Post-Technical Conference Comments from PJM Interconnection, L.L.C.

FERC Technical Conference on PJM Governance and the Stakeholder Process, Docket No. AD26-7-000

Aug. 21, 2026

For Public Use

Contents

I. Summary

PJM Interconnection, L.L.C. ("PJM") appreciates the opportunity to provide these post-technical conference comments in response to the Commission's July 23, 2026, technical conference concerning PJM's governance and stakeholder processes. The technical conference provided a valuable forum for PJM, its members, state representatives, ratepayer advocates and other interested stakeholders to discuss the merits of PJM's existing governance structure, as well as opportunities to improve the effectiveness and efficiency of the stakeholder processes through which PJM develops and implements its rules and policies.

PJM's stakeholder process is a fundamental component of the PJM governance structure. The process provides an important forum for considering diverse perspectives, promotes transparency and accountability, and draws upon the expertise of PJM's broad stakeholder community. PJM believes these benefits should be preserved as the Commission initiates dispute resolution procedures on Sept. 1 and considers potential reforms to PJM's governance and stakeholder processes.

At the same time, PJM's responsibilities as the nation's largest Regional Transmission Organization (RTO) require it to make timely and effective decisions in an increasingly complex and rapidly changing electricity system. PJM must be able to respond to emerging reliability risks, evolving market conditions, changes in the resource mix and demand, and other circumstances that may require action within time frames that do not always lend themselves to prolonged stakeholder deliberation. While the PJM Board has demonstrated its willingness to act independently when warranted and in 2023 adopted a standard to guide its independent action,[1] a governance process designed to facilitate broad participation and consensus should not prevent PJM's Board from acting when necessary to fulfill PJM's obligations under the Federal Power Act and its governing agreements and Tariff.

From PJM's perspective, the technical conference demonstrated substantial common ground among participants regarding the importance of transparency, stakeholder engagement and durable governance. At the same time, the discussion identified areas in which targeted reforms could improve the ability of PJM's governance structure to produce timely, effective and accountable outcomes. In PJM's view, the appropriate objective is not to replace the stakeholder process but to strengthen it by preserving the benefits of broad stakeholder participation while ensuring that the process does not become an impediment to PJM or its Board's ability to make decisions when circumstances require decisive and timely action.

As we anticipate the start of formal dispute resolution procedures, PJM intends to propose a package of reforms that would enable PJM to act with greater speed and efficiency while allowing all voices to be heard. PJM will also seek to clearly define the roles and responsibilities of both PJM and the states as well as improve alignment among PJM, stakeholders and states. Such reforms should preserve meaningful stakeholder input and transparency while strengthening PJM's independence, which will strengthen our commitment to the 67 million customers we serve.

The comments that follow address the principal governance and stakeholder process issues discussed at the technical conference and specifically identify eight reforms that PJM believes would advance these objectives.[2] Those topics include PJM Board selection and independence; the allocation and exercise of Federal Power Act Section 205 filing rights; improvements to PJM's stakeholder processes to support more timely, transparent and efficient decision-making; and mechanisms to support meaningful and structured participation by state entities, among others.

[1] See Appendix B, PJM Board's Track Record of Taking Independent Action, and Appendix C, PJM Board Governance Guidelines.

[2] PJM provides responses to the questions presented in the Commission's July 30, 2026, Notice in Appendix A to these comments.

These comments also provide some high-level takeaways from a recent survey that PJM conducted with its Members on these issues and respond to certain misconceptions or inaccuracies that were discussed at the technical conference to correct that record.[3] Finally, we provide examples of where the PJM Board has exercised independent authority to demonstrate that it is not reluctant or unable to act when doing so is in the public interest.

PJM appreciates the Commission's consideration of the perspectives presented at the technical conference and looks forward to working with the Commission, its stakeholders[4] and other interested parties to strengthen PJM's governance framework in a manner that supports reliable, efficient and competitive wholesale electricity markets.

II. PJM's Proposed Governance & Stakeholder Reforms (Term Sheet)

PJM has developed the following package of proposed reforms to its governance and stakeholder processes for discussion with its stakeholders and the Commission. The proposed reforms are intended to address the issues discussed at the technical conference and to advance the principles identified by PJM as important to an effective governance framework, including accountability, transparency, efficiency, meaningful stakeholder participation and the ability of PJM to act effectively when circumstances require. PJM intends to present these proposed reforms, subject to some revision per discussion with stakeholders, as part of the FERC-supervised dispute-resolution process beginning Sept. 1, 2026.

The eight terms below reflect a comprehensive package of potential reforms rather than isolated changes to individual aspects of PJM's governance structure. PJM believes that consideration of the package as a whole will provide a constructive basis for further discussion among PJM, its Members, the states and the Commission. The terms are presented for discussion purposes and are intended to facilitate meaningful dialogue toward reforms that strengthen PJM's governance processes while preserving the important role of stakeholder participation.

Term 1. 205 Filing Rights – Energy & Ancillary Services and Transmission Planning

PJM proposes to remove the restrictions on its exercise of its Federal Power Act Section 205 filing rights over the energy and ancillary services markets as well as over the regional transmission expansion planning protocol. Specifically, PJM proposes to remove Schedules No. 1 ("PJM Interchange Energy Market") and No. 2 ("Components of Cost") from the Operating Agreement such that these schedules are located only in the Open Access Transmission Tariff (Tariff). Further, PJM proposes to remove Schedules No. 6 ("Regional Transmission Expansion Planning Protocol"), No. 6-A ("Interregional Transmission Coordination Between the SERTP and PJM Regions") and No. 6-B ("Interregional Transmission Coordination Between PJM, New York Independent System Operator, Inc. and ISO New England Inc.") from the Operating Agreement such that these schedules are only found in the Tariff. PJM values the input of its stakeholders and will continue to seek it through its stakeholder process. PJM is the largest RTO in the nation and should have the ability to request changes to its core RTO functions under the "just and reasonable" standard and receive an answer from FERC within 60 days. This will place PJM on equal footing with most other FERC-jurisdictional ISOs/RTOs.

