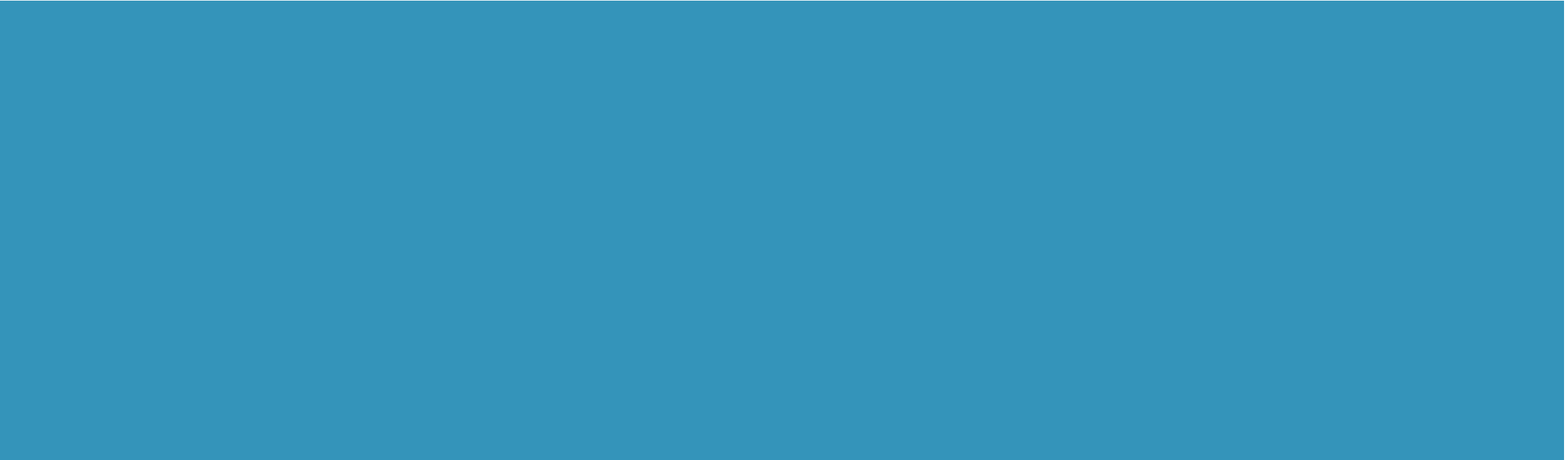




Governance Term Sheet from Members

September 30, 2026



Member Objectives

- Address concerns articulated by FERC:
 - Ensure PJM Independence from any undue influence
 - Align with PJM's Vision and Mission
 - Enable PJM to respond quickly to resource adequacy challenges
 - Improve speed, efficiency, and effectiveness in the stakeholder process at PJM
 - Ensure all stakeholders, including states, are provided a meaningful and structured opportunity to provide input

Vision

To be the electric industry leader – today and tomorrow – in reliable operations, efficient wholesale markets, and infrastructure planning.



Mission

As the primary task, to ensure the safety, reliability and security of the bulk electric power system.

Understand customer needs and deliver valued service to meet those needs in a cost-efficient manner.

Create and operate robust, competitive and non-discriminatory electric power markets.

Achieve productivity through the efficient union of superior knowledge workers and technology advances.

Member Proposal – Increased State Roles

- Increase state participation by expanding OPSI membership to include the executive branch
 - Expansion funded by the Members
 - Ensure the ability of OPSI to participate in the entire stakeholder process from the initiation of workstreams at lower committees and task forces through finalization of proposals
- Explicitly specify that OPSI can make proposals on equal footing with PJM or Member proposals as was done by PaPUC Vice Chair in the most recent periodic review of the capacity market parameters
- Expand state participation by adding a new voting seat on the Nominating Committee for the PJM Board
- Create a “Jump Ball” avenue for states and Members on resource adequacy matters
- Assign a Board member to each jurisdiction for periodic conversations on state priorities and other pressing PJM matters
- Add a “public interest” mandate to the Operating Agreement
 - Added an Impact Statement of Board decisions which includes key drivers of costs and anticipated benefits that consider the observable impacts of major decisions on Markets and Planning and assess the extent of how the proposal serves the Public Interest
- Include state participation in new PJM Joint Steering Committee to prioritize PJM issues

Member Proposal – Greater PJM Independence

- Members give PJM (and Members retain) Section 205 filing rights over Schedules 1 and 2 of the Operating Agreement
- Members give PJM exclusive rights over Schedule 6 of the Operating Agreement which moves to the Tariff
 - Commitment for planning processes to remain public
 - Commitment to consult with TOs and Members Committee
- Extend Board terms to 4 years with 3 total terms of service and add a preference for PJM residency,
- Improve Board transparency with additional information about decision making, market impacts of changes, and use of independent consultants

Member Proposal – Stakeholder Process Improvements

- Create a Joint Steering Committee comprised of PJM staff, Members, and states to prioritize work annually and ensure adherence to the work plan
- Stakeholder process improvements including:
 - Two new expedited processes
 - Plan for reforms for additional efficiency
 - Establish an independent counsel to streamline and discipline MC processes
- Revise the committee structure to eliminate the Markets and Reliability Committee, eliminate any duplication in the committees, and align voting at all levels to sector-weighted manner of acting at the Members Committee