

## Summary of Recommendations

### Key Areas of Convergence

- It is beneficial for issues to be vetted through the PJM process even when Members can't reach agreement (5.2)
- Most important goals of stakeholder process are to help PJM meet its mission (5.7), and inform the Board of Members' perspectives (5.3)
- PJM and its Members need to do a better job prioritizing issues (4.2), setting deadlines (4.1), and framing issues (4.2)
- PJM should improve the effectiveness of participating in meetings by phone (4.5)
- Voting procedures at working groups, task forces, and lower level standing committees are often unclear and confusing (4.2), and not uniform (4.1)
- Voting at the Lower Level Standing Committees should be more transparent to the Senior Committees such that they know how members and sectors voted (Sector range 4-5.3)
- Working groups should strive for consensus on a single proposal, elevating multiple proposals if no consensus (5.2)
- Members sector placement should be better monitored and enforced (5.8)
- Satisfaction with PJM's technical assistance role (5.0), and agreement that there facilitative role is very uneven across staff (4.7) and needs to be adjusted when PJM has a strong view on an issue
- The Board has become more accessible and attune to members needs in the last few years (4.3), in part, due to the liaison committee (4.5), but Members would like to still see greater transparency (4.8)

### Key Areas of Divergence

- Sector weighted voting- Overall opinion—
  - Effective (End Use Customers 58%, Electric Distributors 80%),
  - Not Desirable but Unlikely to Change (Other Suppliers 46%, Generators 33%),
  - Imperfect but Workable (Transmission 54%--but with 31% Very Undesirable and Should be Seriously Reconsidered)
- Whether Lower Level Standing Committees should use sector weighting (Range Transmission 2.8 to End Use Customers 5.2)
- Merging the MRC and MC --Range of 1.8 (End Use Customers) to 3.5 (Transmission Owners), but large standard deviations for all Members (1.9) and by sector indicate wide range of opinion
- Role of affiliates and agents

## Changes – Consultant Proposed Process

### Phase II, Part A: Stakeholder Process

1. 3-4 month process to develop process change recommendations
2. Representative group of PJM Members, reasonably sized group, well versed in PJM governance issues, consistent participation, and transparent process (e.g., 2-3 from each Sector, or GAST)
3. PJM staff should be included (and work specifically on developing plans to improve meeting mechanics and build facilitation capacity)
4. OPSI can actively observe
5. Actively facilitated by skilled, knowledgeable outside neutral
6. Do further research, option generation, and consultation with Members and PJM on decision making

### Phase II, Part B: Decision Making/Structure Proposed Process

1. Should begin following Phase II, Part A
2. (perhaps with 3-6 month break to implement process recommendation and continue to prepare for Part B)
3. 3-6 month process
4. Can begin with representative group of PJM Members but broaden to all interested members
5. Need to seek a comprehensive and fully integrated decision-making and structural package
6. Structured more like mediation with skilled, knowledgeable outside neutral

Additional Consultant Recommendations:

### Phase II, Part A: Stakeholder Process

#### **Substantive Areas of Focus (with examples of options to explore)**

1. **Increasing transparency within PJM Member process, and between Members and Board**
  - a. Convey names of members who supported and opposed each major proposal at Lower Level Standing Committees to MRC and MC
  - b. Provide clearer voting reports and summaries of positions/interests from Members to Board
  - c. Debrief meetings with Members for Board to explain their decisions (consider using the Liaison Committee)
2. **Fine-tuning proposal development, decision-making and elevation process (focusing primarily at working group level in Part A)**