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[3] See Appendix D, Correcting the Record at the Technical Conference.

[4] Any reference to PJM "stakeholders" includes PJM Members and any other persons, groups or organizations that participate in any PJM processes, meetings or other discussions.

Term 2. Revise Manual 34 To Make the Members Committee Advisory on Regional Transmission Organization Functions and To Include Additional Expedited Stakeholder Processes

With the change to the Section 205 rights set forth above, Manual 34 should be amended to indicate that the stakeholder process is now advisory and Manual 34 should be treated as all other PJM manuals over which PJM has responsibility pursuant to Operating Agreement Section 10.4(iii). This is important to allow for PJM to advance a package through the stakeholder process even if there are other stakeholder packages receiving greater support. An important element of this is to eliminate the constraint on "main motions" from lower committees and to allow PJM's package to always be considered on equal footing at every stage of the process.

PJM also proposes to amend Manual 34 to add two additional stakeholder processes that will provide for expedited consideration of issues. The first would have the following requirements: (i) triggered by the CEO; (ii) requires PJM staff to present a proposal; (iii) allows for feedback and consideration of changes to PJM's proposal; and (iv) receives a vote by the Members on PJM's proposed package (nonbinding for endorsement purposes). The second would create the ability for PJM to conduct a stakeholder process almost entirely in writing.

Term 3. Revise PJM Committee Structure

PJM proposes to eliminate the Markets and Reliability Committee as duplicative and refine the lower standing committees to make them more effective. PJM holds too many stakeholder meetings and has too many levels of review and approval. Further, work is duplicated in subcommittees and their corresponding standing committees, especially when proposal development and votes are required at both levels. This is similarly the case with the Markets and Reliability Committee and the Members Committee. We should strive to work more efficiently within a more limited meeting regime. PJM proposes to refine the voting structure at the lower committees to align with the Members Committee, but again such voting would be advisory, and PJM would have an absolute right to advance its proposal on equal footing with any approved package. At the Members Committee level, PJM proposes to require a principal of a Member, either in person or virtually, to vote on Members Committee matters.

Term 4. Extend Board Terms

PJM would extend the term of Board service to nine years. With nine Board members, one Board seat per year would be subject to the process and not three (existing Board members would be slotted into the various "seats" as a transition mechanism). There would be no renomination following nine years of service (but there would be allowance for Board members who served a partial term). Board members would undergo an evaluation process by the Board and the Members Committee every three years (based upon their term).

Term 5. Advance Board Transparency

PJM recognizes that there is a desire for increased transparency from the PJM Board of Managers in its independent decision-making. Currently, PJM publishes in its minutes the voting results of each approval by the PJM Board of Managers of changes to the PJM governing documents and commits to continuing to do so. In addition, PJM commits to exploring a format whereby the Board holds an open session on major independent decisions on governing documents and RTO functions that would be akin to FERC sessions where each member of the Board has an opportunity to make a statement, communicate a position and then vote.

Term 6. State (including the District of Columbia) "Jump Ball" 205 Filing Rights Over Resource Adequacy

PJM proposes to utilize its Section 205 rights over the Reliability Assurance Agreement and Attachment DD of the Tariff to make a "jump ball" filing on behalf of OPSI on a matter that pertains to resource adequacy with the following conditions: (i) the matter has an approved problem statement/issue charge; (ii) the states execute a Memorandum of Understanding memorializing the shared responsibility and roles between the states and PJM over reliability and resource adequacy (to be filed at FERC); (iii) the proposal has been approved by a supermajority of OPSI; and (iv) the proposal receives a majority vote by the Members Committee. If the PJM Board determines that the OPSI proposal would compromise the safety or reliability of the bulk electric system or the PJM region, it would not be required to make the filing with FERC.

Term 7. State Participation in PJM Processes

PJM proposes to increase state participation in PJM in two ways. First, PJM will work with the states to enhance OPSI to include a bicameral structure for both the state commissions and the executive branches of each state. It is important that each state speak with one voice through OPSI. PJM would support increased funding for the reconstituted OPSI, recognizing not only the addition of the executive branch, but also the need for greater engagement in the stakeholder process. Second, PJM proposes to revise the stakeholder process to allow for OPSI to make a proposal on equal footing with any Member proposal or any PJM proposal, each in the area of resource adequacy, at any stage in the stakeholder process.

Term 8. State Participation on the Nominating Committee for the PJM Board of Managers

PJM supports the addition of state appointees to the Nominating Committee with the understanding that precedent in this area suggests that the Members Committee should approve this change.

In total, the foregoing terms are intended to provide a constructive and actionable framework for discussion concerning PJM's governance and stakeholder processes. PJM looks forward to discussing these proposed reforms with its stakeholders and the Commission as part of the Commission's dispute resolution procedures. PJM believes that the package provides a meaningful starting point for those discussions and an opportunity to work collaboratively toward a governance framework that will serve PJM and the region effectively in the years ahead.

