PJM Stakeholder Process

Harvard Electricity Policy Group
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Dave Anders
Director, Stakeholder Affairs
PJM Interconnection, LLC
Dynamic Growth

PJM GROWTH

BILLINGS = Billions
CAPACITY = Megawatts
**Operating Agreement (OA)**
Agreement among Members which established PJM Interconnection, LLC
- Governance - Board of Managers, Office of the Interconnection, Members Committee
- Energy Markets, RTEP, others

**Open Access Transmission Tariff (The Tariff)**
Rates & Terms of Service

**Reliability Assurance Agreement (RAA)**
Must be a signatory to be an LSE
Purposes of the Stakeholder Process

• **Educate** each other on issues related to PJM markets, operations, public policies and industry matters;

• **Explore** solutions, building consensus which may help policy makers approve key laws and regulations;

• **Enhance** communication among Members and between Members and PJM management

Vet and approve / endorse changes to PJM Markets, Operations, Planning
Governing Document Change Process

Initiator/Stakeholder/PJM

Issue Initiated

Stakeholder Process Review MC Endorse/Approve

Board of Managers Endorse/Approve

FERC Decision

FERC Issues Compliance Directive

Challenges FERC decision at Circuit Court

Circuit Court Reviews Challenge
# Consensus Based Issue Resolution Process

## Problem Statement

A clear statement of:
- The problem to be addressed in the issue to be resolved
- The situation to be improved
- The opportunity to be seized

WHO? Drafted by PJM, a stakeholder, or group of stakeholders

### Charge

<table>
<thead>
<tr>
<th>On-Going</th>
<th>Next Meeting</th>
<th>If and as needed</th>
<th>At Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose</strong></td>
<td><strong>Clean &amp; concise</strong></td>
<td><strong>Approve any modifications to charter</strong></td>
<td><strong>Upon completion of its charter</strong></td>
</tr>
<tr>
<td><strong>Problem Statement</strong></td>
<td><strong>Specific</strong></td>
<td><strong>Provide feedback on progress</strong></td>
<td>OR <strong>Upon determination by Founding Committee</strong></td>
</tr>
<tr>
<td><strong>Deliverables</strong></td>
<td><strong>Measurable</strong></td>
<td><strong>Receive and revise, as needed</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Deadlines</strong></td>
<td><strong>Consistent with charge</strong></td>
<td><strong>Final options generated</strong></td>
<td></td>
</tr>
</tbody>
</table>

Review, revise & agree upon

WHO? Drafted by Standing Committee

### Founding Committee

- Upon completion of its charter

### Sunset Group

- Upon determination by Founding Committee or Member Committee

### Assigned Group

First Meeting

- Translate into draft charter

- Report back on:
  - Key progress
  - Milestones
  - Status of deliverables
  - Key issues of sticking points
  - Recommend charter modifications

All subsequent meetings

- Key progress
  - Milestones
  - Status of deliverables
  - Key issues of sticking points
  - Recommend charter modifications
Consensus Based Issue Resolution

1. Problem Investigation
   - Education & Interest Identification

2. Proposal Development
   - Design Components
   - Option Development
   - Proposal Development

3. Decision Making
   - Winnowing/negotiation

4. Reporting
### Sector Weighted Vote Calculation Example

<table>
<thead>
<tr>
<th>Sector</th>
<th>For</th>
<th>Against</th>
<th>Abstain</th>
<th>% in Favor (of those voting For or Against)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric Distributor Sector</td>
<td>8</td>
<td>2</td>
<td>4</td>
<td>0.800</td>
</tr>
<tr>
<td>End Use Customer Sector</td>
<td>15</td>
<td>0</td>
<td>1</td>
<td>1.000</td>
</tr>
<tr>
<td>Generation Owner Sector</td>
<td>10</td>
<td>10</td>
<td>5</td>
<td>0.500</td>
</tr>
<tr>
<td>Other Supplier Sector</td>
<td>3</td>
<td>7</td>
<td>15</td>
<td>0.300</td>
</tr>
<tr>
<td>Transmission Owner Sector</td>
<td>12</td>
<td>2</td>
<td>0</td>
<td>0.857</td>
</tr>
<tr>
<td><strong>Sum</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>3.457</strong></td>
</tr>
<tr>
<td><strong>Threshold</strong></td>
<td></td>
<td></td>
<td></td>
<td>.667 x 5 Sectors = 3.335</td>
</tr>
<tr>
<td>Sector</td>
<td>Generation Owner</td>
<td>Transmission Owner</td>
<td>Electric Distributor</td>
<td>End Use Customer</td>
</tr>
<tr>
<td>-------------------------</td>
<td>------------------</td>
<td>-------------------</td>
<td>----------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Affiliate</td>
<td>169</td>
<td>38</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Voting Member</td>
<td>82</td>
<td>13</td>
<td>46</td>
<td>35</td>
</tr>
</tbody>
</table>

Total Affiliates = 401  
Total Voting = 541  
Others = 24  
Total Members = 966
When Stakeholders Can’t Agree …

- Earlier – GWG – Voting Reports
- GAST - Enhanced Liaison Committee
• Volume of Issues
• Both positive and challenging experiences
• Changes in times/issues have led to a change in stakeholder behaviors
• Polarization
• Voting structure makes people crazy
• Conflicting stakeholder comments and themes
  – PJM biased v. not taking assertive action to “get the market design right”
  – Too rushed v. too inefficient
  – Etc.