



Organization of PJM States, Inc. (OPSI)

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November 14, 2008

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

Re: Installed Reserve Margin

Dear Mr. Schneider:

The Organization of PJM States, Inc. (OPSI), wish to express our deep concern about the proposed increase of the Installed Reserve Margin from 15.5% to 16.2%. We had raised this issue in an earlier letter dated October 22, 2008.

We understand that the 16.2% proposal failed to receive a majority at a sector vote of PJM's Markets and Reliability Committee (MRC) on October 22, 2008. Also, an alternative proposal was not approved by the super majority. Notwithstanding the MRC vote, it is our understanding that the 16.2% proposal may be voted on again by the PJM Members Committee (MC) on November 20, 2008.

Regardless of a possible vote at the November 20 MC meeting, we, the OPSI Board of Directors¹, strongly urge the PJM Board of Managers to respect the MRC vote and not file the proposed IRM increase before the Federal Energy Regulatory Commission until a detailed study is completed to satisfy the need for such an increase.

¹ The sending of this letter is without prejudice to the right of one or more OPSI Member Regulatory Authorities to contend that PJM and/or the FERC lack the authority to adopt a reserve margin or resource adequacy requirement.

We appreciate the PJM Board of Managers' cooperation in this matter and look forward to working with you and your colleagues on this and other important issues. For the purpose of coordination on this issue, please feel free to contact Commissioner Paul Centolella (PUC of Ohio) and/or Raj Barua (OPSI's Executive Director).

Sincerely,

/s/ Dallas Winslow

Commissioner Dallas Winslow
Delaware Public Service Commission

/s/ Richard Morgan

Commissioner Richard Morgan
District of Columbia Public Service Commission

/s/ Paul Centolella

Commissioner Paul Centolella
Public Utilities Commission of Ohio

/s/ Gregory Server

Commissioner Gregory Server
Indiana Utility Regulatory Commission

/s/ David Armstrong

Chairman David Armstrong
Kentucky Public Service Commission

/s/ Douglas Nazarian

Chairman Douglas Nazarian
Maryland Public Service Commission

/s/ Steven Transeth

Commissioner Steven Transeth
Michigan Public Service Commission

/s/ Jon McKinney

Commissioner Jon McKinney
Public Service Commission of West Virginia

/s/ Tyrone Christy

Vice Chairman Tyrone Christy
Pennsylvania Public Utility Commission

/s/ Fred Butler

Commissioner Fred Butler
New Jersey Board of Public Utilities

cc: (via email)

PJM Board of Managers
Terry Boston, CEO & President, PJM
Bill Whitehead, VP – St. Govt. Policy, PJM
Andy Ott, Sr. VP – Markets, PJM
Mike Kormos, Sr. VP – Operations, PJM