

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

PJM Interconnection, L.L.C.

)
)
)

Docket No. ER17-1138-000

**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 for PJM² (“Market Monitor”), submits this answer to the protest filed March 31, 2017, in this proceeding by the New York Independent System Operator (“NYISO”). NYISO objects that PJM’s proposed pseudo tie agreement forces neighboring Balancing Authorities to accommodate to PJM’s rules. NYISO’s concerns are misplaced and should be accorded no weight. Because NYISO’s pleading constitutes an improper collateral attack on the pseudo tie requirement itself and not the proposed details that define the scope of this proceeding, it should be rejected.

I. ANSWER

NYISO states (at 3):

PJM’s proposed pseudo-tie rules are not workable for New York. The NYISO does not believe that it would be possible for it to execute a pseudo-tie agreement under the terms and conditions proposed and described by PJM. The NYISO is not prepared to make significant substantive changes to its Tariffs and to the

¹ 18 CFR §§ 385.212 & 385.213 (2015).

² Capitalized terms used herein and not otherwise defined have the meaning used in the PJM Open Access Transmission Tariff (“OATT”) or the PJM Operating Agreement (“OA”).

fundamental design of its markets in order to accommodate the requirements PJM seeks to impose on its external Generation Capacity Resources.

The rules for pseudo ties apply to external resources that choose to export capacity to PJM and sell as capacity resources in the PJM capacity market. A pseudo tie is the minimum requirement necessary to ensure that external capacity resources can serve as an economic substitute for the internal capacity resources that they would displace and to ensure that PJM customers receive the full value of capacity that they pay for. A resource that cannot meet PJM's requirements, even for reasons outside of their immediate control, cannot sell capacity resources in the PJM capacity market.

The Commission has approved PJM's pseudo tie requirement, and NYISO's protest is an improper collateral attack on those requirements. In this proceeding, PJM sets forth some of the details, which NYISO concedes (at 1). None of NYISO's concerns are about the details, they concern the pseudo tie requirement itself. NYISO's protest should be rejected.

NYISO's argument that PJM rules are an imposition lack merit. Nothing in PJM's proposal requires NYISO to change its rules or otherwise accommodate PJM's rules. If generators are unhappy with NYISO rules that prevent them from offering to sell capacity in the PJM capacity market, that is a matter between NYISO and NYISO interconnected resource owners.

The only cross RTO/ISO interference in this case is NYISO's attempt to prevent PJM from establishing standards to ensure that all capacity sold in the PJM capacity market meets a comparable deliverability standard and is a substitute for internal capacity resources. NYISO seeks to force PJM to accommodate its rules to NYISO's preferences. But NYISO fails to identify any actual rules conflicts the need to be accommodated.

NYISO does explain the overall incompatibility of its market design with the PJM market design, specifically with the method by which NYISO provides transmission service to its customers. Markets near or adjacent to NYISO follow an approach generally consistent with Order No. 888 and subsequent orders. NYISO does not. This inconsistency

disqualifies resource owners in NYISO from obtaining the long term firm point to point transmission service that PJM requires an external resource to obtain in order to qualify as a PJM capacity resource. It is not clear why NYISO has been allowed to continue to operate out of step with Commission policies, including those policies favoring reduced barriers to interregional transactions, by failing to provide for firm transmission reservations on an OASIS. But there is no reason to attempt to clarify that issue in this proceeding because nothing in PJM's proposal requires any change or accommodation by NYISO.

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.³ 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.

³ 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).

Joseph E. Bowring
Independent Market Monitor for PJM
President
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Valley Forge Corporate Center
Eagleville, Pennsylvania 19403
(610) 271-8051
joseph.bowring@monitoringanalytics.com

Dated: April 17, 2017

Respectfully submitted,



Jeffrey W. Mayes

General Counsel
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Valley Forge Corporate Center
Eagleville, Pennsylvania 19403
(610) 271-8053
jeffrey.mayes@monitoringanalytics.com

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 17th day of April, 2017.



Jeffrey W. Mayes

General Counsel

Monitoring Analytics, LLC

2621 Van Buren Avenue, Suite 160

Valley Forge Corporate Center

Eagleville, Pennsylvania 19403

(610) 271-8053

jeffrey.mayes@monitoringanalytics.com