III. Results of Recent PJM Members Survey

To gain insight into the Members' perspectives on governance and stakeholder process reforms, PJM issued a survey to Voting Members. The survey ran from July 31 through Aug. 7, 2026, and results have been posted to the materials for the August 19 Members Committee meeting (see Graphical Results [PDF] and Responses by Voting Member Company [PDF]). Fifty-two companies responded across the five sectors. The questions were grouped by the core topics of Governance, State Alignment and Stakeholder Process. Except for certain specific issues (regarding extended board terms, subcommittees and proxies), there was little consensus shown in the results. PJM sought to receive a range of feedback from its Members and thus did not require a "yes" or "no" answer and allowed for the choice of "maybe" or "no position." As the results indicated, there were a significant number of "maybe" responses, which signals to PJM that respondents are not ready to commit to a definitive answer on the given topic and that there is room for discussion and negotiation.

VI. Conclusion

PJM appreciates the Commission's continued engagement on the governance and stakeholder processes that are central to PJM's ability to fulfill its responsibilities to the 67 million customers we have the privilege to serve. The technical conference provided a valuable opportunity to hear a broad range of perspectives, and the discussions since that conference have further informed PJM's consideration of potential reforms. As described in these comments, PJM is prepared to pursue targeted reforms that will strengthen its governance framework, improve the effectiveness and efficiency of its stakeholder processes, and ensure that PJM can continue to make timely and accountable decisions in support of reliability, competitive markets and the evolving needs of the region. PJM looks forward to discussing these proposals with stakeholders and interested parties as the Commission begins its dispute resolution process.

PJM also believes it is important that the Commission's consideration of these issues be informed by an accurate understanding of both stakeholder perspectives and the existing PJM governance framework. The member feedback summarized in these comments provides additional insight into the views of the PJM membership, while PJM's responses to certain inaccurate statements made during the technical conference are intended to ensure that the record accurately reflects PJM's governance practices, responsibilities and experience. In sum, PJM seeks a constructive path forward to preserve the strengths of PJM's stakeholder-driven governance model, address areas where reform is warranted and ensure that PJM's governance structure enables it to meet its responsibilities effectively in a rapidly changing electric industry. PJM appreciates the Commission's consideration of these comments and looks forward to continuing this important dialogue.

Appendix A – PJM's Response to Questions Raised in the Post-Technical Conference Notice

PJM Board Independence

1 | Should Board members' terms be extended to five or more years? Yes

Comments: See Term 4 on the Term Sheet, above. Currently, pursuant to PJM Operation Agreement Section 7.3(b), a PJM Board Member serves for a term of three years with Board members serving staggered terms. PJM proposes extending the terms of Board service from three years to nine years. With nine Board members, one Board seat would be subject to appointment annually and not three.

2 | Should there be a maximum number of years that a Board member may serve (e.g., 10 years)? Yes

Comments: See Term 4 on the Term Sheet, above. PJM supports a maximum number of years a Board member could serve.

3 | Should the Board member qualification rules be revised to provide a preference for some Board members that reside in the PJM region? No

Comments: PJM uses a corporate recruiter to conduct Board member searches. The job description expresses a preference for prospective applicants to be located within the PJM service territory. Currently, PJM's Operating Agreement Section 7.2 precludes a person from becoming a Board Member if they have been a director, officer or employee of a PJM Member, Affiliate or Related Party within two years of their election. Consequently, there should be a preference but not to the effect of limiting our pool.

4 | Should the conflict-of-interest rules be revised to reduce the cooling off period for Board members from two years to one year? Yes

Comments: Currently, PJM's Operating Agreement Section 7.2 precludes a person from becoming a Board Member if they have been a director, officer or employee of a PJM Member, Affiliate or Related Party. PJM supports the elimination of this requirement to increase the pool of qualified potential Board applicants. There are protections in PJM's Board Code of Conduct and Operating Agreement Section 10.2.1 to address potential concerns with financial interests.

5 | 5) Should restrictions on Board communications be relaxed to enable more communication between the Board and stakeholders? Yes

Comments: See Term 5 on the Term Sheet, above. Currently, PJM's Board Code of Conduct permits communication between the Board and stakeholders. Specifically, the Board and stakeholders currently have the ability to communicate during PJM meetings and other public settings including Liaison Committee meetings. PJM's Board Code of Conduct was recently amended to enable communications initiated by Board members. PJM's Board Code of Conduct contains appropriate rules on improper lobbying that should remain in place to protect PJM independence.

6 | In order to increase transparency, should Board votes be made public or the Board be required to explain its reasoning? Yes

Comments: See Term 5 on the Term Sheet, above. PJM currently publishes in its minutes the voting results of each approval by the PJM Board of changes to the PJM governing documents and plans to continue this practice. PJM also discloses Board votes on stakeholder issues using its decisional letters which are publicly available on PJM's website.

7 | In order to increase transparency, should some Board meetings be open or available to the public? Yes

Comments: See Term 5 on the Term Sheet, above. PJM commits to hold open PJM Board meetings when the Board is exercising independent decision-making authority on governing documents and RTO functions. PJM further commits to conducting such meetings in a manner similar to FERC meetings, providing each PJM Board member an opportunity to make a statement.

8 | Should PJM's governing documents be revised to explicitly state that the responsibility of PJM and its Board is to serve the public interest? Yes

Comments: PJM is a mission-driven organization that fundamentally exists as part of a larger system serving consumers. PJM seeks to balance the design of its markets to simultaneously set transparent prices that incent the desired behavior from market participants while not being punitive to consumers. PJM does not set retail electric bills, which are influenced by many other factors including local utility costs, state policies, taxes and customer usage. PJM's role is to plan and operate the bulk electric system reliably and use competitive markets to do so cost effectively.

