



PJM Annual Meeting

**Public Interest Environmental
Organization Users Group
(PIEOUG)**

May 3, 2023

**Consumer Advocates of the PJM
States (CAPS) Presentation**

The 16 Member Offices of CAPS

Delaware	Division of the Public Advocate
District of Columbia	Office of the People's Counsel
Illinois	(1)Citizens Utility Board (2)Office of the IL AG (Public Utilities Bureau)
Indiana	Office of Utility Consumer Counselor
Kentucky	Office of Rate Intervention
Maryland	Office of People's Counsel
Michigan	Michigan Department of Attorney General
New Jersey	Division of Rate Counsel
North Carolina	(1)Office of Attorney General, Utilities Section (2)Public Staff – North Carolina Utilities Comm.
Ohio	Office of the Ohio Consumers' Counsel
Pennsylvania	Office of the Consumer Advocate
Tennessee	Office of the Tennessee Attorney General - Consumer Advocate & Protection Division
Virginia	Office of the Attorney General – Division of Consumer Counsel
West Virginia	Consumer Advocate Division

Goals

1. Establishing reliability throughout the region at the most cost-effective prices.
2. Use our resources to provide awareness and improve our contributions to the stakeholder process.
3. Continue to expand dialogue with both demand and supply interests to seek consensus.

Thank You!

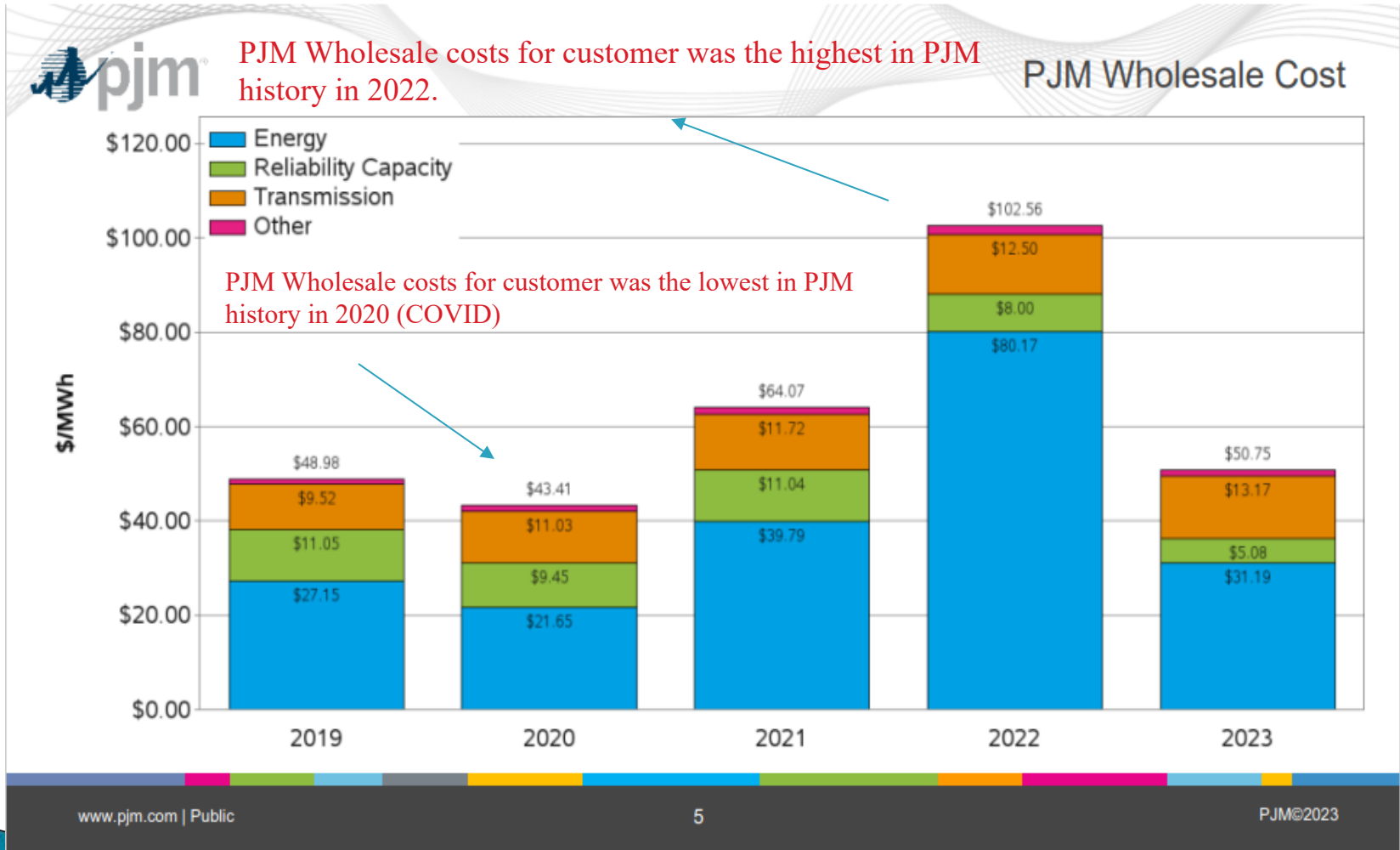
We thank the Board and PJM Staff for:

