

ONE HUNDRED FIFTEENTH CONGRESS
Congress of the United States
House of Representatives

COMMITTEE ON ENERGY AND COMMERCE

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December 19, 2017

Mr. Vince Duane
Senior Vice President, Law Compliance and External Relations
PJM Interconnection
2750 Monroe Boulevard
Audubon, PA 19403

Dear Mr. Duane:

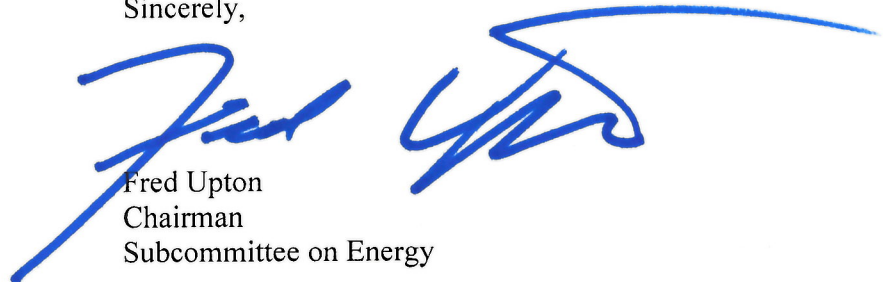
Thank you for appearing before the Subcommittee on Energy on November 29, 2017, to testify at the hearing entitled "Powering America: Examining the Role of Financial Trading in the Electricity Markets."

Pursuant to the Rules of the Committee on Energy and Commerce, the hearing record remains open for ten business days to permit Members to submit additional questions for the record, which are attached. The format of your responses to these questions should be as follows: (1) the name of the Member whose question you are addressing, (2) the complete text of the question you are addressing in bold, and (3) your answer to that question in plain text.

To facilitate the printing of the hearing record, please respond to these questions with a transmittal letter by the close of business on Tuesday, January 9, 2017. Your responses should be mailed to Allie Bury, Legislative Clerk, Committee on Energy and Commerce, 2125 Rayburn House Office Building, Washington, DC 20515 and e-mailed in Word format to Allie.Bury@mail.house.gov.

Thank you again for your time and effort preparing and delivering testimony before the Subcommittee.

Sincerely,



Fred Upton
Chairman
Subcommittee on Energy

cc: The Honorable Bobby L. Rush, Ranking Member, Subcommittee on Energy

Attachment

Attachment—Additional Questions for the Record

The Honorable Fred Upton

1. You stated that financial trading in the electricity markets can be “too much of a good thing”, and in some circumstances, needs to be prevented if the trading does not deliver any efficiencies to the electricity markets.
 - a. However, a broader question is whether RTO markets should host this type of trading activity at all? Isn't financial trading more appropriate on a financial exchange like NYMEX or the Intercontinental Exchange (ICE) rather than in a physical RTO/ISO market?
2. PJM's Independent Market Monitor has taken the position that the current FTR market design is flawed and does not ensure that load serving entities receive all the congestion revenues. Does PJM share the position of its independent market monitor?

The Honorable John Shimkus

1. In answering my question regarding the degradation of firm transmission rights when the transfer from physical rights to FTRs occurred more than a decade ago, you stated that some entities ultimately were not as hedged as they might have been otherwise. The Federal Power Act requires the FERC assure that RTOs reasonably plan and expand your transmission system to meet the foreseeable needs of Load Serving Entities. That planning includes the allocation of physical transmission rights (or at least equivalent financial rights) on a long term basis for LSEs that have long term power supply arrangements. Isn't it reasonable that entities that had long term firm transmission rights be held harmless by your tariffs? At a minimum, shouldn't your system provide them equivalent or comparable access to their resources without excessive congestion cost if they originally had a long term firm transmission path? If not, how is your market design just and reasonable if it causes cost or price escalation for resources owned by entities that held long term firm transmission rights?