



**Monitoring
Analytics**

July 20, 2012

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**IMM NOTIFICATION TO PJM MEMBERS OF DISCLOSURE
OF CONFIDENTIAL INFORMATION PURSUANT TO
OATT ATTACHMENT M-APPENDIX § I.D**

Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM (Market Monitor), has received the attached request for confidential information from the New Jersey Board of Public Utilities (BPU), in accordance with the procedures defined in Section I.D of Attachment M-Appendix to the PJM Open Access Transmission Tariff (OATT). The Federal Energy Regulatory Commission (FERC) has previously approved the BPU as an Authorized Commission pursuant to the Authorized Commission Procedures. The BPU is required to preserve the confidentiality of this data pursuant to the Non-Disclosure Agreement that the BPU entered into with PJM and the Certification provided to PJM. The BPU has affirmed that the information will only be shared with Authorized Persons who have executed a confidentiality agreement.

The Market Monitor must receive email notification (MA@monitoringanalytics.com) of any objections from Affected Members by **Wednesday, July 25, 2012**. If no objection is received the information will be provided to the BPU. An objection initiates a process that first requires a conference between the Affected Member and the BPU. If this conference does not produce a satisfactory result, Affected Members may pursue a "fast track" legal action at the FERC within three days or the requested information will be supplied to the BPU.



State of New Jersey

BOARD OF PUBLIC UTILITIES
44 SO. CLINTON AVENUE
9TH FLOOR – P.O. BOX 350
TRENTON, NEW JERSEY 08625-0350

CHRIS CHRISTIE
GOVERNOR

KIM GUADAGNO
LT. GOVERNOR

ROBERT M. HANNA
PRESIDENT

TEL: (609) 777-3310
FAX: (609) 292-2264

July 18, 2012

Dr. Joseph E. Bowring
Independent Market Monitor
Monitoring Analytics, LLC
261 Van Buren Avenue, Suite 160
Valley Forge Corporate Center
Eagleville, PA 19403

RE: Confidential Request for IMM Congestion Study of New Jersey Control Zones –
Supplemental Request for Additional Information

Dear Dr. Bowring:

Pursuant to the OATT at Attachment M-Appendix § I.D, the New Jersey Board of Public Utilities hereby requests information, described in greater detail below, concerning “out-of-merit dispatch” in New Jersey. This request supplements my May 2, 2012 request for an IMM congestion study of the New Jersey control zones, a copy of which request is attached. For purposes of this request, out-of-merit dispatch means the dispatch of a generator out of economic merit order so as to resolve a transmission constraint that does not permit dispatch of the next available economic unit; it does not include, however, out-of-merit dispatch for operating reserves purposes, such as support of the wheeling contracts between Con-Ed and PSEG. A separate request for information concerning operating reserves issues will be forthcoming.

The general purpose of this request is to provide the Board with facts, data, and analysis concerning the causes and consequences of out-of-merit dispatch due to transmission constraints, to model the effects of expected generation additions/retirements and transmission upgrades on congestion in New Jersey and, building upon such modeling, to forecast the effects of potential generation additions and/or transmission upgrades beyond those currently anticipated.

Regarding modeling of currently expected and potential future projects, the Board is interested in assessing the effects of new capacity additions and transmission upgrades on the current level of energy market prices and congestion costs borne by New Jersey ratepayers. We solicit the IMM's expertise in performing sensitivity analyses relevant to energy market prices and congestion cost outcomes.

Our specific requests are as follows, though I encourage you and the MMU Staff to work with Board Staff to modify or expand the requested information in a manner that achieves the Board's purposes in a manner not unduly burdensome to the MMU:

