: July 13, 2021

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 13th day of July, 2021.



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