9 | Should state representatives have at least one voting member on the Nominating Committee? Yes

Comments: See Term 8 on the Term Sheet, above. Currently, state representatives do not have a voting member on the Nominating Committee. PJM supports state participation on the Nominating Committee with the understanding that such a change would require approval of the Members Committee.

10 | Should PJM adopt public performance metrics and tie management compensation to their achievement?

Comments: PJM's Operating Agreement Section 7.7(xv) currently provides for appropriate independent reviews of PJM with input from Members Committee and approval of the Board. PJM believes the governing documents currently provide for the adoption of public performance metrics with stakeholder and Commission input. The Board exercises additional oversight of PJM performance through the annual approval of PJM corporate goals.

Section 205 Filing Rights

11 | Should the stakeholder process be advisory, i.e., stakeholder votes only inform the Board? Yes

Comments: See Term 2 on the Term Sheet, above. This is particularly important if PJM gains Section 205 rights. It will be important to clarify in Manual 34 that the stakeholder process is advisory to allow PJM to advance a package through the stakeholder process even if there are other stakeholder packages receiving greater support. An important element of this is to eliminate the constraint on "main motions" from lower committees and to allow PJM's package to always be considered on equal footing at every stage of the process.

12 | Should PJM have section 205 filing rights over the energy market and ancillary services unencumbered by the requirement to obtain approval of two-thirds of the Members Committee? Yes

Comments: See Term 1 on the Term Sheet, above. PJM proposes to remove the restrictions on its exercise of its Federal Power Act Section 205 filing rights over the energy and ancillary services markets. PJM values the input of its stakeholders and will continue to seek it through Manual 34 stakeholder processes. PJM is the largest RTO in the nation and should have the ability to request changes to its core RTO functions under the "just and reasonable" standard and receive an answer from the FERC within 60 days. This will place PJM on equal footing with other FERC-jurisdictional ISOs/RTOs.

13 | Should PJM have section 205 filing rights over Regional Transmission Expansion Planning (RTEP) unencumbered by the requirement to obtain approval of two-thirds of the Members Committee? Yes

Comments: See response to question 12. The same rationale applies here.

14 | Should the Organization of PJM States Inc (OPSI) have "jump ball" rights over resource adequacy and transmission cost allocation filings when a supermajority of OPSI agrees on an alternative proposal?

Comments: See Term 6 on the Term Sheet, above. PJM supports utilizing its Section 205 rights over the Reliability Assurance Agreement and Attachment DD of the Tariff to make a "jump ball" filing on behalf of the united OPSI organization on a matter that pertains to resource adequacy with the following conditions: (i) the matter is being worked on in the stakeholder process; (ii) the states execute a Memorandum of Understanding memorializing the shared responsibility and roles between the states and PJM over reliability and resource adequacy (to be filed at FERC); (iii) the OPSI proposal receives a majority vote of support by the Members Committee; and (iv) the proposal has been approved by a supermajority of OPSI. If the PJM Board determines that the state proposal would compromise the safety or reliability of the bulk electric system or the PJM region, it would not be required to make the filing with FERC. Transmission cost allocation is not in PJM's purview and thus we cannot offer "jump ball" rights for this.

15 | Should the Members Committee have "jump ball" filing rights over the portions of the tariff where PJM has 205 filing rights when a supermajority of stakeholders approves an alternative proposal?

Comments: PJM is willing to discuss this as it relates to 205 rights questions and rights for the states.

Stakeholder Process

16 | Should the approval threshold in the Members Committee be lowered from two-thirds sector-weighted voting? No

Comments: PJM does not see this as necessary, particularly if PJM gains unencumbered 205 rights and we move to advisory voting.

17 | Should the voting rules barring affiliate votes, which apply to senior standing committees, also apply to lower-level committees?

Comments: We believe this is a PJM Members' issue in the first instance and may become moot as a result of the 205 rights and advisory voting issues. However, PJM generally supports moving to this construct.

State Participation

18 | In addition to OPSI, should there be a second state representative group consisting of governors' representatives and/or state legislators' representatives? No

Comments: See Term 7 on the Term Sheet, above. PJM supports an executive branch role for state (or District of Columbia) government within OPSI. This would effectively result in OPSI having a bicameral structure that is sustained by member-supported funding. As for state legislators' role, we do not believe it is appropriate to include this group because state legislators do not have authority to bind or act on behalf of a state.

19 | Should state representatives have a formal voting role in the stakeholder process (limited to certain topics, such as resource adequacy and regional transmission cost allocation) in addition to the consumer advocate votes?

Comments: We are reading "formal voting role" as one that is part of voting process as it currently exists, and in that case, no. PJM would support the ability for OPSI to be able to express its views through a voting mechanism. Indeed, if voting becomes purely advisory, we are open to discussion on adding OPSI into that construct.

20 | Should PJM be required to consult with OPSI prior to making a section 205 filing related to resource adequacy and transmission cost allocation? Yes

Comments: PJM already regularly consults with OPSI and can look for opportunities to enhance such consultation.

