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91 FERC ¶ 61,148

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 18, 2000

Docket No. ER00-1849-000

Wright & Talisman, P.C.
ATTN: Barry Spector, Esquire
1200 G Street, N.W.
Suite 600
Washington, D.C. 20005

Dear Mr. Spector:

On March 10, 2000, in Docket No. ER00-1849-000, PJM Interconnection, LLC (PJM), submitted revised sheets to its Open Access Transmission Tariff and to its Operating Agreement in compliance with the Commission's order in PJM Interconnection, LLC, 86 FERC ¶61,147 (1999). The revised sheets contain a modified two-settlement system and clarifications to related definitions and procedures. The revisions to the two-settlement system incorporate increment and decrement bids into the day-ahead energy market. Your submittal, as conditioned and discussed below, is accepted for filing to become effective on May 31, 2000, as requested, and is designated as shown on the Enclosure.

Notice of the filings were published in the Federal Register with comments, protests, or interventions due on or before April 21, 2000. Interventions without comments were filed by Public Power Association of New Jersey, GPU Energy, Duke Energy Trading & Marketing, LLC, Enron Power Marketing, Inc., and Baltimore Gas & Electric Co. Dynegy Power Marketing, Inc., filed comments, requesting clarification that all market participants will be paid balancing prices and requesting that PJM submit within six months a status report on the implementation of the two-settlement system.

We note that Dynegy's request for clarification is unnecessary at this point because the revised sheets which PJM has submitted clearly state that all market buyers will be paid balancing charges, and do not imply otherwise. However, we do agree with Dynegy that a status report is a prudent measure in this case. We have required similar reports of other ISOs to ensure that any proposed changes to the energy market do not contain unintended flaws, especially as it interacts with the transmission and ancillary service markets. See, e.g., New England Power Pool, 85 FERC ¶ 61,379 (1998) and PJM Interconnection, LLC, 91 FERC ¶ 61,021 (2000). Accordingly, our acceptance of PJM's submittal is conditioned upon PJM submitting a report evaluating the efficiency and level of competition in the two-settlement system after one year of experience operating under the system.

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This action does not constitute approval of any service, rate, charge, classification, or any rule, regulation, contract, or practice affecting such rate or service provided for in the filed documents; nor shall such action be deemed as recognition of any claimed contractual right or obligation affecting or relating to such service or rate; and such action is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against PJM Interconnection, LLC. This letter order terminates Docket No. ER00-1849-000.

By direction of the Commission.

Linwood A. Watson, Jr.,
Acting Secretary.

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Enclosure

PJM Interconnection, L.L.C.
Docket No. ER00-1849-000
Rate Schedule Designations

	Designation	Description/ Effective Date
(1)	Revised Sheets under FERC Electric Tariff, Third Revised Volume No. 1	Revisions to the Open Access Tariff to incorporate two-settlement system/ May 31, 2000
(2)	Revised Sheets under Schedule 1 of Rate Schedule FERC No. 24	Revisions to the Operating Agreement to incorporate two-settlement system/ May 31, 2000