

Stakeholder Process Participation Education

David Anders, PE
Director, Stakeholder Affairs
Financial Risk Management Senior Task Force
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- Operating Agreement provisions related to the stakeholder process
 - Section 7 – PJM Board
 - Section 9 – Officers
 - Section 10 – Office of the Interconnection
- Manual 34: PJM Stakeholder Process provisions regarding PJM and the Board of Managers

7.1 Composition

- ... Nominating Committee, consisting of one representative elected annually from each sector of the Members Committee established under Section 8.1 and three voting Board Members (provided that one such Board Member shall serve only as a non-voting member of the Nominating Committee), shall retain an independent consultant, which shall be directed to prepare a list of persons qualified and willing to serve on the PJM Board. Not later than 30 days prior to each Annual Meeting of the Members, the Nominating Committee shall distribute to the representatives on the Members Committee one nominee from among the list proposed by the independent consultant for each vacancy or expiring term on the PJM Board, along with information on the background and experience of the nominees appropriate to evaluating their fitness for service on the PJM Board; provided, however, that the Nominating Committee in its discretion may nominate, without retaining an independent consultant, a Board member whose term is expiring and who desires to serve an additional term. Elections for the PJM Board shall be held at each Annual Meeting of the Members ...

7.3 Term of Office

- (c) Vacancies on the PJM Board occurring between Annual Meetings of the Members shall be filled by vote of the then remaining Board Members; a Board Member so selected shall serve until the next Annual Meeting at which time a person shall be elected to serve the balance of the term of the vacant Board Seat. Removal of a Board Member shall require the approval of the Members Committee.

7.5.1 Finance Committee

- (a) Not later than December 1 of each year, the entities specified below shall select the members of a Finance Committee. The Finance Committee shall be composed of two representatives elected from each sector of the Members Committee as defined in section 8.1, one representative of the Office of the Interconnection selected by the President, and two Board Members selected by the PJM Board. The Office of the Interconnection representative shall be the Chair of the Finance Committee. The Chair of the Finance Committee and the two PJM Board Members on the Finance Committee shall not vote on the recommendations of the Finance Committee to the PJM Board and Members Committee. Each Member Representative of the PJM Finance Committee shall be entitled to vote on final recommendations to the PJM Board and the PJM Members Committee. The Member Representatives shall represent the interests of their respective sectors. In accordance with sections 7.7 and 11.1 of the Operating Agreement, the Members Representatives shall avoid undue influence by any Member or group of Members on the operations of PJM and Member management of the business of PJM.

- (c) The Office of the Interconnection shall prepare annual operating and capital budgets and multi-year projections of expenses and capital in accordance with processes and procedures established by the PJM Board, and shall timely submit its budgets to the Finance Committee for review. The Office of the Interconnection shall also provide the Finance Committee with such additional financial information regarding other matters pertaining to the appropriate level of PJM's rates, proposed major new investments and allocation and disposition of funds as may be reasonably requested by the Finance Committee to assist it with its review. PJM shall provide complete and transparent financial data and reporting to all Members through the PJM Finance Committee, such data and reporting to include but not necessarily be limited to: unaudited quarterly PJM financial statements; audited annual PJM financial statements; quarterly PJM FERC Form 3-Q; annual PJM FERC Form 1; and PJM budget and forecast data and Results.

7.7 Duties and Responsibilities of the PJM Board

In accordance with this Agreement, the PJM Board shall supervise and oversee all matters pertaining to the PJM Region and the LLC, and carry out such other duties as are herein specified, including but not limited to the following duties and responsibilities:

- v) On its own initiative or at the request of a User Group as specified herein, **submit to the Members Committee such proposed amendments to this Agreement or any Schedule hereto, or a proposed new Schedule, as it may deem appropriate;**
- vi) **Petition FERC to modify any provision of this Agreement or any Schedule or practice hereunder that the PJM Board believes to be unjust, unreasonable, or unduly discriminatory under section 206 of the Federal Power Act,** subject to the right of any Member or the Members to intervene in any resulting proceedings;

9. OFFICERS

[There are no Operating Agreement Section 9 provisions pertaining to the stakeholder process]

9.1 Election and Term.

9.2 President.

9.3 Secretary.

9.4 Treasurer.

9.5 Renewal of Officers; Vacancies.

9.6 Compensation.

10. OFFICE OF THE INTERCONNECTION

10.4 Duties and Responsibilities.

The Office of the Interconnection, under the direction of the President as supervised and overseen by the PJM Board, shall carry out the following duties and responsibilities, in accordance with the provisions of this Agreement:

- iii) Prepare, maintain, update and disseminate the PJM Manuals;
- xi) Maintain accurate records of the sectors in which each Voting Member is entitled to vote, and calculate the results of any vote taken in the Members Committee;
- xii) Furnish appropriate information and reports as are required to keep the Members regularly informed of the outlook for, the functioning of, and results achieved by the PJM Region;
- xiii) File with FERC on behalf of the Members any amendments to this Agreement or the Schedules hereto, any new Schedules hereto, and make any other regulatory filings on behalf of the Members or the LLC necessary to implement this Agreement;
- xv) Consult with the standing or other committees established pursuant to Section 8.6(a) on matters within the responsibility of the committee;

4.2 PJM

- PJM’s several roles and responsibilities in the stakeholder process include:
 - providing necessary analytic, facilitation, and logistical support to the stakeholder process;
 - providing education and information on the issues before the Members;
 - providing fair, non-partisan facilitation of meetings for all participants;
 - bringing forward operational and other important issues to stakeholders;
 - developing proposals (at Member’s request or as needed);
 - providing feedback/enforcement to Stakeholder Groups related to meeting deadlines, procedures, stakeholder protocols, and quality control;
 - keeping stakeholders informed about important outside events and interactions;
 - advocating necessary reliability or market design driven initiatives; and
 - efficiently utilizing the resources that PJM needs to service the stakeholder process.
- The PJM facilitators for meetings within the stakeholder process shall:
 - assist Members in staying on track with the agenda;
 - provide regular breaks to allow time for participant’s other business;
 - provide all materials for website posting in accordance with the timelines set forth in this manual;
 - ensure preparation and posting of brief meeting summaries of each meeting within one week after the meeting;

4.2 PJM (cont'd.)

- decide group process and procedural issues after taking Member concerns and suggestions under advisement, with consultation with the Secretary as required;
 - assist and ensure the group abides by its Charter and completes its work plan in a timely and efficient manner including any regulatory or other deadlines;
 - actively apply facilitation skills and techniques to assist participants in reaching agreement;
 - remain fair, non-partisan and even-handed on all issues subject to the stakeholder process; and ensure effective participation by phone and remote means as well as in person.
- In order to help ensure fair, inclusive, and non-partisan forums for member and other participants' discussion, PJM shall separate its facilitation function and role from its advocacy role in all Task Forces, Subcommittees, Special Teams, and Standing Committees. Occasionally, on a case by case basis, PJM and members shall consider using an external, independent facilitator/mediator for issues that have complex dynamics, multiple parties, divergent interests, and high potential impact.

15.6 Board Member Participation at Members Committee Meetings

- Each Member of the Board of Managers shall endeavor to attend the Annual Meeting as well as one other Stakeholder Group meeting annually.