

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

Camp Grove Wind Farm LLC

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Docket No. ER21-2919-000

**COMMENTS OF THE  
INDEPENDENT MARKET MONITOR FOR PJM  
IN OPPOSITION TO OFFER OF SETTLEMENT**

Pursuant to Rule 602(f) of the Commission’s Rules and Regulations,<sup>1</sup> Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor (“Market Monitor”) for PJM Interconnection, L.L.C.<sup>2</sup> (“PJM”), submits this reply in opposition to the joint offer of settlement (“Offer”) filed in this proceeding on June 7, 2022, by Camp Grove Wind Farm LLC (“Camp Grove”). Because Camp Grove operates an asynchronous resource, a wind power production facility, its filing for reactive capability compensation under Schedule 2 to the PJM OATT (“Schedule 2”) raises unresolved issues, including whether the *AEP* Method is a just and reasonable approach to calculate cost compensation under Schedule 2.<sup>3</sup> Camp Grove proposes on a black box basis an annual revenue requirement for Reactive Capability of \$565,000.00, or \$3,766.67 per MW-Year, or \$10.32 per MW-Day for the 150 MW facility, on a nameplate capacity basis. The level is excessive, has no evidentiary support and should not be accepted. On an equivalent capacity basis using the 15.0 percent ELCC derating factor for onshore wind, the Offer proposed ARR is \$68.80 per MW-day, or more than twice (2.02 times

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<sup>1</sup> 18 CFR § 385.602(f) (2021).

<sup>2</sup> Capitalized terms used herein and not otherwise defined have the meaning used in the PJM Open Access Transmission Tariff (“OATT”).

<sup>3</sup> See *American Electric Power Service Corp.*, 80 FERC ¶ 63,006 (1997), *aff’d*, 88 FERC ¶ 61,141 (1999); *Reactive Power Capability Compensation*, Notice of Inquiry, 177 FERC ¶ 61,118 at PP 20–28 (2021) (“NOI”).

or 202 percent of) the \$34.13 clearing price in the last PJM capacity market auction for the COMED LDA.<sup>4</sup> Camp Grove is attempting to recover more than twice the value of its capacity in the PJM Capacity Market through the price of reactive power alone, an ancillary service. The result would be that Camp Grove would be paid three times the value of its capacity and three times what other market participants receive for selling capacity in the PJM Capacity Market.

The Commission may approve a contested offer of settlement only based on its merits.<sup>5</sup> A contested settlement may be approved on its merits under one of the four approaches set forth in *Trailblazer Pipeline Company*.<sup>6</sup> None of the approaches under *Trailblazer Pipeline Company* can be relied on for approval of the Offer. The Offer does not resolve the issues raised in the order setting this matter for hearing.<sup>7</sup> The order does not establish a just and reasonable basis for calculating a rate for an asynchronous wind facility.<sup>8</sup> There is no record supporting the revenue requirement as just and reasonable, including as a “package.” The Market Monitor represents the public interest in efficient and competitive markets. The

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<sup>4</sup> The actual derating factor for the Camp Grove Facility is confidential.

<sup>5</sup> 18 CFR § 385.602(h)(1) (“If the Commission determines that any offer of settlement is contested in whole or in part, by any party, the Commission may decide the merits of the contested settlement issues, if the record contains substantial evidence upon which to base a reasoned decision or the Commission determines there is no genuine issue of material fact.”)

<sup>6</sup> The four approaches for approving a settlement under *Trailblazer Pipeline Company* include: (i) addressing the contentions of the contesting party on the merits when there is any adequate record; (ii) approving a contested settlement as a package on the ground that the overall result of the settlement is just and reasonable; (iii) determining that the contesting party’s interest is sufficiently attenuated such that the settlement can be analyzed under the fair and reasonable standard applicable to uncontested settlements when the settlement benefits the directly affected settling parties; or (iv) preserving the settlement for the consenting parties while allowing contesting parties to obtain a litigated result on the merits. See *Trailblazer Pipeline Company*, 85 FERC ¶ 61,345 (1998).

<sup>7</sup> *Camp Grove Wind LLC*, 177 FERC ¶ 61,125 at PP 11–12 (2021).

<sup>8</sup> Whether the AEP Method applies to asynchronous wind facilities is a question under active review in Commission proceedings. See NOI at PP 20–28.

settlement cannot be analyzed under the fair and reasonable standard applicable to uncontested settlements because the public interest in efficient and competitive markets is a central issue in this proceeding. There is no possibility of severing the issues in the manner contemplated under the *Trailblazer Pipeline Company* approaches.

Although the Commission encourages settlements, that policy is not a license to resolve cases at all costs.<sup>9</sup> An offer of settlement, as in this case, that is unfair, unreasonable, or against the public interest must be rejected.<sup>10</sup> Instead, this case should proceed to hearing so that the record can be developed and issues of material fact and law can be resolved on the merits.

Article 6.3 of the Offer's proposed settlement provides: "The Commission's approval of this Settlement shall not constitute precedent nor be used to prejudice any otherwise available rights or arguments of any party in a future proceeding." If the Offer is approved, it will unavoidably indicate that wind facilities like Camp Grove can receive compensation for reactive capability under Schedule 2 based on a filing using the *AEP* Method, and it would further establish a benchmark rate level for storage facilities. The public interest is better served by resolution of the issues raised in this proceeding on the basis of a full evidentiary record and reasoned analysis.

In the attached affidavit of Dr. Joseph E. Bowring ("Affidavit"), included pursuant to Rule 602(f)(4), Dr. Bowring explains why the *AEP* Method does not apply to wind facilities and why the requested revenue requirement is excessive.<sup>11</sup>

The issues raised in this proceeding have significant cost implications going forward. Failing to resolve these issues risks requiring customers to make payments to Camp Grove and similar facilities which the facilities are not eligible to receive. Resolution of these issues

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<sup>9</sup> See, e.g., *Arkla Energy Resources*, 49 FERC ¶ 61,051, 61,217 (1989); *Transwestern Pipeline Co.*, 9 FERC ¶ 61,075, at 61,166 (1979).

<sup>10</sup> 496 F.3d at 701.

<sup>11</sup> 18 CFR § 385.602(f)(4).

should not be deferred. There is significantly greater administrative efficiency if new issues are resolved now, rather than after years of baseless and arbitrary settlements.

In the Affidavit, Dr. Bowring explains why the level of the annual revenue requirement is excessive. The issue of an appropriate rate level under Schedule 2 needs resolution on the merits in this case and for future cases. The Market Monitor opposes the Offer. The Offer should be rejected. Further, settlement discussions in the proceeding should be terminated, and the issues raised in this proceeding should be decided on the merits.

Respectfully submitted,



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Jeffrey W. Mayes

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Dated: June 27, 2022

## 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 27<sup>th</sup> day of June, 2022.



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**Attachment**  
**Exhibit Nos. IMM-0001–0003**

**Bowring Affidavit**  
**and Supporting Exhibits**