PRESENTATION
BY
CONSUMER ADVOCATES

PIEOUG Meeting with the PJM Board
May 14, 2013
Market Monitoring

- A highly competent, vigorous and effective market monitoring function is essential to the credibility and integrity of PJM’s markets.
- State consumer advocates have historically been very supportive of a strong market monitoring function within PJM.
- The advocates were closely involved in the negotiations that led to the 2007 Market Monitoring settlement and ultimately to Attachment M to the PJM Tariff.
Given the importance we place on the market monitoring function, the draft RFP issued in December provided an opportunity to present our views to the Board.

Several state consumer advocate offices submitted joint comments on the draft RFP and Market Monitoring Services Agreement (MMSA).

Our comments indicated that we did not think an RFP was necessary and expressed a preference for renewing the contract with Monitoring Analytics (MA).
Market Monitoring

- At the same time, we recognized the Board’s right to pursue an RFP and submitted comments aimed, in our view, at improving the RFP and the MMSA.

- Given our preference for renewing the contract with Monitoring Analytics, we are pleased with the recent announcement that the Board has decided to set aside the RFP and instead enter negotiations with MA for a three year contract renewal as provided for in Attachment M.
To the extent the comments filed by us and other parties may have played a role in your decision we are gratified. We support the decision fully and believe it will ensure the continued well-functioning of the PJM markets.

We commend the Board and we thank you for your willingness to reconsider your decision. We believe it will serve the best interests of the entire PJM stakeholder community.
RPM STAKEHOLDER PROCESS ISSUES

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The State Consumer Advocate offices have been active participants at PJM and FERC on Reliability Pricing Model since it was first proposed.

Many State Consumer Advocate offices filed a protest in the latest FERC docket on RPM revisions (ER13-535).

In addition to substantive issues with the proposal, the State Consumer Advocate Office raised issues concerning the stakeholder process regarding that proposal.
Concerns

- The State Consumer Advocates felt that the abbreviated process on MOPR revisions in the Fall of 2012 was not sufficient.

- It is impossible to fully cure the impact on parties that are excluded from discussions that lead to an agreement.

- While discussions with groups of stakeholders are appropriate, PJM should take care to avoid participation in extended meetings with particular stakeholders that are an attempt to reach an agreement on proposed market rule or tariff changes.
Recommendations

- It creates at least an appearance of a lack of independence to announce simultaneously that PJM has a concern about an issue and a proposed solution to that problem that has been agreed to by a group of stakeholders.

- PJM should ensure that all stakeholders are informed promptly when PJM determines that it has a concern about a particular market rule or market activity and begins to pursue a rule or tariff change to address the problem.

- All stakeholders should be kept apprised of efforts to find a solution to a PJM concern.
CAPS Overview

- **Need for CAPS:**
  - Complexity of PJM Process
  - Constrained Consumer Advocate Resources
  - Origins of CAPS

- **Benefits of CAPS**
  - Enhanced Stakeholder Participation

- **Goals of CAPS**
  - Consistent Presence in the PJM Stakeholder Processes
  - Central Repository for PJM Information
  - Central Contact for CAPS Members
CAPS Structure and Status

- Membership and Organization
- Role of CAPS Staff
- Paperwork: Incorporation and Financing
- Staffing
- Permanent Funding

Questions?
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We value the opportunity to meet with the Board of Managers

- Face-to-face meetings help improve communication and understanding, and we have appreciated the increased level of engagement with us we have seen from the Board over the last few years.

- Now that the CAPS organization is being realized, we expect to be better able to actively and consistently participate at PJM.

- We are confident the Board shares our desire to make the best possible use of this opportunity each year.
An effective stakeholder process requires RTOs to cultivate inclusiveness

- We realize that in the private sector, the “corporate retreat” approach to senior level meetings often includes luxurious surroundings where attendees can relax and unwind.

- But RTOs aren’t typical private corporations.

- FERC has consistently emphasized the need for RTO responsiveness, including consumer participation.

- Ordinary consumers ultimately pay the bill - including their representatives is crucial to any concept of RTO responsiveness.
Even with CAPS funding expensive travel is a problem for public entities

- Travel by state employees requires approval by state bureaucracies

- Appearances matter – no matter who pays, business meetings should not look like “wining and dining”

- Although it is appropriate for meeting locations to circulate around the PJM footprint, they should also be reasonably accessible by mainstream public transportation
Cleveland versus the Greenbrier

- Cleveland is readily reached by car or air, and the meeting site was a typical big-city hotel at reasonable and ordinary accommodation rates.

- “The Greenbrier is widely regarded as one of the finest luxury resorts around the world.” Transportation requires more time, compounding the difficulty of getting travel approval for a short stay.

Those of us attending this annual meeting are staying at off-campus locations (10 miles away in Lewisburg), and the majority of the advocates are only able to participate by teleconference.
Solutions?

- We would ask that PJM choose more suitable meeting locations and activities that take into account its ultimate customers and the ability of their representatives to attend.

- To the extent a “corporate retreat” model for the annual meeting continues to be used, some of our offices/and or CAPS staff will continue to attend as it is important that consumers not be totally excluded from the annual meeting process. However, we would propose that the PJM Board explore a more appropriate separate time and location to meet with public entities.