UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

PJM Interconnection, L.L.C.                     Docket No. ER15-135-000

MOTION FOR LEAVE TO ANSWER
AND ANSWER OF PJM INTERCONNECTION, L.L.C.

Pursuant to Rules 212 and 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("Commission"), 18 C.F.R. §§ 385.212, 385.213, PJM Interconnection, L.L.C. ("PJM") submits this Motion for Leave to Answer ("Motion") and Answer ("Answer") in response to the Motions to Intervene Out-of-Time and File Late Comments and Comments of the Independent Market Monitor ("IMM") for PJM ("IMM Comments"), filed November 19, 2014 in the above-captioned proceeding. PJM submits this Answer for the limited purpose of addressing erroneous arguments raised by the IMM asserting that PJM’s proposed revisions to the PJM Open Access Transmission Tariff ("Tariff") submitted in this proceeding on October 20, 2014 ("PJM Initial Filing") are incomplete and do not have sufficient manipulation mitigation rules.

I. Motion for Leave to Answer

The Commission’s rules provide that a party may answer a protest where the decisional authority permits the answer for good cause shown. The Commission has frequently accepted responses to protests when doing so will ensure a more accurate and complete record or will assist the Commission in its deliberative process by correcting errors and clarifying the issues. As demonstrated below, all of these criteria are met. Therefore, PJM respectfully requests that

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1 See 18 C.F.R. Section 385.213(a)(2).

the Commission grant its Motion because the Answer will help clarify the record and contribute to an understanding of the issues.

II. Answer to IMM Comments

In the PJM Initial Filing, PJM proposed to implement a transition provision for certain Demand Resources affected by recent changes to the Reliability Pricing Model (“RPM”) 30-minute notification requirements for the 2015/2016 Delivery Year and subsequent Delivery Years (“Transition Provision”). The Transition Provision only applies to Demand Resources that (i) cannot satisfy the 30-minute notification requirement described in Section A.2 of Attachment DD-1 of the Tariff and the parallel provision of Schedule 6 of the RAA; (ii) are not excepted from the 30-minute notification requirement based on physical operational limitations, as described in Section A.2 of Attachment DD-1 of the Tariff and the parallel provision of Schedule 6 of the RAA; and (iii) cleared in the RPM Base Residual Auction or First Incremental Auction for the 2015/2016 Delivery Year or in the Base Residual Auction for the 2016/2017 Delivery Year (hereafter, “Affected Demand Resources”).

The IMM does not assert that PJM’s proposal is not just and reasonable, but rather avers that PJM’s proposal “is reasonable, but is incomplete.” The IMM argues this is the case because PJM’s proposal does not include any mechanism or requirement that an Affected Curtailment Service Provider verify its claims that it qualifies for the Transition Provision. The IMM argues that the IMM and PJM should verify that no Affected Curtailment Service Provider...
should be allowed to relieve more of their obligation from Affected Demand Resources than what is implicated by the 30-minute notification requirement. The IMM also asserts that the IMM and PJM should further verify that no such claim for obligation relief originates for any reason not directly related to the ability of the Affected Curtailment Service Provider’s Affected Demand Resource(s) to reduce load in 30 minutes.8

The IMM’s comments should be dismissed. The IMM has not demonstrated or argued that PJM’s proposal is not just and reasonable, and the IMM has not shown that PJM’s proposal provides an opportunity for market manipulation. There is no opportunity for Affected Curtailment Service Providers to experience a financial gain by simply requesting to be relieved from their obligation and forgoing the associated payment. This is because any Affected Curtailment Service Provider that requests to use the Transition Provision is prohibited from selling additional capacity to PJM in the relevant Incremental Auction in the same modeled LDA (Locational Deliverability Area) or sub-LDA where an Affected Demand Resource is located.10 Instead, any such capacity should be used to meet their existing capacity obligations to PJM. This feature of PJM’s proposal prevents financial gain by any Affected Curtailment Service Provider, and thus any possibility of market manipulation. Moreover, this feature of PJM’s proposal significantly diminishes Affected Curtailment Service Providers’ incentive to utilize these provisions beyond their intended purpose as there is no financial gain associated with such action. As a result, the IMM’s undefined “verification” request may just provide additional complications and burdens for all parties, including the Affected Curtailment Service Providers and PJM, with little concomitant gain.11

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8 See id.
9 See id. at 2-3.
10 See PJM Initial Filing at 6.
11 It should also be noted that the IMM filed its motion to intervene and comments nine days after the November 10, 2014 deadline to file interventions and comments in this proceeding.
If the Commission determines that the IMM’s request should be granted, PJM requests that the Commission clarify that it is PJM that would approve any requests by Affected Curtailment Service Providers to be relieved of their obligations, with input from the IMM, as opposed to the IMM also approving such requests. It is well established that PJM, as the Regional Transmission Organization, has the sole and final authority to administer its Tariff and determine appropriate rates. Approving requests of Affected Curtailment Service Providers to be relieved of their obligations under the Tariff would constitute determining Affected Curtailment Service Providers’ rates, and would be outside the scope of the specified functions that the IMM is allowed to perform.

III. Conclusion

PJM respectfully requests that the Commission (1) grant its Motion and (2) consider its Answer herein.

Respectfully submitted,

Craig Glazer
Vice President – Federal Government Policy
PJM Interconnection, L.L.C.
1200 G Street, N.W., Suite 600
Washington, D.C. 20005
Phone: (202) 423-4743
Fax: (202) 393-7741
craig.glazer@pjm.com

Steve Shparber
Counsel
PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403
Phone: (610) 666-8248
Fax: (610) 666-8933
steven.shparber@pjm.com

Attorney for
PJM Interconnection, L.L.C

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12 See e.g. PJM Interconnection, L.L.C., 129 FERC ¶ 61,250, at P 156 (2009).

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 Audubon, PA, this 4th day of December, 2014.

[Signature]

Steve Shparber
Counsel
PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403
Phone: (610) 666-8248
Fax: (610) 666-8933
steven.shparber@pjm.com