PJM Stakeholder Process: An Overview

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MISO-PJM JCM Meeting
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1. Operating Agreement (OA)
   - Agreement among the Members
   - Sets up:
     - Governance, Energy Markets, RTEP, others
     - Board of Managers
     - Office of the Interconnection
     - Members Committee

2. The Tariff
   - Issued by the FERC

3. Reliability Assurance Agreement (RAA)
   - Must be a signatory to be an LSE

Others:
- Transmission Owners’ Agreement
- Joint Operating Agreements
- Manuals
- Manual 34 – PJM Stakeholder Process
Membership/Sector Breakdown (as of 4.26.13)

- Affiliate: 300
- Associate Member: 16
- Ex-Officio Member: 10
- Emergency Load Program Member: 16
- Voting Member: 491

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generation Owner</td>
<td>104</td>
</tr>
<tr>
<td>Transmission Owner</td>
<td>46</td>
</tr>
<tr>
<td>Electric Distributor</td>
<td>6</td>
</tr>
<tr>
<td>End Use Customer</td>
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<tr>
<td>Other Supplier</td>
<td>141</td>
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<tr>
<td>Affiliate</td>
<td>104</td>
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<tr>
<td>Voting Member</td>
<td>75</td>
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</tbody>
</table>

Legend:
- Red
- Blue
Purposes of the Stakeholder Process

- **Educate** stakeholders on a wide range of issues related to PJM markets, operations, public policies and industry matters;

- **Explore** different solutions, building consensus which helps policy makers approve key laws and regulations;

- **Improve** communication among Members and between Members and PJM management; and to

- **Implement** the powers and responsibilities of the Members Committee and other committees defined in the OA.

  – The powers and responsibilities relevant to the stakeholder process are found in OA sections 3.1 (a), 8.6, 8.8 and 18.6
FPA Section 205/206

205
- All public utilities must file with the Commission all rates and charges for any transmission or sale subject to the jurisdiction of the Commission.
- Requires that tariffs, rate schedules, service agreements, and contracts relevant to the services offered must be filed at FERC.
- To approve the filings, the Commission must find that the rates are just and reasonable and not unduly discriminatory and preferential.

206
- Allow the Commission to modify rates upon its own motion or upon motion or complaint.
- Require that in order to modify or replace the filed rate, the proponent of a change to the filed rate must meet a dual burden of:
  - First: establishing that the current rate is unjust and unreasonable.
  - Second: establishing that its alternative rate proposal is just and reasonable.
- It is not sufficient to simply demonstrate an alternative is superior to the current rate.
Stakeholder Groups - Overview

- **Senior Standing Committees**
  - Members, Markets and Reliability Committee (mustard)
- **Senior Committees**
  - Markets Implementation, Operating, Planning (light blue)
- **Subcommittees**
  - e.g. Demand Response, Credit (light green)
- **Task Forces**
  - e.g. Capacity, Regulation Performance (dark green)
- **Advisory Committees**
  - e.g. Transmission Expansion Advisory Committee (dark blue)
- **User Groups**
  - e.g. Balancing Operating Reserves Netting (mauve)
Steps in the Stakeholder Process

**Initiation**
- Problem/Opportunity Statement
- Issue Charge
- Assignment

**Consensus Based Issue Resolution**
- Problem Investigation
- Proposal Development
- Decision Making
- Reporting to Standing Committees

**Voting**
- Sub-committees & Task Forces: no voting (consensus driven)
- Standing Committees & Sr. Task Force: simple majority voting
  - All Members
  - Pass > 50%
- Sr. Standing Committees: sector-weighted voting
  - Voting Members only
  - Pass: ≥ 3.335