FERC Accepts Settlement in PJM Market Monitor Case

The Federal Energy Regulatory Commission (FERC) today accepted the uncontested settlement involving market monitoring activities at the PJM Interconnection LLC and commended all the groups involved in the process for building “a genuine consensus.”

The settlement agreement, filed with FERC on Dec. 19, 2007, makes comprehensive revisions to the current structure of the relationship between the PJM market monitoring unit (MMU) and PJM by further defining the role of the market monitor. Under the agreement, the MMU will operate independently from PJM management and be able to participate in stakeholder processes, take market concerns to PJM stakeholders and to FERC through defined processes, and issue reports contemporaneously to PJM members, PJM management, state commissions and FERC.

“Our goal was to assure the independence of the market monitor and to preserve the integrity and smooth operation of the PJM market,” FERC Chairman Joseph T. Kelliher said. “With this settlement, we have achieved that goal.”

The Commission ordered settlement talks in September 2007 to be facilitated by FERC Chief of Staff John Moot and the Commission’s Dispute Resolution Service after a months-long paper hearing into allegations that PJM had violated its tariff regarding the independence of the PJM market monitor.

The Commission determined at that time that PJM had not violated its tariff, noting that the market monitor himself, who initiated the dispute during a FERC-sponsored technical conference on organized markets in April 2007, had not alleged any tariff violations.

Also in today’s order, FERC rejected requests for rehearing of the September decision from the Organization of PJM States Inc. and a coalition led by the District of Columbia Office of Peoples Counsel, the two groups that filed the initial complaints alleging tariff violations against PJM. The groups had sought an evidentiary hearing on their allegations, but the Commission said it was unnecessary because the paper record was sufficient. The use of a “paper hearing” is reasonable where any genuine issues of material fact can be adequately resolved on the written record, FERC said.

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