

VIA Electronic Mail and Original Via USPS

December 4, 2008

Mr. W. Terry Boston
President and CEO
PJM Interconnection, LLC
955 Jefferson Avenue
Norristown, PA 19403

Mr. Howard Schneider
Chairman, Board of Managers
PJM Interconnection, LLC
955 Jefferson Avenue
Norristown, PA 19403

RE: Buyers Group Proposal for RPM Enhancements

Dear Mr. Boston and Mr. Schneider:

The Public Power Association of New Jersey ("PPANJ") appreciates PJM's efforts in leading a stakeholder process to discuss enhancements to the PJM reliability pricing model ("RPM"). That stakeholder process was founded on the basis of the independent evaluation of RPM by PJM's consultant, the Brattle Group ("Brattle Report"), and has identified several significant enhancements that are needed for RPM to achieve the objective of ensuring long-term resource adequacy at the lowest possible cost.

Certain members of the RPM Load Group (which was referred to in the Members Committee Voting Report as the "RPM Buyers Group") wrote to you on November 26, 2008 to explain the rationale for the elements of the comprehensive proposal that the RPM Load Group developed on the basis of PJM's proposal. The RPM Load Group proposal received majority support from the PJM Members Committee on November 20, 2008 ("Majority Proposal"). PPANJ endorses the request set forth in the November 26 letter and hereby asks that PJM adopt the Majority Proposal as the PJM proposal, and file the proposal (with the necessary accompanying PJM Tariff changes) in its forthcoming filings with the Federal Energy Regulatory Commission ("FERC"). We understand that the FERC Order on Technical Conference required a report within 15 days of the conclusion of the stakeholder process (i.e., on or about December 5, 2008), with tariff changes to be filed by December 15.

We refer you to the November 26 letter for a high-level explanation for each element of the Majority Proposal.

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Thank you for your close attention and thoughtful analysis of these very critical issues.

Sincerely,

James A. Jablonski, Executive Director
Public Power Association of New Jersey