

Affordability and Reliability for Residential Customers [ARRC] User Group

Members Committee Consideration for Including Affordability
into PJM Governing Documents

Brian Lipman, ARRC Chair

PJM Members Committee
July 28, 2026

Proposal to Include “Affordability” in PJM Governing Documents

- The ARRC User Group utilized the formal User Group process to offer the proposals today.
- The proposal is to include “Affordability” into the PJM Governing documents
- Reasons to support the proposal provided below

Key Takeaways

- Introduction to the ARRC User Group and the provisions under Operating Agreement section 8.7 for User Groups.
- Request Members Committee consideration and vote (in August) to approve adding “affordability” to the duties and responsibilities of the PJM Board.

The PJM Operating Agreement Offers Members the Opportunity to Create a User Group and Defines Unique Procedures for these Groups

8.7

- (a) Any five or more Members sharing a common interest may form a User Group, and may invite such other Members to join the User Group as the User Group shall deem appropriate. Notification of the formation of a User Group shall be provided to all Members of the Members Committee.***
- (b)
- (c)
- (d) Any recommendation or proposal for action adopted by affirmative vote of three-fourths or more of the Members of a User Group shall be submitted to the Chair of the Members Committee. The Chairman shall refer the matter for consideration by the applicable Standing Committee as appropriate for consideration at the Committee's next regular meeting, occurring not earlier than 30 days after the referral, for a recommendation to the Members Committee for consideration at its next regular meeting.
- (e)

*emphasis added.

The ARRC User Group

- The formation of the ARRC User Group was provided to PJM on December 4, 2025.
- Notice was provided to the Members Committee by PJM in January, 2026.
- The ARRC approved its charter as part of the January 27, 2026 inaugural ARRC User Group meeting.
- The link to the tab on the PJM Website where information can be found about the ARRC User Group is:
[PJM Website](#)

The current members of the ARRC User Group include:

- Delaware Division of the Public Advocate;
- Illinois Attorney General's Office, Public Utilities Bureau;
- Illinois Citizens Utility Board;
- Maryland Office of the People's Counsel;
- New Jersey Division of Rate Counsel;
- Office of the People's Counsel for the District of Columbia;
- Ohio Consumers' Counsel; and
- The Pennsylvania Office of Consumer Advocate

ARRC User Group Mission and Objectives

- The mission statement and objectives can be found at the following link: [20260127-item-02---draft-charter-for-the-affordability-and-reliability-for-residential-consumers-user-group.pdf](#)

Objectives of the Affordability and Reliability for Residential Consumers User Group

1. Improve awareness of affordability challenges within the region and advocate for a clear focus on affordability and public participation at PJM.
2. Strengthen residential consumer and public input in PJM decision-making.
3. Advocate for equitable influence for consumers in PJM governance and decision-making.
4. Promote transparency and accountability in governance and the overall independence of PJM.

The PJM Operating Agreement Establishes Unique Opportunities for User Groups

8.7

- (a) Any five or more Members sharing a common interest may form a User Group, and may invite such other Members to join the User Group as the User Group shall deem appropriate. Notification of the formation of a User Group shall be provided to all Members of the Members Committee.
- (b)
- (c)
- (d) **Any recommendation or proposal for action adopted by affirmative vote of three-fourths or more of the Members of a User Group shall be submitted to the Chair of the Members Committee. The Chairman shall refer the matter for consideration by the applicable Standing Committee as appropriate for consideration at the Committee's next regular meeting, occurring not earlier than 30 days after the referral, for a recommendation to the Members Committee for consideration at its next regular meeting.**
- (e)

*Emphasis added.

The ARRC User Group Passed the Following Proposed Changes to the PJM Operating Agreement on April 29 for Consideration of the Members Committee

Proposed alternate:

(i) As its primary responsibility, ensure that the President, the other officers of the LLC, and Office of the Interconnection perform the duties and responsibilities set forth in this Agreement, including but not limited to those set forth in Operating Agreement, section 9.2, Operating Agreement, section 9.3, Operating section 9.4, and Operating Agreement, section 10.4 in a manner consistent with (A) the safe, ~~and~~ reliable, ~~and~~ affordable operation of the PJM region, (B) the creation and operation of a robust, competitive, and non-discriminatory electric power market in the PJM region, ~~and~~ (C) the principle that a Member or group of Members shall not have undue influence over the operation of the PJM region, ~~and~~ (D) the principle of adhering to cost-effective, least cost practices over time within the PJM Region that allow for affordability of electricity service;...”

Affordability for Consumers Should be a Key Component of All Decisions

- Affordability cannot be established without key monetary analysis:
 - Customers in the region pay for everything – including the 67 million residential consumers.
 - Decisions need to include cost-based analysis
- The ARRC Members support wholesale competitive markets.
 - However, the PJM markets are constructs. There needs to be an expectation that the impact on consumer affordability must be addressed.
 - In addition, many PJM “pass through” costs are NOT established through a market mechanism. (e.g. many of the supplemental project costs.)
- Other key points:

“Affordability” should not be defined. The core words in O.A. section 8.7 of the Board’s Duties and Responsibilities of the PJM Board are NOT defined. For example, “safe”, “reliable”, “robust” are not defined in the Operating Agreement.

“Affordability” is a state issue: It is a state issue. However, it is also a PJM issue. There are components of the PJM costs that are simply pass through costs. There are components of the PJM costs to customers that have been delegated to PJM. PJM should consider consumer affordability when implementing these components.

Why Affordability Matters

America is in an Energy Affordability Crisis

1 in 3 Households experience Energy Insecurity in 2024

23% could not pay an energy bill

22% kept their homes at an unsafe temperature

34% reduced or forwent expenses for household necessities

Arrearages rose from \$15.44 billion in January of 2022 to \$21.05 billion in September of 2024.

Acronym	Term & Definition
O.A.	PJM Operating Agreement
ARRC	Affordability and Reliability for Residential Consumers (User Group)

Presenter: Brian Lipman, Director, New Jersey
Division of Rate Counsel