

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

PJM Interconnection, L.L.C.

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Docket No. ER26-403-000

**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 East Kentucky Power Cooperative, Inc. (“EKPC”), on December 9, 2025 (“December 9th Answer”), to the Market Monitor’s comments in this proceeding filed, November 21, 2025 (“Market Monitor Comments”). The Market Monitor’s Comments explained that the filing submitted by PJM on October 31, 2025 (“October 31st Filing”) has not been shown or demonstrated to be just and reasonable, and not unduly discriminatory. For those reasons, the Market Monitor continues to recommend to the Commission that it reject this proposal in its entirety.

I. ANSWER

Contrary to EKPC, the issue is not whether PJM faces a significant reliability issue. There is no question that PJM faces a reliability issue. The issue is whether the October 31st

¹ 18 CFR §§ 385.212 & 385.213 (2024).

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”).

Filing, which is actually the generators' proposal, is consistent with competitive markets and open access and efficient access by new generation, all of which contribute to addressing the reliability issue.³ The October 31st Filing is not consistent with competitive markets and open access. The October 31st Filing will slow down rather than speed up the replacement of retiring generation with new generation. Regardless of EKPC's protestations, the direct result of the October 31st Filing will create monopoly power for incumbent generators and will result in barriers to open access. It is a simple fact that the October 31st Filing will increase the value of incumbent generators' CIRs, will increase the interconnection costs of new generation and will delay the interconnection process for new generation. If the incumbent generation owners elect to not make the CIRs available but to retain them, the proposal creates an unfair competitive advantage for the incumbents. Contrary to EKPC, the October 31st Filing would not increase the efficiency of the process. By efficiency, apparently EKPC means that it is easier for incumbents to retain the CIRs under the proposal than to provide an open competitive process to ensure that the best resources gain access to the system. EKPC has misdefined efficiency. It is not economically efficient to allow incumbent generators to hold onto existing CIRs until they can use them or can sell them at a maximum price. It is economically efficient to have a competitive process to use the access to the system that CIRs provide and to provide that access on the date of retirement.

The points about market power are not asserted ulterior motives. The points about market power are factual conclusions drawn from the actual proposal.

EKPC would simply have the Commission ignore the plain facts of the proposal.

EKPC's summary statement neatly summarizes EKPC's misstatement of the issues:

Moreover, all developers will continue to have the ability to request interconnection service and associated capacity rights through PJM's generator interconnection process. PJM's proposed

³ The current reliability issue in PJM is primarily a result of the addition of large new data center loads. That unique development requires extraordinary action. The October 31st Filing will not address the issue of data center loads.

generation replacement process does not prevent other new generators from connecting to the grid.

The fact that developers will continue to have the ability to request interconnection service is obvious and misses the point. The fact that the October 31st Filing will not prevent new generators from connecting to the grid is also obvious and also misses the point. The point is that the October 31st Filing gives an unwarranted advantage to incumbents with retiring generation assets, allowing those incumbents to preferentially capitalize on the interconnection rights associated with the retiring generator and preventing new developers from having equal access.

EKPC argues (at 6) that the Commission did not accept “arguments that generation replacement processes like the one PJM has proposed is [sic] inconsistent with its non-discriminatory, open access policy.” None of the cited authorities applies to the PJM market design.⁴ Both MISO and SPP can be distinguished from PJM because both MISO and SPP are predominantly comprised of vertically integrated utilities with cost of service regulation. PJM primarily depends on competitive markets. Particular features of other markets relied upon in the cited decisions do not apply in PJM.

Decisions for other markets relied upon the proposed use of the same point of interconnection by the replacement generation.⁵ The proposed revisions do not require that replacement generation use the same the point of interconnection.⁶ Allowing different points

⁴ See, e.g., *Midcontinent Indep. Sys. Operator, Inc.*, 167 FERC ¶ 61,146 (2019); *Sw. Power Pool, Inc.*, 171 FERC ¶61,270 (2020); *PacifiCorp*, 182 FERC ¶ 61,003 (2023).