Appendix B – PJM Board's Track Record of Taking Independent Action

The PJM Board currently has the authority to direct PJM to take independent action to amend the PJM Open Access Transmission Tariff ("Tariff") and the Reliability Assurance Agreement Among Load Serving Entities ("RAA") when necessary and in the public interest. Specifically, PJM has exclusive and unilateral filing rights to make changes to the terms and conditions of the PJM Tariff pursuant to FPA Section 205.[5]

While the Board respects the stakeholder process and generally defers to the stakeholders where appropriate, the Board has exercised its independent authority pursuant to Tariff, section 9.2(b) and RAA, Article 6 to make necessary revisions over the years when it has been warranted. The Board has taken independent actions numerous times over the past several years to propose amendments to the Tariff when doing so was in the public interest. For example, the PJM Board has acted independently on several occasions where expedient action was necessary to protect consumers from excessive costs.[6] Occasionally, the PJM Board has exercised independent action to ensure an enhancement was in place in time for an upcoming auction or queue cycle so that the benefits of the enhancements could be realized sooner than if having to wait until the next auction or queue cycle.[7]

However, the Board is not limited to using independent action just in extreme and urgent scenarios but may act independently when PJM action would serve the public interest despite a failure to reach consensus in the stakeholder

[5] Tariff, section 9.2(a); *see* 16 U.S.C. § 824d.

[6] *PJM Interconnection L.L.C.*, Proposal to Extend Rules to Recognize Certain RMR Resources as Capacity Through the 2030/2031 Delivery Year, Docket No. ER26-2738-000 (June 4, 2026) ("RMR Extension Proposal") (proposing to extend existing rules that continue to recognize the resource adequacy contributions of certain RMR resources to protect consumers from potentially paying twice for the same capacity); *PJM Interconnection, L.L.C.*, Proposal to Extend The Price Cap and Price Floor for the 2028/2029 and 2029/2030 Delivery Years, Docket No. ER26-1556-000 (Feb. 27, 2026) ("Price Cap and Floor Extension Proposal") (taking independent action after seeking input from stakeholders and receiving hundreds of written comments and receiving support from both the White House and the Governors of each of the states in the PJM Region); *PJM Interconnection, L.L.C.*, Proposal for Revised Price Cap and Price Floor for the 2026/2027 and 2027/2028 Delivery Years, Docket No. ER25-1357-000 (Feb. 20, 2025) ("Price Cap and Floor Proposal") (proposing to establish a price cap and floor for the RPM auctions for the 2026/2027 and 2027/2028 Delivery Years); *PJM Interconnection, L.L.C.*, Proposed Amendment to the Locational Deliverability Area Reliability Requirement, Docket No. ER23-729-000 at 31 (Dec. 23, 2022) ("Locational Delivery Area ("LDA") Reliability Requirement Proposal") (proposing to revise the Tariff definition of LDA Reliability Requirement to exclude Generation Capacity Resources from the calculation if it would materially increase the reliability requirement in order to prevent consumers in a specific LDA from paying more than four times more for capacity in one Delivery Year than they otherwise should have).

[7] *PJM Interconnection, L.L.C.*, Extending the Capacity Must-Offer Requirement to All Generation Capacity Resources, Docket No. ER25-785-000 at 2 (Dec. 20, 2024) ("Must-Offer Expansion Proposal") (proposing to reflect Intermittent Resources, Capacity Storage Resources, and Hybrid Resources in the capacity market supply curve by sunsetting the categorical exemption from the capacity must-offer requirement applicable to such resources beginning with the 2026/2027 Delivery Year); *PJM Interconnection, L.L.C.*, Proposed Tariff Amendments for Surplus Interconnection Service, Docket No. ER25-778-000 at 1, 3 n.7 (Dec. 20, 2024) ("Surplus Interconnection Service Proposal") (proposing to enable Surplus Interconnection Service to facilitate the rapid expansion of existing and planned generating facilities on PJM's system); *PJM Interconnection, L.L.C.*, Tariff Revisions for Reliability Resource Initiative, Docket No. ER25-712-000 at 1 (Dec. 13, 2024) ("Reliability Resource Initiative Proposal") (proposing a one-time reliability-based expansion of the eligibility criteria for Transition Cycle 2 of PJM's interconnection queue to allow a very limited number of additional resources needed to rapidly address PJM's near-term reliability challenges to be considered in that cycle). *PJM Interconnection, L.L.C.*, Revisions to Reliability Pricing Model, Docket No. ER25-682-000 at 1-2 (Dec. 9, 2024) ("2024 RPM Enhancements Proposal") (proposing to revise several aspects of the Reliability Pricing Model ("RPM") to recognize the resource adequacy contributions of reliability must run ("RMR") resources, to maintain the combustion turbine as the Reference Resource for two additional Delivery Years, to standardize the Non-Performance Charge, to sunset the inclusion of reactive power revenues from the Variable Resource Requirement ("VRR") Curve, to clarify exceptions to the must-offer requirement, and to memorialize the delay of the Base Residual Auction); *PJM Interconnection, L.L.C.*, Proposed Enhancements to PJM's Capacity Market Rules - Market Seller Offer Cap, Performance Payment Eligibility, and Forward Energy and Ancillary Service Revenues, Docket No. ER24-98-000 at 1-2 (Oct. 13, 2023) ("MSOC and Capacity Performance Proposal") (proposing to enhance rules governing the Market Seller Offer Cap and rules related to capacity performance); *PJM Interconnection, L.L.C.*, Capacity Market Reforms to Accommodate the Energy Transition While Maintaining Resource Adequacy, Docket No. ER24-99-000 at 1-2 (Oct. 13, 2023) ("Risk Modeling and Capacity Accreditation Proposal") (proposing to enhance PJM's resource adequacy risk modeling and capacity accreditation processes and to enhance testing requirements of Capacity Resources).

process[8] or to gain Commission approval for an initial proposal.[9] In this way, the PJM Board can address inefficiencies and stalemates in the stakeholder process or refine proposals that the Commission initially rejected without having to restart the stakeholder process from square one.

