

Under PJM's organic documents, general principles of corporate law and the FERC's regulations, those serving on the Board of Managers ("Board") of PJM Interconnection are accountable for maintaining PJM's independence, its fulfillment of its contractual obligations and its compliance with applicable legal and regulatory requirements. The Board must exercise reasonable due diligence, good faith and care in the management of PJM's affairs while bringing to bear independent, honest and unbiased business judgment. Accordingly, the Board will avoid self-dealing and conflict of interests and accord PJM's interests priority over other interests, connections and affiliations. In addition, the Board shall ensure that PJM performs its duties and responsibilities in a manner consistent with the creation and operation of a robust, competitive and non-discriminatory electric power market in the PJM Control Area so that no Market Participants will have undue influence over the operation of PJM. In furtherance of these objectives, PJM has adopted certain Standards of Conduct under FERC's Order No. 889, which are included in the PJM Code of Conduct posted on PJM Wired. Each Board Member shall sign a statement attesting, among other things, that he or she has read, and shall comply with, the PJM Code of Conduct.

Subject to very limited exceptions, a Board Member, a Board Member's spouse and any dependent children may not stand to financially benefit from a transaction with any PJM member or market participant. An exception may be sought where such Board Member (or spouse or dependent child) stands to receive a financial benefit in the form of a commission or other compensation arising from products or services the Board Member (or spouse or dependent child) may provide to a PJM Member or market participant provided, all of the following shall apply:

1. The product or service for which such financial benefit is derived must be unrelated to the Member or Market Participant's business in the U.S. electric utility industry, including business with PJM or any activities involving PJM or its subsidiaries;
2. Prior notice and explanation of circumstances is given to PJM's CEO and the PJM Ombudsman before receipt of any financial benefit; and
3. Prior approval is received from the PJM Ombudsman, which may be conditioned as deemed appropriate, including conditions calling for the Board Member's recusal from voting or deliberating on any matter or decision affecting any PJM Member or market participant from whom the Board Member directly or indirectly stands to receive the financial benefit. The PJM Ombudsman shall provide their decision to the Governance Committee of the Board for review and approval.

In these limited circumstances, when the above conditions are met, such financial benefit may be accepted, but, in all cases, the affected Board Member will be bound to consider and confirm that the financial benefit neither influences nor compromises the independence of decision making by the Board Member.

Communications with the Board or any Board Member (except with the President in the normal course of business) by any employee, officer, agent or representative of a Member or of any Market Participant with respect to any matter that is before the Board or is reasonably likely to come before the Board, shall only be conducted through the procedures set forth below:

1. Any written "ex parte" communication shall promptly be disclosed in writing to the full Board and to all Members;

2. Verbal communication that takes place during and around the course of a public meeting, open to all Members, on topics reflected in the agenda of such meeting shall not be considered “ex parte” communication. Verbal communication of potentially “ex parte” matters in a non-public setting (e.g., a private meeting hosted by an individual Member or subset of Members) shall be avoided. Should such communication occur, the Board Member(s) involved shall disclose the circumstances to PJM’s General Counsel who will determine, in consultation with such Board Member(s) and the Chair of the Board, if a description of such non-public, verbal discussions requires disclosure to the full Board and to all Members as “ex parte” communication;
3. Any “ex parte” communication to the Board raising issues that require referral, or have already been referred, to a governmental investigation or enforcement agency, including the FERC Office of Enforcement or PJM’s Market Monitoring Unit (MMU), will not be disclosed publicly. Such determinations will be made by PJM’s General Counsel, in consultation with the Chair of the Board.
4. The Board will not accept or post anonymous “ex parte” communications to the Board due to general concerns regarding publishing unattributed allegations. The Board has provided two paths to receive anonymous communications: (a) PJM’s Compliance Hotline; and (b) a liaison to receive comments regarding PJM’s independent market monitor Monitoring Analytics, LLC. Any Board Member receiving an anonymous communication relating to PJM shall promptly inform the Chair of the Board.

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ADDENDUM TO THE BOARD CODE OF CONDUCT

Providing For “Ex Parte” Sector Meetings with the PJM Board

Establishment

Notwithstanding the foregoing restrictions on “ex parte” communications, in addition to standard Liaison Committee meetings with the PJM Board of Managers, each sector may elect to hold individual sector meetings with members of the PJM Board on an annual basis (based upon the PJM annual cycle commencing with the Annual Meeting).

Purpose

The purpose of the sector meetings with the Board is for the leadership of Member entities of each sector to engage with the Board on elevated and strategic perspectives. Meetings will proceed according to an agenda and a disclosure of the topics discussed will be publicly posted on the PJM website promptly following the meeting. Neither the agenda nor discussion at the meeting shall delve into the details of actual matters pending action before the Board.

Participation

PJM participation will comprise of at least three independent Board members and its President & CEO. Due to the “ex parte” nature of the meetings, PJM’s General Counsel will attend to ensure discussion is confined to the topics agreed to on the agenda and to prepare a record of the meeting. Each sector’s attendance shall include at least five representatives of the sector, with such attendees being capable of, articulating their Member company interests and positions on issues germane to PJM matters. In-person attendance is required for sector Member representatives intending to participate and speak in the meetings (if the meeting is being held in person).

Sector Whip Responsibilities

Establish a process for organizing its sector annual meeting with the Board of Managers, and gather sector input to the discussion of items on the agenda. Each Sector Whip will work with its sector to select its own methodology for selection of meeting participants and speakers. Sector Whips will work with PJM to establish the final agenda for each meeting.

Dates/Times for Meetings

In consultation with the Sector Whips, PJM will set the dates and times for the meetings generally coincident with regular Board meetings. Prior notification of the date and time for each meeting shall be made to all Members.

Meeting Follow-up

Following the meeting, the agenda and a summary of the topics discussed will be documented by PJM’s Vice President & General Counsel, and shared with all PJM Members in adherence to the Board Communication rules in Manual 34: PJM Stakeholder Process, section 15.4.

Board Review of the Process

The PJM Board will periodically conduct a review regarding the efficacy and value of the process for “ex parte” sector meetings.