



## Organization of PJM States, Inc. (OPSI)

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March 16, 2009

(as email attachment only)

Howard Schneider, Esq.  
Chairman, Board of Managers  
PJM Interconnection, L.L.C.  
955 Jefferson Avenue  
Norristown, PA 19403

### Re: Compliance with FERC Order 719

Dear Mr. Schneider:

The Organization of PJM States, Inc., (OPSI) wishes to express its concern about the manner in which PJM proposes to respond to the Federal Energy Regulatory Commission (FERC) Order 719 in PJM's compliance filing. Specifically, we are concerned that PJM is attempting to resolve certain issues in a manner inconsistent with the March 2008 Market Monitoring Settlement (2008 Settlement) as approved by the FERC.

Recent positions taken by PJM, both in matters initiated by it or pending before FERC and in ongoing stakeholder meetings, indicate that PJM is seeking to transfer duties and responsibilities from the Independent Market Monitor (IMM) to itself on the theory that it removes the IMM from "tariff administration"<sup>1</sup> or from market mitigation. By so doing, PJM is diminishing the appropriate role of the IMM in a manner contrary to the 2008 Settlement.

The IMM's independence, timely and complete access to information, and ability to formally communicate with stakeholders and the FERC are vital to the proper functioning and credibility of PJM's markets. It is similarly vital that PJM not make unilateral decisions or enter into agreements with stakeholders or other entities that affect markets and market clearing prices without previously consulting with the IMM.

Without the participation of a strong, effective, and independent market monitor, public faith in the markets and PJM's own credibility are at risk. Having an independent and expert entity to provide timely input to FERC, PJM, and PJM stakeholders protects PJM and the public from error. The IMM's ability to furnish timely and effective peer review provides assurance to stakeholders and the public that PJM's actions have been examined in the sunshine and independently vetted for adverse market impacts.

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<sup>1</sup> The language that PJM apparently relies upon is at *Order 719*, 125 FERC ¶ 61,071; P. 373 (2008).

OPSI is aware that the Order 719 compliance process ongoing at other RTOs and ISOs appears to have a different dynamic. Those RTOs and ISOs appear to be working more cooperatively with their individual market monitors in fulfilling the requirements of Order 719. Instead, there appears to be a continuation of the adversarial relationship between PJM and its IMM which we thought had been resolved by the 2008 Settlement. While it is to be hoped that the Task Force 719 market monitoring issues will be appropriately resolved through the ongoing stakeholder process, if formal review is required, OPSI will make its views known to the FERC.

Sincerely,

/s/ Dallas Winslow

Dallas Winslow, Commissioner  
Delaware Public Service Commission

/s/ Richard Morgan

Richard E. Morgan, Commissioner  
District of Columbia Public Service Commission

/s/ Lula Ford

Lula M. Ford, Commissioner  
Illinois Commerce Commission

/s/ Gregory Server

Gregory D. Server, Commissioner  
Indiana Utility Regulatory Commission

/s/ David Armstrong

David L. Armstrong, Chairman  
Kentucky Public Service Commission

/s/ Douglas Nazarian

Douglas R. M. Nazarian, Chairman  
Maryland Public Service Commission

/s/ Steven Transeth

Steven A. Transeth, Commissioner  
Michigan Public Service Commission

/s/ Ed Finley

Edward S. Finley, Jr., Chairman  
North Carolina Utilities Commission

/s/ Fred Butler

Frederick F. Butler, Commissioner  
New Jersey Board of Public Utilities

/s/ Paul Centolella

Paul A. Centolella, Commissioner  
Public Utilities Commission of Ohio

/s/ Tyrone Christy

Tyrone J. Christy, Vice Chairman  
Pennsylvania Public Utility Commission

/s/ Mary Freeman

Mary W. Freeman, Commissioner  
Tennessee Regulatory Authority

/s/ Mark Christie

Mark C. Christie, Chairman  
Virginia State Corporation Commission

/s/ Jon McKinney

Jon W. McKinney, Commissioner  
West Virginia Public Service Commission

cc: PJM Board of Managers  
Terry Boston, CEO & President, PJM  
Andy Ott, Sr. VP – Markets, PJM  
Bill Whitehead, VP – St. Govt. Policy, PJM  
Joseph Bowring, President, Monitoring Analytics