The PJM Board will continue to exercise this independent authority when it is in the public interest to do so, such as when necessary to increase the pace of study and interconnection for generation in the queue or as may be necessary to correct market rules where existing rules may result in unintended, inefficient or unjust and unreasonable outcomes.

The Board is more limited, however, in its ability to take necessary action to address concerns with the Operating Agreement because such concerns must be addressed pursuant to FPA Section 206, which requires a higher standard for Commission approval wherein PJM must demonstrate that the existing provisions are no longer just and reasonable and therefore need to be amended. PJM has nevertheless taken action pursuant to FPA Section 206 when necessary, such as when existing provisions were no longer just and reasonable but no solution proposal had received stakeholder consensus, in order to ensure just and reasonable rates.[10] PJM has similarly exercised this authority consistent with promoting the public interest in maintaining well-functioning markets and processes and in protecting consumers from excessive costs.[11] As with independent action pursuant to FPA Section 205, PJM has taken action pursuant to FPA Section 206 to promote the public interest by advancing proposals when stakeholders have fallen short of reaching a consensus.[12] PJM has also exercised its independent authority pursuant to FPA Section 206 in cases where only Tariff

[8] *PJM Interconnection, L.L.C.*, Proposed Tariff Amendments for Expedited Interconnection Track, Docket No. ER26-1563-000 (Feb. 27, 2026) ("EIT Proposal") (proposing to establish an Expedited Interconnection Track ("EIT") process for Generating Facilities as part of a multi-pronged approach to address pressing resource adequacy challenges resulting from significant increases in load growth following an extensive stakeholder process in which twelve proposal packages failed to garner sufficient support to become a formal recommendation);

[9] *PJM Interconnection, L.L.C.*, Revisions to PJM's FTR Credit Requirement, Docket No. ER22-2029-000 at 10-12 (June 3, 2022) ("FTR Credit Requirement Proposal") (proposing to revise the calculation for the Financial Transmission Right ("FTR") Credit Requirement which sets the collateral that FTR Participants are required to provide following failure of the initial proposal to get approved by the Commission).

[10] *See, e.g.*, *PJM Interconnection, L.L.C.*, Enhanced Price Formation in Reserve Markets of PJM, Docket No. EL19-58-000 (Mar. 29, 2019) ("Reserve Price Formation Proposal") (filing to effectuate enhanced price formation of PJM's reserve markets to address flaws that developed and became increasingly consequential over time due to PJM's resource mix changes).

[11] *PJM Interconnection, L.L.C.*, Docket No. EL23-19-000, Section 206 Filing Alleging that the Locational Deliverability Area Reliability Requirement is Unjust and Unreasonable as Applied in a Particular Locational Deliverability Area in the 2024/2025 Base Residual Auction (Dec. 23, 2022) ("LDA Reliability Requirement Complaint") (filing to revise the Locational Deliverability Area Reliability Requirement to prevent an unjust and unreasonable auction outcome and significant impact to consumers); *PJM Interconnection, L.L.C.*, Section 206 Filing Demonstrating the Existing Transmission Constraint Penalty Factor Rules are Unjust and Unreasonable, Docket No. EL22-26-000 (Jan. 31, 2022) ("TCPF Complaint") (filing to remedy discrete and unique circumstances caused by a planned circuit line outage that resulted in the application of the Transmission Constraint Penalty Factor ("TCPF"), producing high Locational Marginal Prices ("LMPs") that could not attract generation or demand response to alleviate the constraint due to the limited resources in the area and the short term nature of the situation); *PJM Interconnection, L.L.C.*, Docket No. EL21-83-000, Section 206 Filing to Establish Refund Effective Date and Motion to Hold Hearing in Abeyance at 1 (June 10, 2021) ("Regulation Complaint") (filing to correct an unjust and unreasonable aspect of the formula for determining the Regulation market performance-clearing price credit to protect the market and Market Participants while PJM and stakeholders considered a reasonable replacement rate).

[12] *PJM Interconnection, L.L.C.*, Facilitating PJM Independent 205 Filing Rights Over Transmission Planning, Docket No. EL24-119-000 (June 21, 2024) ("Transmission Planning Complaint") (filing to strengthen PJM's authority over enhancements to long-term planning given the scale and complexity of the energy transition facing the PJM Region and the need for PJM to be "more proactive and nimble in its planning efforts" like PJM's sister RTOs); *PJM Interconnection, L.L.C.*, Docket No. EL22-85-000, Section 206 Filing to Resolve Ambiguous Use of Designated Entity (Aug. 26, 2022) ("Designated Entity Complaint") (filing to revise the imprecise use of the term "Designated Entity" in certain Operating Agreement provisions so that all parties are properly on notice as to when an entity may be a Designated Entity after the stakeholder process failed to reach consensus in order to remove the uncertainty and compliance concerns regarding those Regional Transmission Expansion Plan ("RTEP") projects for which PJM had to issue a Designated Entity Agreement); *see also* Maintenance Adder Revisions Complaint; FTR ARR Complaint.

provisions were being impacted and action pursuant to FPA Section 205 alone would have been sufficient in order to provide additional safeguards and avenues for Commission action when necessary to protect the public interest.[13]

[13] See Transmission Planning Complaint at 1, n.1 (referencing FPA Section 205 companion case *PJM Interconnection, L.L.C.*, Facilitating PJM Independent 205 Filing Rights Over Transmission Planning, Docket No. ER24-2338-000 at 1, n.5 (June 21, 2024)); LDA Reliability Requirement Complaint at 2, n.4 (referencing FPA Section 205 companion case *PJM Interconnection, L.L.C.*, Proposed Amendment to the Locational Deliverability Area Reliability Requirement, Docket No. ER23-729-000 at 32 (Dec. 23, 2022)); TCPF Complaint at 2, n.5 (referencing FPA Section 205 companion case *PJM Interconnection, L.L.C.*, Proposed Amendment to the Transmission Constraint Penalty Factor, Docket No. ER22-957-000 at 1, n.1 (Jan. 31, 2022)).