- Helping 65 million retail customers have a voice in the PJM stakeholder process; and
- Maintaining well-functioning operations during the unprecedented pandemic.

Priorities for PJM Should Remain

- Keeping the lights on;
- Identifying the most efficient and cost-efficient improvements to the grid; and
- Independence

Reasonable Prices – Our Perennial Concern



*March PJM Member Committee Webinar: [item-07a---market-operations-report.ashx](https://www.pjm.com/~/media/committees-and-panels/mc/2023/march-2023-market-operations-report-ashx) (pjm.com)

Transmission

Consumers are looking for PJM to be a leader in creating the grid of the future, yet, there are concerns about the level of oversight and rising costs of ongoing transmission projects in the region

Supplemental Projects and the M-3 Process

Assistance was recently requested by Consumers at the Planning Committee (4/11): Consumer Advocate offices believe more information about the PJM supplemental transmission projects would be helpful. Two of the key drivers for this request are wanting more information on the cost of the projects beyond the sticker price – “estimated cost” – and an appreciation of whether a state utility commission has planning oversight jurisdiction to review a project.

A few points were recognized at the onset:

- } The subregional RTEP M-3 process is essentially a notice process (from our perspective):
 - FERC only requires PJM Transmission Owners to receive stakeholder comments on M-3 projects.
 - Transmission Owners do not have an obligation to provide additional information.
 - PJM provides no input on specific projects during the subregional RTEP stakeholder discussions.

The Requested Information Would Help

- } Transparency regarding transmission projects.
- } Consistent information related to M-3 projects (e.g. FERC prudence review & consumer review).
- } The oversight of supplemental transmission projects is not always clear. (For example, PJM has stated numerous times in FERC filings that PJM does not have oversight responsibility for supplemental transmission projects. Yet, transmission owners have stated in public forums that transmission owners plan the grid under PJM's direction.) It needs to be clear since there are many situations when there is no oversight – except possibly to ensure a project does not *harm* the system.
- } Ensuring that all parties get information that is meaningful to them. In various FERC filings, PJM and Transmission Owners have stated that they find the M-3 process as “meaningful” for them. We are hoping to make the process meaningful for consumers.

Recent PJM M-3 Process Review Meetings:

March Subregional RTEP meetings (March 16 & 17)

- Needs presented: 23
- Solutions presented: 21
 - Overall cost: \$133 million
 - 9 solutions have no state oversight by our evaluation (\$76.645 million)

April Subregional RTEP meetings (April 20 & 21)

- Needs presented: 49
- Solutions presented: 24
 - Overall cost: \$513.14 million
 - 17 proposed solutions have no state oversight by our evaluation (\$298.78 million)

*Certain states never have oversight of these types of projects (e.g. Indiana - \$31.78 million and New Jersey \$63 million presented in April).

