

Section 13: Members Annual Work Planning

Welcome to the *Members Annual Work Planning* section of the PJM Manual for **PJM Stakeholder Process**. In this section you will find the following information:

- stakeholder roles and responsibilities in developing and maintaining the annual plan;
- the process for developing and amending the annual plan;
- the requirements for reporting on progress against the annual plan; and
- the elements of the annual plan and the criteria for categorizing elements of the annual plan.

13.1 Overview

This section details how the stakeholder process develops and updates an annual plan. The Members Committee annual plan is related to, but separate from, the PJM internal annual goals setting process and the annual budgeting process for PJM.

- The objective of the annual plan is to have a document or tool to provide all PJM stakeholders with an organized, comprehensive view of the expected work in the coming year. To the extent possible, it should be used to prioritize the issues considered in the stakeholder process in order to effectively focus the resources of PJM and its Members. The annual plan is intended to focus on coordination of markets, reliability and planning initiatives that are expected to result in proposals presented to the Members Committee for endorsement or approval in the coming year. Because new ideas emerge during each year and events change, the document is a living one that is updated at each Members Committee meeting. The annual plan is implemented and executed in the context of the provisions of sections 7.7 and 11.1 of PJM's Operating Agreement that preclude both (1) undue influence by any Member or group of Members on the operation of PJM and (2) Member management of the business of PJM. The annual plan is adopted at a Members Committee meeting by simple majority, traditionally by acclamation, after review and discussion.

13.2 Roles and Responsibilities for Annual Work Planning

Role	Responsibilities
MC Vice Chair	<ul style="list-style-type: none"> • Work with PJM staff to compile an annual work plan • Outreach to key PJM staff and Members to gather the necessary information • Serve as an ex officio member of the Finance Committee to facilitate the flow of information between annual plan development and PJM's annual budget • Bring the annual plan before the Members Committee for approval • Update the plan throughout the year and inform the membership of changes at each Members Committee meeting

Role	Responsibilities
	<ul style="list-style-type: none"> Raise conflicts within the annual plan or concerns about achievability of work load to the Members
PJM Standing Committee Chairs	<ul style="list-style-type: none"> Provide detailed information on the work of each Standing Committee to help the MC Vice Chair assemble an annual plan Develop an annual plan for his/her Stakeholder Group Gather the necessary information from that Standing Committee's Subcommittees and Task Forces to be able to assemble an accurate and detailed annual plan
PJM Members	<ul style="list-style-type: none"> Review compiled information in the draft annual plan Assess the membership's practical ability to meaningfully participate in the time frame and activities proposed in the draft annual work plan

Exhibit 15: Roles and Responsibilities for Annual Work Planning

13.3 Development Process for the Plan

The annual plan development begins with the Standing Committees. In each Standing Committee, the Standing Committee chair or facilitator, along with members shall:

- annually assess whether Groups should continue to do work, change a Task Force to a Subcommittee, modify a group's Charter or Charge given its work, or end its work.
- anticipate what new issues that Stakeholder Group and its Subcommittees and Task Forces may need to address in the coming year.
- assess whether the Stakeholder Group believes that the issues before them and their Task Forces or Subcommittees are likely to exceed what they can handle in the coming year. The facilitator shall work with the Stakeholder Group Members to make this assessment, including placing a formal annual review on one of its meeting agendas.
- develop a draft concise Standing Committee work plan for upcoming year. Note that the Markets and Reliability Committee is required by OA section 8.6.1(a) to develop an annual plan each year.

The Members Committee Vice Chair, with assistance from PJM staff and the Committee chairs or facilitators shall then:

- review the status of all Committees, Subcommittees, and Task Forces, based on the information provided by the Committee chairs or facilitators.
- prepare roll up of the issues within the plan that the Stakeholder Groups and Standing Committees are still undertaking or anticipate undertaking in the coming year, along with their deliverables (and the work it will take to develop them) and deadlines. This is expected to occur generally in the June to August time frame in anticipation of the coming year's plan.

- review PJM's Issues Tracking tool on PJM.com for developing the annual plan.
- label issues as either regulatory requirement, high priority of Members or PJM, or discretionary.
- to greatest extent possible use the "Issue Categorization Chart" shown below in categorizing each issue against a set of criteria to determine its complexity and difficulty.
- review and consider PJM's Strategic Plan in light of the annual plan.
- identify areas of potential bottlenecks, overlaps, resource constraints for MC review and prioritization, if necessary.
- assist in finalizing a draft annual plan.
- bring before the Members at a Members Committee the draft annual plan for discussion, revision, as necessary, and adoption. Approval of the annual plan shall occur in November for the following year's annual plan.
- update the annual plan regularly and report changes to the Members at a Members Committee meeting.

The following chart summarizes the steps in developing the Members annual plan. Note that the gray area of the chart is provided for illustration purposes only.

