

My name is Glenn Davis and I am the Director of the Virginia Department of Energy. I am joined in this room and online by my colleagues from the other PJM member states. The statement I am about to read is reflective of the position of the Governors of Delaware, Kentucky, Illinois, Maryland, Michigan, New Jersey, Pennsylvania, Tennessee, and Virginia. We will submit a written copy of this statement, along with a letter from these governors and a letter from Governor Mike DeWine of Ohio, for the record.

Last week, nine governors representing over 50 million PJM customers wrote to the Board of Managers to express their serious concerns about the deterioration in reliability and affordability within the PJM marketplace. We jointly requested a meeting with the Nominating Committee to explain the need to pick candidates for the two open Board Seats who will provide a new vision for PJM's engagement with the states, and to have a dialogue regarding how that could be accomplished. We are disappointed that the Nominating Committee rejected an invitation from these nine governors for a direct conversation on these important issues. We are here today to make you aware of our concerns.

In the past, states and other regions have sought to join or copy PJM due to its many strengths. We are proud of the growth and innovation that marks much of PJM's century-long history, and remain optimistic about the original promise of interstate collaboration: to provide power reliably and efficiently at a fair price to consumers. But today, across the region, there are widespread and legitimate concerns about PJM's current trajectory. This is not the matter of a single decision or solitary event, but a consistent pattern of halting, inconsistent, and at times contradictory decision-making that have undermined confidence in PJM's stewardship of the markets that have been entrusted to the organization by the states and many millions of people collectively.

In particular, at a time of rapidly rising load growth, PJM's multi-year inability to efficiently connect new resources to its grid and to engage in effective long-term transmission planning has deprived our states of thousands of jobs and billions of dollars in investment that have gone to other regions. Now these deficiencies threaten the bedrock reliability and affordability our consumers expect and deserve.

Last week, nine governors, across party lines, elected to speak for over 50 million ratepayers, wrote to tell PJM that the status quo is unsustainable and that change must occur.

With billions of ratepayer dollars and the stability of our grid at stake, PJM must take concerted, rapid action to restore state and stakeholder confidence, beginning with a new vision for how the RTO interacts with the 13 states. Across the country, other RTOs have found, by initial design or gradual evolution, a more productive and collaborative working relationship with their states than exists in the PJM region. Both PJM and the states are entrusted with responsibility for resource adequacy and affordability. We must find better and more productive ways to work together than the piecemeal approach that has marked the last several years. We all want an investable, vibrant marketplace. PJM is the first, the largest, and the most diverse RTO in the nation. We also think it can be the best. But today, PJM features the fewest avenues for the states to meaningfully engage with the RTO and to provide input on major decisions that affect our constituents every day. That must change.

With two vacancies on the Board of Managers, all nine governors believe that the first step to restoring PJM's legitimacy must be to appoint distinguished, respected individuals to these two open Board seats. They must be leaders who are intimately familiar with the PJM region and its challenges, who understand the complexities of state policy making, are sensitive to the direct and indirect impacts of rising costs on ratepayers, and, most importantly, offer a new vision for meaningful state engagement.

Today the states have no formal avenue for engaging on these issues, hence the escalating engagement—through letters, public statements, and FERC filings—that you have seen and will continue to see absent our ability to chart a more collaborative path.

That is why, out of respect for the nominating committee process, we requested to meet directly with the Nominating Committee to convey the Governors' collective concerns, and share their proposal for a balanced slate of candidates who reflect the qualities outlined above and who we collectively believe would be well suited to help PJM return the marketplace to the stability that we all seek.

We are deeply disappointed that PJM has chosen to reject our request to meet directly with the Nominating Committee, and we request immediate clarification whether names submitted by the collective Governors will be passed along to the Nominating Committee for their consideration, and ultimately if the names from our slate satisfy the necessary due diligence, they will be submitted to the full membership for a vote. Ultimately, you, the Members, will still have to approve any candidates to serve on the Board.

This is the essence of our request here today. We, the PJM member states, representing millions of residents who are directly impacted by every decision made in this room, ask not merely for a voice, but for a formal role that recognizes our shared burden for the outcomes. That we are given a formal avenue for participation in PJM's governance, reflecting the responsibility we jointly hold over resource adequacy and affordability in our region.

Let me explain the process we envision: presently, and when these two board seats come open again, the states will collectively conduct a search and will send a bipartisan list of candidates to the Nominating Committee. The Nominating Committee will conduct a conflict check and other due diligence as they do today, and will forward preferred candidates to the Members for their ultimate decision. Essentially, rather than using an outside consultant to search for candidates for all nine board seats, we propose that for two seats, the states should instead fulfill that search function. For the remaining seven seats, the process should remain the same as it is today.

We understand that permanently formalizing this process inside the Nominating Committee's charter will require a larger, ongoing conversation. That is why the governors are collectively committed to increasing their engagement with PJM by creating a formal group that complements the existing valuable input from OPSI. Earlier this week, all 13 PJM states announced a state-led technical conference that will be held in Philadelphia on September 23rd, two months from today. The conference will begin a public conversation on the changes necessary at PJM to establish a more active role for member states, improve PJM's decision-making processes, and explore ways to improve the current market design. We welcome you all to attend that conference, and we hope many of you will share your views with us as panelists.

We are mindful that for nearly 100 years, PJM has dutifully managed the electrical grid for this region in the face of many challenges. The states have great respect for the vital work that the PJM operations team continues to do each and every day. PJM staff are joined in this building and around the region by committed and exemplary colleagues across many sectors who do the hard and necessary work to preserve the reliability of our grid and we are thankful for that service to our region.

We look forward to working with you and the new members of the Board on solutions that benefit the region as a whole. We are eager for PJM to succeed and to ensure all market participants enjoy the substantial benefits an effective RTO offers our region.

Thank you for your time.