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July 2, 2013
(via e-mail attachment only)

Dr. Jean Kinsey
Chair, PJM Board Competition Committee
PJM Interconnection
955 Jefferson Avenue
Norristown, PA 19403

Dear Doctor Kinsey,

The market monitor plays a critical role in the oversight of PJM’s wholesale markets. OPSİ appreciates that PJM has decided to retain the services of the incumbent market monitor and has entered into negotiations for a new agreement for his service. A new contract implies that changes will be made to the old contract. It is important to OPSİ, and we believe it is PJM’s intent that the new agreement remains consistent with the duties and responsibilities of Attachment M.

OPSİ desires to maintain a constructive relationship with the PJM Board. In this regard we are frankly baffled by an apparent reluctance on the part of the Board to consult with OPSİ on the new contract language prior to the execution of the contract. When the Federal Energy Regulatory Commission (FERC) established the OPSİ Advisory Committee one of its responsibilities was to provide advice to the PJM Board. OPSİ intends to bring the same level of diligence to review of the new contract that it brought to our comments on the draft Request for Proposal. We share the same goal, an agreement consistent with Attachment M. However as I pointed out at the MACRUC breakfast, when new language is drafted the words can mean different things to different parties and some clarification or minor adjustments can save disputes down the road. As a procedural matter it is doubtful that FERC created the OPSİ Advisory Committee if the only beneficiary of its advice was to be the Commission itself.

There are many pressing issues in PJM’s wholesale market. OPSİ hopes we can work together with the Board to ensure that the new contract with the market monitor is not added to the list. If we are not provided with the agreement before it is executed, then our comments will be made to FERC at the same time they are made to the PJM Board and Monitoring Analytics, Inc. (MA). To that end, we request that the PJM Board and MA agree to provide a copy of the proposed agreement to the OPSİ Advisory Committee and the President of OPSİ to share initially only with one additional representative. If necessary beyond the confidentiality agreements already in place with OPSİ Commissioners, we can
execute additional confidentiality agreements for this purpose. At some point, before a new contract agreement is executed, we will want to share it with the rest of the OPSI Board. We can discuss this with the PJM Board and MA and work out amenable timing and any necessary procedures, including continued confidential protection.

The PJM Board has invited the OPSI Advisory Committee to listen in by telephone only to the portion of the PJM Board meeting on July 9 on the subject of the market monitor contract. We have been told that there will be no written materials. As we understand it, the purpose of the meeting is for the PJM Board to be briefed on the status of the negotiations. While we appreciate the invitation, including our understanding that we can ask questions, such an oral status briefing clearly is not a substitute for the opportunity we will need to review the written proposed new contract. Moreover, if our understanding of the meeting is incorrect, and instead the PJM Board will have been provided with written materials that are not being shared with us, such as a proposed contract or new provisions for a contract, then the OPSI Advisory Committee would not be able to meaningfully observe, let alone participate, in the July 9 meeting.

Sincerely,

Lawrence Brenner
Chairman OPSI Market Monitoring Committee