- 1) For each unit dispatched out-of-merit order to relieve congestion, provide the name and location of the unit, the owner, the dates and number of hours so dispatched and the incremental congestion cost incurred by load as a result of the unit's dispatch. Please quantify any FTR related offsets/credits to the indicated congestion costs. Please provide the data in an Excel file, if possible.
- 2) A modeling and analysis of the PJM energy market to determine the effects on energy prices and congestion costs from the addition of new combined cycle capacity and approved transmission upgrades in New Jersey. This modeling should reflect the addition of the LS Power facility in West Deptford, the Hess facility in Newark, the CPV facility in Woodbridge, and other new units that cleared the recent BRA, as well as FERC-approved RTEP transmission system upgrades. Additionally, the modeling should incorporate the retirement of the PSEG HEDD units, the Glen Gardner CTs for which GenOn has requested deactivation approval from PJM, and any other relevant retirements.
- 3) Further modeling and analysis of the PJM energy market building upon the results from item 2 above, and adding hypothetical new combined cycle capacity. The Board's goal is determine whether and, if so, where in the State new combined cycle generation would provide the most relief from congestion impacts. Please perform three such sensitivity runs, as follows: Scenario 1 – one new unit of approximately 600 MW; Scenario 2 – two new units of approximately 600 MW; and, Scenario 3 – three new units of approximately 600 MW each. Although I assume that these capacity additions would be most effective in or near zones where congestion appears to be most acute, I solicit your assistance in determining the most beneficial location(s).
- 4) Similar to item 3, further modeling and analysis adding hypothetical new transmission upgrades. The Board's goal is to determine which transmission upgrades would provide the greatest relief from congestion costs impacts. Assuming engineering cost estimation is within the MMU's present capabilities, please include an approximate cost of each such upgrade.

The requested supplemental information should cover market operations during calendar year 2011, consistent with my original May 2 NJ congestion study request, unless the IMM has more recent 12-month data available.

The NJ BPU will treat the requested information as confidential consistent with the OATT at Attachment M-Appendix § I.D and re-affirms that only Authorized Persons shall have access to the confidential information. Should you have any technical questions on this matter, please contact Rene Demuynck at r.demuynck@bpu.state.nj.us; legal questions should be directed to Chief Counsel Kenneth Sheehan at kenneth.sheehan@bpu.state.nj.us or Legal Specialist Michael Borgatti at michael.borgatti@bpu.state.nj.us. Confidential data should be provided directly to Mr. Borgatti, as he will serve as custodian of this information.

Thank you in advance for your efforts to meet this most recent need for information and insight into the operation of the PJM markets. I appreciate your keeping this request and the IMM response confidential and much look forward to reading it.

Sincerely,

A handwritten signature in blue ink that reads "Robert M. Hanna". The signature is written in a cursive style and is followed by a horizontal line that extends to the right.

Robert M. Hanna
President

c: Thomas F. Zadlo, PJM Interconnection, L.L.C.



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May 2, 2012

Dr. Joseph Bowring
Independent Market Monitor
Monitoring Analytics, LLC
261 Van Buren Avenue, Suite 160
Valley Forge Corporate Center
Eagleville, PA 19403

RE: Confidential Request for IMM Congestion Study of New Jersey Control Zones

Dear Dr. Bowring:

I am writing to request the technical assistance of Monitoring Analytics, LLC, in assessing the effects of congestion on wholesale energy prices paid by New Jersey loads. The 2011 State of the Market Report is very helpful in quantifying certain of the analyses I am interested in, but I would appreciate both greater aggregation of the data (similar to what you provided in your congestion reports to the Ohio PUC and North Carolina SCC) and disaggregation of the data to the sub-zonal level, if possible. The following parameters describe the specific congestion data I am interested in securing:

- A profile of congestion in the state of New Jersey for calendar 2011 in the format presented in the IMM's reports on congestion for the states of Ohio and North Carolina.
- A disaggregation of the 2010 and 2011 PSEG control zone data depicted in the 2011 SOM at Appendix G, Table G-26, between the geographic areas constituting the PS-North locational deliverability area utilized in the RPM and the "rest of the PSEG" control zone. Indicate the specific location of each piece of constrained equipment affecting each sub-zone (i.e., whether the equipment is in the PS-North sub-zone or the "rest of PSEG").

May 2, 2012

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I would appreciate your keeping this request and the IMM report confidential.

In closing, I wish to express the agency's thanks for your expert assistance and the readiness with which you have lent your technical expertise and insights into a number of matters of interest to the NJ BPU.

Sincerely,

A handwritten signature in cursive script that reads "Robert M. Hanna" followed by a horizontal line.

Robert M. Hanna
President