- a. Consider how and when to prioritize issues in the annual work plan, and at Standing Committees
  - b. Charter working groups in more detail and establish deadlines and more frequent report backs
  - c. Create proposal development and consensus seeking procedures
  - d. Establish guidelines for elevating non-consensus items to Committees
3. **Improving meeting procedures and mechanics (voting procedures, phone participation, etc.)**
- a. Develop "rules of the road" for meeting participation
  - b. Clarify existing voting rules and then apply uniformly across similar levels (e.g., at working group level)
  - c. Establish better voting procedures and technology for phone voting; evaluate use of video-conferencing
4. **Clarifying roles and responsibilities of PJM Members and staff, and improving facilitation skills/capacity in PJM**
- a. Establish guidelines for facilitation (including separating facilitation and technical assistance/advocacy roles)
  - b. Develop capacity building plan for PJM facilitation expertise
5. **Monitoring and enforcing sector placement**
- a. Create clearer guidelines for sector placement (based on existing and/or refined sector definitions)
  - b. Determine who conducts monitoring and enforcement
  - c. Develop monitoring protocols, enforcement procedures

## 9-15-09 GAST Meeting Brainstorming

- Do a really good job at Phase A before starting Phase B
- Phase A – Low hanging fruit
- Do we need the consultant for Phase A?
- Hard to see changing sector weighted voting
- Lot of value in Phase A
- Have the consultant help with Phase A – like to see what analysis they can bring - bring discipline to the group
- Would like to have a check step between Phase A & Phase B
- Get through Phase A first to identify if Phase B is needed
- Difficult to commit to Phase B
- Will have more “meat” at the end of Phase A – continue to use facilitator
- Phase B not sure how the “mediation” process or mechanics would work
- Need alternatives for Phase B
- Going forward in the process is our decisions – challenge our assumptions – opportunity of doing things differently – what are the options and what are our recommendations
- Willing to go forward with Phase A with good faith effort to look at Phase B
- We should be open and participate in good faith
- Can we commit resources to Phase B
- Open to discussing how to move forward to Phase B
- Didn't see anything in the survey that there was a large issue in the sectors – not sure if we need to do Phase A or Phase B based on survey results
- Consultant recommended going through Phase A and then take a 5 to 6 month break to see if we want to go forward with Phase B
- Really need to go through Phase A to make the determination to move forward to Phase B – no need to debate the discussion of moving forward to Phase B
- We need to set aside our biases and work together to move forward
- The TOs could make a 6 month or quarterly report to ensure that we have a robust transmission system – Same with GOs and other sectors reporting out on their issues or updates to the Membership – we need to do more to inform the Membership
- Develop policies regarding reports to the Membership
- Concern with Phase A process, we have done some of the issues before and we have ran into a wall. Do we think we can make progress in Phase A without seeing the full concept of Phase B
- There are experts that can drive us to concentrate on specific issues, structural difficulties

- Have to fix the processes
- Fear factor is a major issue in Phase B – should ask the consultants what are the various options that we should look at in Phase B
- Consultants should let us know how it is done elsewhere, what options do we have
- We started this process to go forward and we want to see it through to the end
- Propose that we have a super majority vote to not go forward with Phase B
- Make a collective decision to decide whether to go forward after Phase A
- Phase A – processes and mechanics, no one disagrees this area needs to be worked on (ex., meeting lengths)
- Good to do Phase A with a guide (Raab Assoc.)
- Consultant has proposed to do a little bit of extra research on other governance, stakeholder processes
- Value in Phase B – voting, streamlining structure (number of structure levels), voting at lower committees
- Agreement that we do Phase A (first line) Phase B has issues that we really do need to address, however, still have a break in between Phases to determine how to go forward
- 2 fears – 1) what would come out of Phase B, 2) there may be a lot of parties that may close down the idea of going forward with Phase B
- Super majority decide to go forward or not go forward with Phase B
- Could we have a piece in Phase A that flesh out options in Phase B and decide which options are most important then we decide and request the Sectors to make recommendations to go forward
- Keep an Open Mind to go through Phase A and then make the decision to go forward with Phase B (fear that Phase B will be voted down)
- Engaging in Part A is appropriate, what we do now is an imperfect process, should we be seeking a perfect process or a process at all
- We resolve a great many issues by acclimations
- Expanding our toolbox rather than replacing our tools
- Start in Phase A and we will find structural issues and then we can make decisions on how to fix. We will identify, correct with the help and recommendations of the consultants. Need to commit now on Phase A
- Has to be some level of good faith commitment to go to Phase B
- Give direction to Raab to identify issues in Phase B to focus on
- Report the results of what we did here as a group
- Emergent issues have to be addressed
- Need to make a recommendation
- Recommend we go forward with Phase A with the consultants