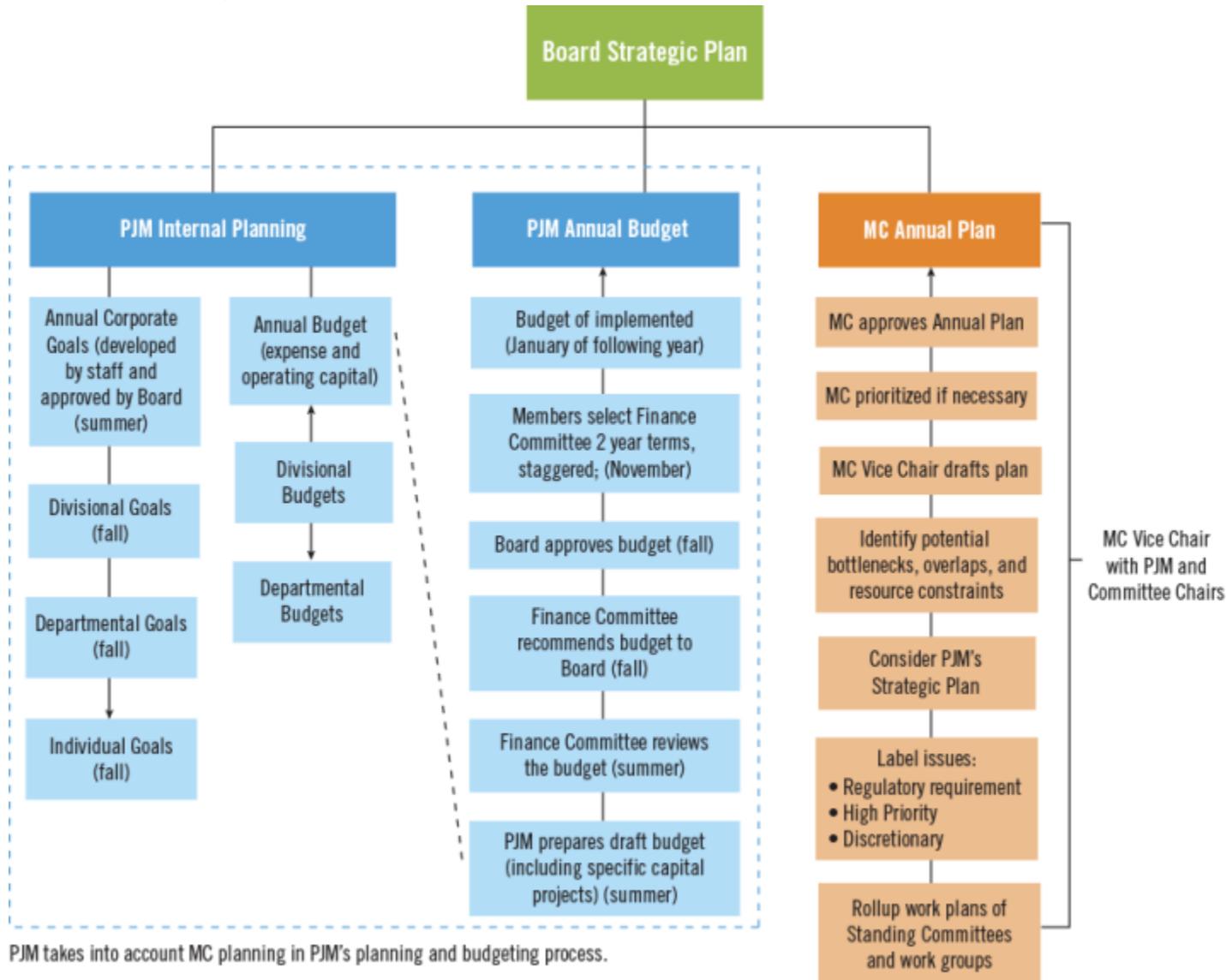


Exhibit 16: Work Planning

13.4 Status Reporting on the Annual Plan and Amendments throughout the Year

The MC Vice Chair Shall provide updates on the Members Committee annual plan to the Members Committee at each meeting of the Members Committee, and to the Finance Committee quarterly and at the Annual Meeting. These updates shall confirm which activities have been completed as originally scheduled as well as those activities that have been rescheduled, added or deleted from the original annual plan. It is the responsibility of the MC Vice Chair to bring to the attention of the Members Committee any conflicts within the annual

plan or concerns about the Members available capacity to achieve the activities outlined in the annual plan.

The annual plan may be amended after initial approval. The Vice Chair and Chair of the Members Committee, supported by the Members Committee Secretary and Committee chairs or facilitators, shall communicate frequently throughout the year to incorporate appropriate changes to the annual plan after it has been initially developed and approved. The annual plan shall be updated as needed as changes or new information comes to light. The Members Committee shall approve by simple majority any significant or substantive changes to the annual plan to ensure full vetting about and ownership of the extent of activities and related resources needed by all to achieve the work that year.

13.5 Elements of the Plan

The annual plan, organized by Stakeholder Group and by issue shall at a minimum include:

- target meeting dates;
- anticipated reports to be received at each meeting;
- target issue completion dates; and
- dates and topics of proposals for which votes will be requested.

In development of the annual plan, the Members Committee Vice Chair and PJM should consider organizing and categorizing the issues and topics in the annual plan according to the following criteria as detailed in the following chart. The topical headings for each issue should include the issue topic area (as identified in the issues tracking process), the nature of the issue, screening questions, and decision-maker.

