March 22, 2013

PJM Board of Managers  
PJM Interconnection, L.L.C.  
955 Jefferson Avenue  
Valley Forge Corporate Center  
Norristown, PA 19403-2497

Re: Market Monitoring Services in PJM

PJM Board of Managers,

As a matter of principle, P3\(^1\) firmly believes that effective and independent market monitoring consistent with well-defined rules to identify and prevent market power abuse or manipulation is an essential component of a properly designed and well-functioning wholesale market. P3 has been consistent in its support of market monitoring and the critical role that it plays in the market. Without proper oversight of the markets, confidence will disappear and the market will likely fail.

With these thoughts in mind, P3 greatly appreciates the opportunity that has been extended by the Board to comment on a proposed RFP for market monitoring services. Similarly, P3 notes the numerous, thoughtful and extensive comments that were filed by many PJM stakeholders. P3 urges the Board to carefully consider all the comments that were submitted. Although the opportunity to do so is greatly appreciated, P3 does not take a position on the decision to issue a RFP or the proposed provisions of the RFP at this time.

P3 supports the basic structure of the FERC-approved provisions for market monitoring in PJM which were part of a settlement among numerous parties, including P3. Attachment M of the PJM Tariff clearly contemplates that the market monitor of PJM be accountable to the independent PJM Board and FERC. As the ultimate overseer of “all matters pertaining to” PJM\(^2\), the PJM Board is vested with the power to renew or terminate the current contract for market monitoring services. It may also choose to seek competitive proposals from other parties to provide these services.

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\(^1\) The comments contained herein represent the views of P3 as an organization, but not necessarily the views of any particular member with respect to any issue.

\(^2\) PJM Operating Agreement, Section 7.7.
As FERC clearly spells out in its regulations, “The Market Monitoring Unit must report to the Commission-approved independent system operator’s or regional transmission organization's board of directors....”

It is appropriate for the PJM Board to exercise its duties, whether it concerns this specific RFP or beyond, in a manner that is consistent with its fiduciary duty to PJM. Accountability, like independence, is an important component of market monitoring effort and must be present in PJM for all stakeholders and regulators to have confidence in the market.

P3 believes the PJM Board should perform its duty to “oversee and supervise” the market monitoring function in PJM. Given the importance of market monitoring and the nature of the PJM Board as the oversight entity with a fiduciary duty to the market, the decision to renew, terminate or seek competitive alternatives for market monitoring services is best left in the Board’s hands provided the Board stays within the parameters of Attachment M, commission regulation and other applicable tariff provisions.

Again, P3 greatly appreciates the opportunity to offer these thoughts and looks forward to the Board’s decision on this matter.

Respectfully submitted,

Glen Thomas

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3 See, 18 CFR Section 35.28 (g)(3)(i)(D).