



RE: REQUEST FOR PROPOSAL FOR CONSULTANT TO ASSIST PJM GOVERNANCE ASSESSMENT SPECIAL TEAM

The PJM Interconnection, L.L.C. (“PJM”), is seeking a consultant to work with the PJM Governance Assessment Special Team (“GAST”) to assist the GAST in accomplishing a portion of the mission assigned to it by the PJM Members Committee.

Background on GAST and Purpose for Proposal

PJM is a Regional Transmission Organization (“RTO”) regulated by the Federal Energy Regulatory Commission (“FERC”). PJM's governance structure comprises two primary and distinct governing bodies with various duties: PJM Members Committee and the PJM Board of Managers.¹ More detailed background information about PJM can be found in Appendix “A” to the RFP.

Several months ago, the FERC issued an order requiring PJM (and other RTOs) to undertake an examination of several aspects of their operations, report to the FERC and make certain changes, as required by the FERC. This order is commonly referred to as FERC Order No. 719. A copy of FERC's Order No. 719 can be found at http://elibrary.ferc.gov:0/idmws/file_list.asp?document_id=13656106. PJM formed a task force, called the PJM 719 Task Force, to provide a forum for PJM member companies to provide feedback for PJM's compliance filing in response to the FERC's order.

During the PJM Task Force 719 process, there were “numerous discussions among members concerning the effectiveness of the overall PJM governance structure, the information provided to the PJM Board of Managers and the way voting power is allocated under the PJM Operating Agreement and manuals.”² Some member companies posited that these issues may call into question PJM's responsiveness, as that term is used in FERC Order No. 719. Other member companies posited that the existing allocation of voting power is fair and equitable. Regardless of voting, some member companies posited that other improvements to the stakeholder process may be appropriate. These discussions revealed that “additional in-depth conversation is required among stakeholders in a forum devoted to just these topics.”³ The consultant is intended to assist the GAST in addressing all of these issues.

¹ The Transmission Owners Agreement also gives certain governing duties and powers to the Transmission Owners.

² Resolution adopted on March 26, 2009.

³ *Id.*

As a result, PJM member companies negotiated and approved a motion in the form of a resolution ordering the formation of the GAST and providing it with a mission. A copy of the resolution adopted by the PJM Members Committee is attached as Appendix "B" to the RFP. A copy of a process map describing the GAST process that was prepared by a PJM member and used at the meeting where the resolution was adopted is attached at Appendix "C" to the RFP.

PJM is seeking a consultant to act as a facilitator to assist the GAST in accomplishing Phase I of its mission, as assigned by the PJM Members Committee. Phase I consists certain tasks surrounding: an assessment to the broader PJM membership of the concerns regarding PJM governance and stakeholder processes and the likelihood of reaching consensus on possible measures that might address some or all of these concerns; working with the GAST to determine the appropriate forum for performing the assessment and working with the GAST to develop an Action Plan on how to proceed, if at all, given the assessment. Should the PJM member companies decide to proceed with the post-assessment/action plan phase of work of the GAST, it is possible, but not certain, that the same consultant will be used to assist the GAST in proceeding with this additional work.

Please be advised that the PJM member companies have approved a schedule by which Phase I would be completed by June 25, 2009. The GAST plans to recommend, however, that the Members Committee approve at its May 7, 2009, meeting a delay in the Phase I deadline until August 13, 2009. By the terms of the resolution approved by the Members Committee, Phase II is scheduled to be complete by September 24, 2009.

The timeline in the body of the RFP includes the key engagement deadlines identified by the GAST. This timetable is subject to final review by the Members Committee on May 7. We will notify potential bidders if any duties are changed by the Members Committee.

Reporting

The consultant will report administratively to PJM, but will report substantively to the GAST.

Scope of Work

The scope of work is more fully described in the attached RFP. As more fully depicted in the RFP, the facilitator is to work with the GAST to:

1. Gather and inventory the concerns regarding PJM governance and stakeholder processes, including, but not limited to, the concerns discussed during the PJM Task Force 719 meetings.
2. Provide an assessment to the membership of the issues that have been raised or identified and the possibility of reaching consensus on possible measures that might address some or all of the concerns raised.

3. Determine the appropriate forum and schedule to accomplish the first phase 1 by 6-18-09.⁴
4. Develop an action plan on how to proceed given the information received through the assessment.

In order to assist the consultant in providing a meaningful proposal to PJM, the GAST has prepared two important documents designed to assist the consultant in considering and preparing their proposals. First, the GAST has prepared a "Stakeholder Governance Issues List" listing all the issues that GAST member companies wanted to raise at one of the first GAST meetings. This list is provided as Appendix "D" to the RFP. This list has been organized by the GAST into five different groups, although many issues fall into multiple issue groups. The issue groups are: Stakeholder Process Mechanics, Voting Issues, Outcomes and Impacts, Information and Issue Flows, and Market Policy Development. This list should not be viewed as an exhaustive list of the governance issues of PJM member companies.

Also, the GAST has prepared a "Facilitator Information Sheet" listing the desired qualities of the consultant and the deliverables required from the consultant. This Facilitator Information Sheet is attached as Appendix "E" to the RFP.

RFP Schedule

1. Send out Request for Proposals to qualified vendors on **May 1, 2009**.
2. Bidders are required to notify PJM of their intent to bid by **5:00 PM on May 8, 2009**.
3. Pre-Bid Conference Call with potential bidders **May 11, 2009**.
4. Vendors are required to respond with bids by **5:00 PM on May 22, 2009**.
5. The GAST will select the winning bidder for the implementation during the **Week of June 1, 2009**.

Intent to Bid

All recipients of this RFP shall confirm their "Intent to Bid" by reply email to the contact(s) below and by date above noted. Should your company decide against responding to this RFP, please indicate same in an email.

Contact Information

All correspondence should be addressed to:

PJM Interconnection, L.L.C.
Attention: Pam Quittner
955 Jefferson Avenue

⁴ As noted above, the GAST plans to recommend to the PJM Members Committee at its May 7, 2009, meeting to delay this date until August 13, 2009.

Valley Forge Corporate Center
Norristown, PA 19403-2497

Pam Quittner
Phone: 610-666-4411
Email: quittp@pjm.com

All general questions regarding the RFP, such as scope of work and specifications, should be directed to:

David Anders
Phone: 610-666-4675
Fax: 610-666-4379
Email: andersd@pjm.com

PJM's General Terms and Conditions will be provided to all Respondents that provide notice of their intent to bid. All exceptions to PJM's General Terms and Conditions must be included with your Proposal response.

Please note that the PJM Use and Nondisclosure Agreement (Appendix F) must be signed and returned to PJM before any questions regarding the RFP will be entertained. If the vendor has previously signed a Use and Nondisclosure Agreement with PJM, please forward a fully executed copy of the agreement to PJM.

This RFP does not commit PJM to award a contract, pay any costs incurred in preparing a proposal, or to procure or contract for services or supplies. PJM reserves the right to accept or reject any or all proposals received, to negotiate with all qualified sources, or to cancel in part or in its entirety the RFP when it is in PJM's best interest.