⁵ See 167 FERC ¶ 61,146 at P 68 (“MISO’s proposal is intended to replace that original interconnection service at the same point of interconnection with interconnection service that is essentially identical and tied to a contractual arrangement under a new GIA.”).

⁶ See October 31st Filing, Attachment A (proposed revised OATT § VIII.J.A) (“the electrical bus to which the Replacement Generation Resource is connecting must be the same bus *or an electrically equivalent bus*) [emphasis added]”). Although described as a “replacement,” PJM must continue to perform replacement generation requests, but in an open competitive, unduly preferential queue.

of interconnection makes it clear that the October 31st Filing is not actually about the same interconnection and the same point of interconnection but is about the broader CIRs which should be available on a nondiscriminatory basis to all potential entrants.

The decisions related to other markets relied on the specific rules related to interconnection service, including the replacement generation rules, all of which were related to the fact that rules exist in areas dominated by cost of service regulation. The rules (i) included no requirement for the prior retirement or the notice of the proposed retirement and related termination of the prior service and (ii) included an evergreen provision in the interconnection service agreement.⁷ The October 31st Filing requires notice of deactivation of the prior unit.⁸ PJM's *pro forma* interconnection service agreement appropriately includes no evergreen provision.⁹ Key factors relied upon in decisions for other markets do not exist in the PJM rules framework. No weight should be accorded to decisions that are not applicable to the PJM market design.

EKPC argues that the Commission has found that existing generation owners “are not similarly situated to prospective owners of new generation, as they already have gone through an interconnection process and faced cost responsibility for any network upgrades

⁷ See 167 FERC ¶ 61,146 at P 58 (“As the Commission noted in Order No. 845, surplus interconnection service is by definition tied to the continued existence of the original interconnection customer's interconnection service; once the original interconnection service terminates, there is no longer an original interconnection service from which the ability to provide surplus interconnection service could be identified.”); *id.* at P 69 (“... the parties to a MISO GIA can continue the interconnection service indefinitely under the section 2.2 evergreen provision... MISO's proposal to allow owners of existing generating facilities to transfer interconnection rights to a replacement facility under certain, limited conditions does not establish interconnection service as a property right”).

⁸ See October 31st Filing Attachment A (proposed revised OATT § VIII.J.A (“The Replacement Generation Resource must interconnect to the PJM Transmission System at the same substation (the electrical bus to which the Replacement Generation Resource is connecting must be the same bus or an electrically equivalent bus)”)).

⁹ See OATT Attachment O.

that may have been necessary.”¹⁰ There is no substantive difference between the incumbent generation owner and prospective owners of new generation. Both incumbent and new entrants will have to go through an interconnection process. The fact that the incumbent went through an interconnection process is not relevant and does not confer special rights over competitors. The fact that the incumbents may or may not have paid for required upgrades is similarly not relevant. The proposal includes no condition that the incumbent actually did pay for upgrades. Any such investment was part of the plant investment and has been paid for in the same way that the investment in the unit was paid for. The October 31st Filing does not restrict the sale of CIRs based on whether the incumbent paid for CIRs or how much the incumbent paid for CIRs. The incumbent owner has no more special rights to the transmission grid than it does to operate its retired unit. The proposal does not distinguish between existing generation units that were added under cost of service regulation and PJM markets. Regardless, the value of an interconnection for an existing unit was not created by any required system upgrades but is a function of all the investments paid for by customers and by other generators. Incumbent generators do not have special rights over competitors. There is no justification to provide unduly discriminatory rights to system capability that was built to benefit the entire system. Projects should compete on a level playing field for such capability on a first come, first serve basis.

The October 31st Filing has not been supported as just, reasonable and not unduly discriminatory. If accepted, it would undermine competition during a time when competition is essential for the markets to perform efficiently. The October 31st Filing 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 protests, answers, or requests for rehearing unless otherwise ordered by

¹⁰ EKPC at 6, citing *PacificCorp*, 182 FERC ¶ 61,003 at P 60 (2023).

the decisional authority. The Commission has made exceptions, however, where an answer clarifies the issues or assists in creating a complete record.¹¹ 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.

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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¹¹ 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).

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 15th day of December, 2025.



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