- What other things do we look at in Phase B
- Need to do a Check Step between Phases

## 9-15-09 GAST Meeting Member Proposed Process

Seek approval from the September 24, 2009 MC to begin the development and implementation of Governance Assessment Phase II Part A of the PJM governance process improvements beginning October 2009.

### Phase II, Part A: Stakeholder Process

1. Begin 6 to 8 month process to implement process change recommendations with 3 month process to develop the change recommendations
  - Increasing transparency within PJM Member process, and between Members and Board
    - Examples:
      - a. Convey names of members who supported and opposed each major proposal at Lower Level Standing Committees to MRC and MC
      - b. Provide clearer voting reports and summaries of positions/interests from Members to Board
      - c. Debrief meetings with Members for Board to explain their decisions (consider using the Liaison Committee)
  - Fine-tuning proposal development, decision-making and elevation process (focusing primarily at working group level in Part A)
    - Examples:
      - a. Consider how and when to prioritize issues in the annual work plan, and at Standing Committees
      - b. Charter working groups in more detail and establish deadlines and more frequent report backs
      - c. Create, change and improve problem solving, proposal development and consensus seeking procedures to become more efficient and create better solutions and identify differences in our views. Establish guidelines for elevating non-consensus items to Committees
  - Improving meeting procedures and mechanics (voting procedures, phone participation, etc.)
    - Examples:
      - a. Develop "rules of the road" for meeting participation
      - b. Clarify existing voting rules and then apply uniformly across similar levels (e.g., at working group level)

- c. Establish better voting procedures and technology for phone voting; evaluate use of video-conferencing
  - Clarifying roles and responsibilities of PJM Members and staff through a facilitated discussion.
    - Examples:
      - a. PJM's role and responsibility: advocating technical support, facilitating, administrative support
      - b. Establish guidelines for facilitation (including separating facilitation and technical assistance/advocacy roles)
      - c. Roles and responsibilities of PJM Members and norms of behavior
  - Improving facilitation skills/capacity in PJM
    - Examples:
      - a. Develop capacity building plan for PJM facilitation expertise
  - Monitoring and enforcing sector placement
    - Examples:
      - a. Create clearer guidelines for sector placement (based on existing and/or refined sector definitions)
      - b. Determine who conducts monitoring and enforcement
      - c. Develop monitoring protocols, enforcement procedures
2. Representative group of PJM Members, reasonably sized group, well versed in PJM governance issues, consistent participation, and transparent process (e.g. or GAST)
  3. PJM staff should be included (and work specifically on developing plans to improve meeting mechanics and build facilitation capacity)
  4. OPSI can actively participate
  5. Actively facilitated by skilled, knowledgeable outside neutral
  6. Consultant to do further research, option generation, outline of alternative solutions and consultation with Members and PJM on decision making for Phase II, Part B (e.g., research alternative voting structures)
  7. Check Step – Good faith commitment – sector majority 2.51 or greater (not super majority) vote at the MC to proceed with Phase II Part B.

## Phase II, Part B: Decision Making/Structure Proposed Process

1. Should begin following Phase II, Part A
2. (perhaps with 3 - 6 month break to implement process recommendation and continue to prepare for Part B)
3. 3 - 6 month process
4. Can begin with representative group of PJM Members but broaden to all interested members
5. Need to seek a comprehensive and fully integrated decision-making and structural package
6. Structured more like mediation with skilled, knowledgeable outside neutral
7. Recommendations, if any, to the MC, MC 2/3 vote to approve any changes