Appendix C – PJM Board Governance Guidelines (Attachment B)

Guidance Regarding Independent Filings by PJM

Purpose:

The purpose of this Attachment (*i.e.*, Attachment B to the Board Governance Guidelines) is to provide guidance regarding:

- Instances in which the Company may file independently to amend the PJM Tariff, the Operating Agreement, and/or the Reliability Assurance Agreement Among Load Serving Entities in the PJM Region ("RAA"); and
- Opportunities for engagement with the PJM Board prior to PJM filing independently to amend the PJM Tariff, Operating Agreement, and/or RAA.

Background:

The PJM Board derives its authority to direct PJM to act independently from several sources, including PJM's governing documents, Delaware state law, and FERC's regulations and orders.

Operating Agreement, Section 7.7(i) defines the PJM Board's "primary responsibility" as ensuring that the President, the other officers of the Company, and the Office of the Interconnection perform the duties and responsibilities set forth in the Operating Agreement, in a manner consistent with:

- The safe and reliable operation of the PJM Region;
- The creation and operation of a robust, competitive, and non-discriminatory electric power market in the PJM Region; and
- The principle that a Member or group of Members shall not have undue influence over the operation of the PJM Region.

Under Operating Agreement, Section 7.7(vi), the PJM Board may also petition FERC to modify any provision of the Operating Agreement that the PJM Board believes to be unjust, unreasonable, or unduly discriminatory under section 206 of the FPA.

The PJM Board may also direct PJM to *refrain* from submitting a specific amendment to the governing documents or *modify* a specific amendment to the Tariff or RAA approved by the PJM Members.

In order to ensure that the PJM Board can fulfill its duties and responsibilities, PJM reviews with the PJM Board all proposed amendments to the Operating Agreement and RAA, as well as all significant amendments to the Tariff.[14]

[14] Note that OA, Section 10.4(iii) requires the Office of the Interconnection to "[p]repare, maintain, update and disseminate the PJM Manuals." Manual 34, Section 11.15 further states that "[i]t has been PJM's practice to bring revisions to the Manuals through the stakeholder process for endorsement of revisions, but PJM retains the right and responsibility to make changes to the Manuals as necessary, should stakeholder endorsement not be attainable." Accordingly, PJM may, in consultation with the PJM Board as necessary, separately act to amend the PJM Manuals to implement actions that do not require corresponding amendments to the Tariff, OA, and RAA. PJM Board approval is necessary to amend PJM Manual 15, and Member Committee approval is necessary to amend Manual 34.

A brief overview of PJM's filing rights and obligations under FPA section 205 and 206 with respect to the Tariff Operating Agreement, and RAA is provided in the following table:

Tariff	OA	RAA
Yes (Tariff, Section 9.2).	Yes (OA, Section 18.6).	Yes (RAA, Article 16, Section 4; RAA, Article 6).
Approval not necessary, but PJM must consult with TOs and MC no less than 7 days prior to making 205 filings. PJM may file with *less than* 7 days consultation with TOs and MC in circumstances where "imminent harm to system reliability or imminent severe economic harm to electric consumers requires a prompt Section 205 filing," provided that PJM has provided as much advanced notice and consultation as is practicable and provides *no less than* 24 hours' advanced notice (Tariff, Section 9.2).	The amendment must be submitted to the PJM Board for review and comment and subsequently approved by 2/3 sector-weighted vote of the MC (OA, Sections 18.6 and 8.4).	PJM Board approval must be obtained in order to file the amendment (RAA, Article 16, Section 4; RAA, Article 6).
Yes – TOs have FPA 205 rights with respect to their transmission revenue requirements, transmission rate design, and transmission-related cost recovery, among other things (Tariff, Sections 9.1 and 9.2).	Yes – the MC may vote to file amendments to the OA that are not filed by PJM (OA, Sections 8.8, 11.5, and 18.6).	No – because only the PJM Board has the authority to authorize amendments to the RAA; other parties do not have direct FPA 205 filing rights with respect to the RAA (RAA, Article 16, Section 4; RAA, Article 6).
No (Tariff, Section 9.2).	Yes – PJM Board authorization needed (OA, Section 7.7(vi)).	Yes – PJM Board authorization needed (RAA, Article 16, Section 4; RAA, Article 6).

Summary of Key Filing Rights

Guidance Regarding Independent Filings by PJM

A. Process for Independent Filings

Prior to exercising any of its filing rights independently, PJM will:

- Notify stakeholders of its intent to consider independently exercising its filing rights.
- Designate a period during which stakeholders may submit communications to the PJM Board, except in instances when prompt action may be needed to avoid imminent harm to system reliability or imminent severe economic harm; and
- Consult with the PJM Board.