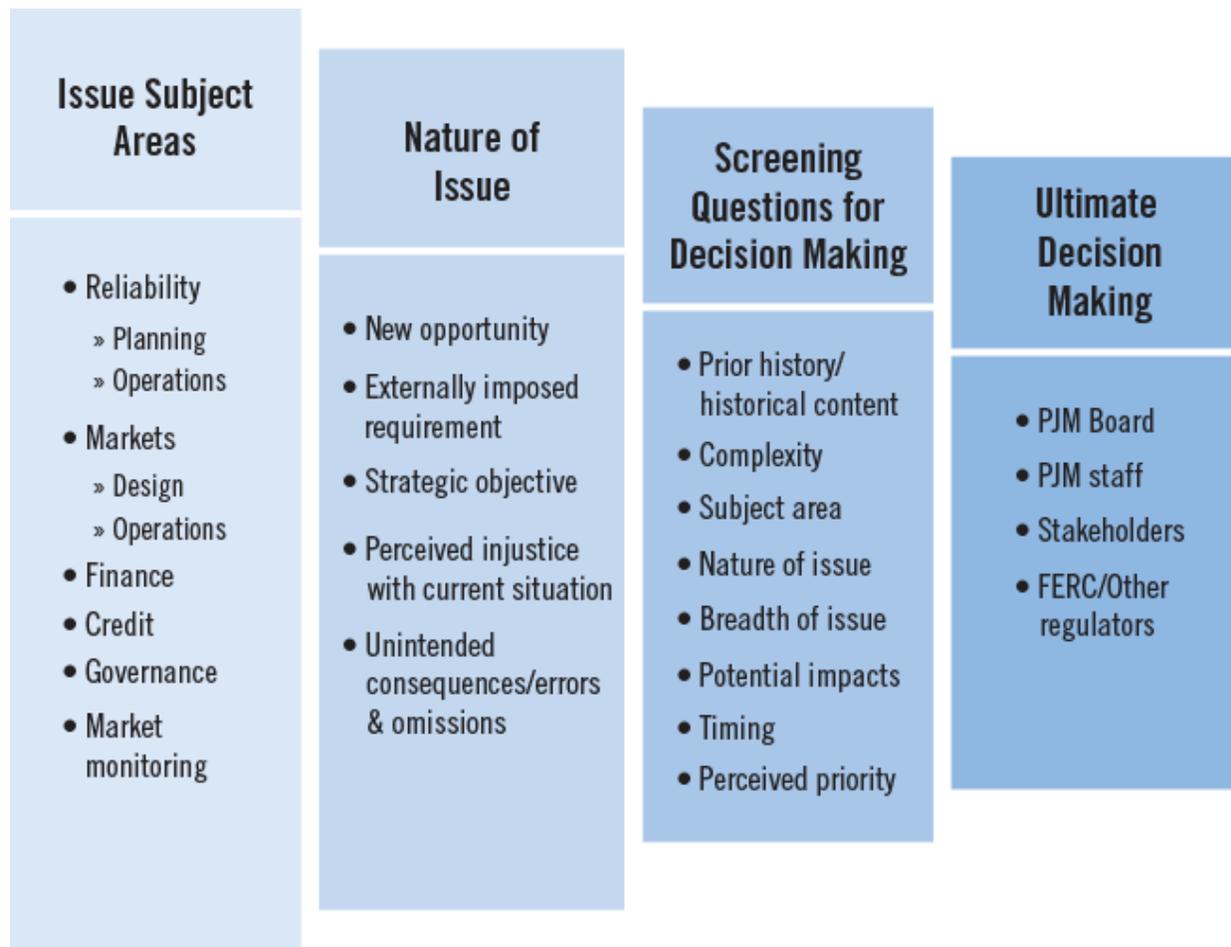


Exhibit 17: Issue Categorization

Furthermore, the Plan developers, as well as the Members, should consider the following list of questions. These represent examples of factors that may be considered in prioritizing initiatives for each Committee’s annual plan and ultimately, the Members Committee Annual Plan. This list is not intended to be all-inclusive, nor may each question be applicable to evaluating every potential topic to be considered for a committee’s annual plan.

- Is the Initiative a FERC requirement?
- Is the Initiative a NERC requirement or a NAESB commitment?
- Is the Initiative a request from or commitment made to the Organization of PJM States (OPSI)?
- Is the Initiative required to implement PJM’s legal or contractual commitments directly affecting the Members (e.g. Implementation Agreements, Joint and Common Market development, etc.)?
- Has the Board of Managers referred this Initiative to the Members?

- Has the Members Committee classified the Initiative a high priority strategic industry matter (e.g. FERC Notices of Proposed Rulemakings or new policies, governance, etc.)?
- Has the Markets and Reliability Committee classified the Initiative a high priority to enable PJM to maintain the safety, adequacy, reliability, and security of the power system?
- Has the Markets and Reliability Committee classified the Initiative a high priority to enable PJM to create and operate robust, competitive, and non-discriminatory electric power markets?
- What Initiatives remain to be completed from the prior calendar?