

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

Clean Energy Future-Lordstown, LLC)	
)	Docket No. EC24-57-000
PowerLord MergerCo, LLC)	
AL Lordstown Holdings, LLC)	
)	

**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 the answer submitted by Clean Energy Future-Lordstown, LLC; PowerLord MergerCo, LLC; and AL Lordstown Holdings, LLC (collectively “Applicants”), on May 7, 2024, to the Market Monitor’s comments in this proceeding filed, April 22, 2024 (“IMM Comments”).³ Applicants include an Answering Affidavit of Dr. Matthew A. Arenchild (“Answering Arenchild Affidavit”). Neither Applicants answer nor the Answering Arenchild Affidavit provide any valid reason for not including the modest conditions recommended by the Market Monitor in any order approving the proposed transaction. Applicants should not be permitted to exercise market power, and the transaction should not be approved without reasonable measures to protect the public interest in competition and competitive market outcomes.

¹ 18 CFR §§ 385.212 & 385.213 (2023).

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 Comments of the Independent Market Monitor for PJM, Docket No. EC24-57, (April 22, 2024).

I. ANSWER

A. The May 7th Answer does Not Address Local Market Power in the PJM Market.

The May 7th Answer does not contest the Market Monitor's findings that ArcLight's structural market power as determined by the Three Pivotal Supplier test will be increased as a result of the acquisition. The Market Monitor identified constraints for which ArcLight has market power that would be increased by the acquisition of Lordstown. ArcLight's acquisition of Lordstown will create new opportunities for ArcLight to exercise market power in the PJM markets. The May 7th Answer does not contest the Market Monitor's well documented conclusion that the current PJM market power mitigation provisions do not provide sufficient protection for consumers from the exercise of local market power. The current market design is the framework within which ArcLight seeks to obtain approval of the transaction. ArcLight must show that the acquisition will not harm the public interest given that it results in increased local market power and potential harm from the exercise of market power. The May 7th Answer does not disagree with this point but rather asks the Commission to ignore it. The transaction should not be approved without the modest conditions required to protect the public interest.

B. The May 7th Answer does Not Address the Accumulation of Market Power through Multiple Acquisitions.

The Market Monitor's report identified a substantial increase in market share by ArcLight over the past nine years in the PJM markets. The Commission evaluated this increase in market power one Section 203 Filing at a time, but the total accumulation has never been evaluated. The cumulative effects of a sequence of past transactions should not be ignored when reviewing the effects of the proposed transaction. The gradual increase, through multiple transactions, in the ability to exercise market power harms the public interest as much as if the increase in market power resulted from a single transaction.

The May 7th Answer (at 7) points out that ArcLight has divested some capacity since 2022. The Market Monitor's report (at Table 5) takes into account all capacity currently owned

by ArcLight and its subsidiaries in the PJM market. It does not include capacity previously, but no longer, owned by ArcLight. The divested capacity is not included in the current or historical totals in Table 5, and the market shares in Table 5 are understated for the years 2016 to 2022 because they do not include the capacity referenced by ArcLight. The Market Monitor's conclusions were not and are not based on that divested capacity.

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 protests, answers, or requests for rehearing 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 which provides a more complete record. Accordingly, the Market Monitor respectfully requests that this answer be permitted.

⁴ 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).

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: May 22, 2024

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 22nd day of May, 2024.



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