PJM may exercise its filing rights independently in circumstances including but not limited to:

- When the PJM Board determines that a filing is necessary or appropriate to mitigate risks to the safe and reliable operation of the PJM Region

- When the PJM Board determines that a provision of the governing documents is no longer "just and reasonable," as contemplated by Section 206 of the FPA and FERC precedent
- When the PJM Board determines that a filing is necessary or appropriate to ensure the continued competitiveness of PJM's markets, including instances in which a market is not functioning in an economically efficient manner, is producing irrational or inefficient outcomes, and/or is subject to an undue exercise of market power
- When the PJM Board determines that a filing is necessary or appropriate to prevent or mitigate the exercise of undue influence over the operation of the Transmission System
- When the PJM Board determines that a filing is necessary or appropriate to prevent severe economic harm to electric consumers and/or to PJM Members in the PJM Region
- When the PJM Board determines that a filing is necessary or appropriate to prevent or mitigate non-compliance with state, local, or federal law, or otherwise address illegal activity
- When the PJM Board determines that a filing is necessary or appropriate to comply with FERC's regulations, orders, and other requirements, including the requirements of a Regional Transmission Organization[15]
- When the PJM Board determines that a filing is necessary or appropriate to ensure the financial health, continued viability, and operation of PJM, both as a Limited Liability Company under Delaware law or as a Regional Transmission Organization under FERC's regulations and orders
- When the PJM Board determines that a filing is necessary or appropriate to provide for national security, in coordination with the federal government
- When the PJM Board determines that a filing is necessary or appropriate to prevent or mitigate harm to persons or loss of life
- When the PJM Board determines that a filing is necessary or appropriate in light of a failure of PJM Members to achieve consensus, following a stakeholder process
- When the PJM Board determines that a filing is necessary or appropriate to defend or uphold the existing rights and obligations under the Operating Agreement or other governing documents

[15] When FERC directs PJM to submit a compliance filing, Manual 34 sets forth the notification process established by the PJM Members Committee.

Appendix D – Correcting the Record at the Technical Conference

PJM would like to correct the record regarding inaccurate statements made during the technical conference. The areas of inaccuracies include: (1) the methods and limitations on raising initiatives in the PJM stakeholder process; (2) the current opportunities for state participation at PJM; and (3) the relationship between the weight of a vote and persons represented by those votes in the PJM stakeholder process.

Bringing Forward Initiatives

During the FERC technical conference, inaccurate statements were made regarding methods and limitations on bringing an idea or Issue Charge to the PJM stakeholder process. For example, it was stated that stakeholders have been prevented from bringing forth an Issue Charge, that PJM's agreement is necessary to bring an Issue Charge and that a new issue can be commenced with a PJM straw proposal.

To be clear, PJM Manual 34 on Stakeholder Process outlines the method in which a new issue may be initiated.

> Manual 34, Section 6.3, provides that, "[a]ny issue deemed important to a Member, PJM, OPSI or the IMM *shall* at least receive consideration in a meeting agenda…" The section includes five avenues for a new issue to be addressed: (1) worked within a Committee; (2) forwarded to an appropriate committee; (3) forwarded to existing subcommittee; (4) worked in a new Task Force; and (5) declined to take up an issue.
>
> Manual 34, Section 6.4 provides that, "new issues may arise from parties internal or external to the PJM process." Manual 34 is not exhaustive but lists the PJM Board, staff, OPSI, individual state regulators and the Internal Market Monitor. Additionally, FERC, NERC and other governmental agencies can bring forward a new issue. Parties who are not PJM Members can bring new issues at the discretion of the Committee Chair or Secretary of the Members Committee.

State Participation in PJM Stakeholder Process

During the technical conference, inaccurate statements were made regarding the states' ability to participate in the PJM stakeholder process. Specifically, a panelist stated that state involvement is limited to OPSI and that states cannot bring an Issue Charge forward for consideration in the stakeholder process.

Under Manual 34, Section 6.4, any state can bring an Issue Charge. Further, Section 4.4 describes the unique relationship between OPSI and state regulators. Pursuant to a June 2005 Memorandum of Understanding, state commissioners and staff of commissioners, "participate, deliberate, give input, and engage at all levels of public PJM Stakeholder Groups and Committee" but do not vote on any issue.

Minority Voting Within PJM

During the technical conference, statements were made to suggest some votes carry less weight than others relative to the size of the voting Member or the number of consumers represented by that Member's vote.

PJM Manual 34, Section 12.2, Minority Rights, has protections for all PJM Members to ensure issues can be raised and heard within the stakeholder process. Section 12.2 enumerates protections whose goal is to "strike the appropriate balance of protecting minority rights while running an efficient and effective stakeholder process."

Minority rights include permitting:

- Every Member, in good standing regardless of size, scale, or sector, can actively participate in the stakeholder process at all levels from task forces, through the Standing Committees, up to the two Senior Standing Committees.
- An individual Member can raise an issue, idea or proposal at any level of the stakeholder process at least once and expect their concern will at least be given time on a meeting agenda, including at the Members Committee.
- Members who cannot actively participate due to resource constraints at any level of the stakeholder process may participate via a proxy, either per vote or across meetings.
- Any Member who believes a key issue or interest is not addressed to their satisfaction may elect to form a User Group if they identify at least four other Members willing to join them.
- Any Member may call on PJM for assistance and feedback on any operational, market or reliability issue, including utilizing their technical expertise.
- Members are able to address the Board with concerns and interests through Board Communication Letters, discussion at the Liaison Committee meetings and filings at FERC to make sure that their views are heard.