One More Slide on M-3

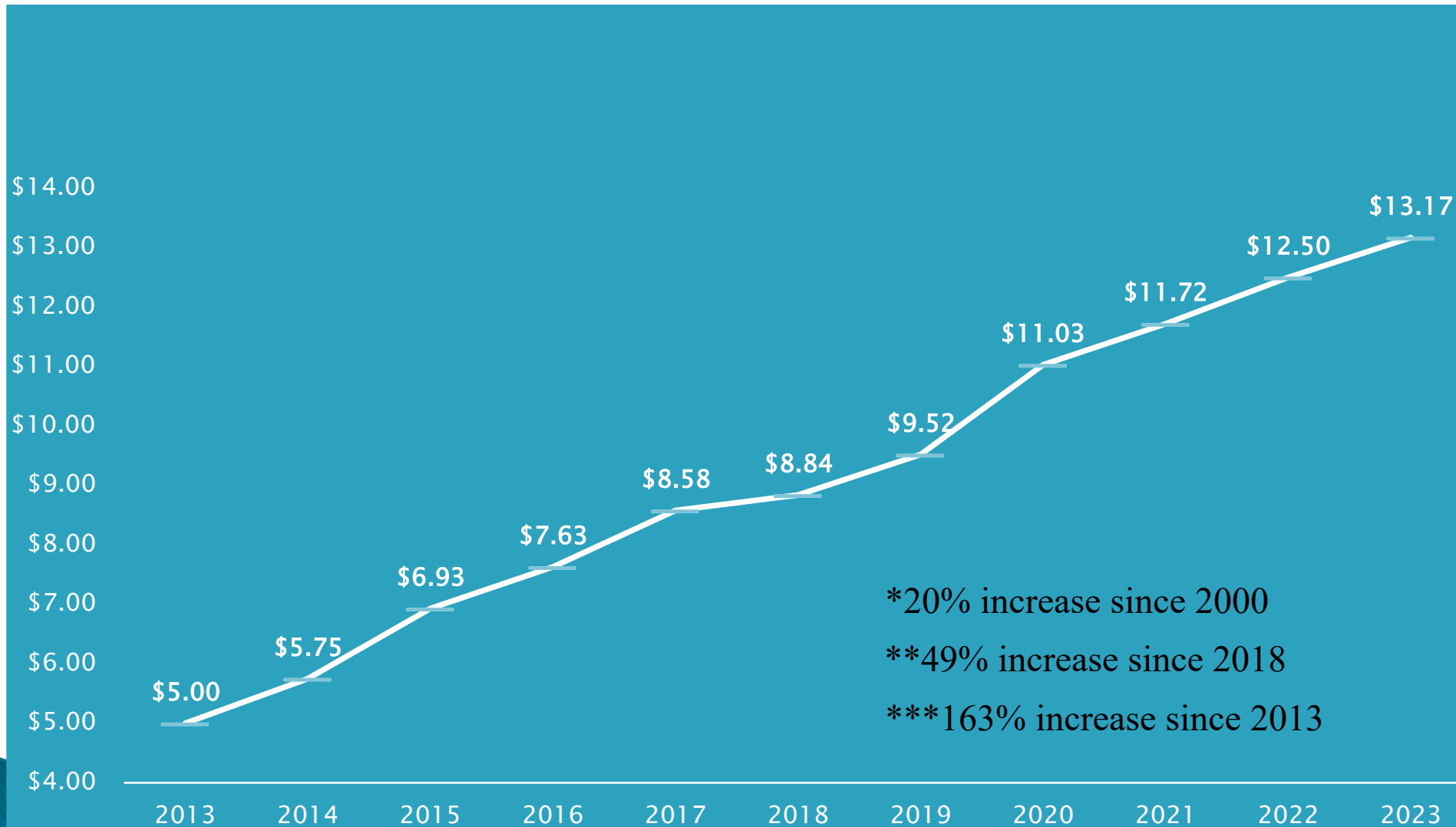
- } Updates on recent efforts to participate:
 - Consumer Advocates posted questions related to the costs and regulatory oversight of the April Subregional RTEP posted solutions on April 14, 2023.

Stakeholders must submit any comments within 10 days of this meeting in order to provide time necessary to consider these comments prior to the next phase of the M-3 process

- How was the estimated project cost developed?
- Please provide a breakdown of the budget for this project?
- Does a state utility commission have oversight over the planning of this solution? Which Commission(s)?

Note: A few of the projects were completed by the date of the Subregional RTEP meeting or prior to the meeting.

The Rise of Wholesale Transmission Costs Over the Years



Critical Issue Fast Path

Areas of concern for the consumers

Five Main Areas of Concern

- } Performance!
- } Market Seller Offer Cap – Market Power must be kept in check;
- } Having the key Information to make informed decisions prior to voting on future frameworks;
- } Scheduling of auctions and the sending price signals

Confidence in the markets moving forward



Market Monitoring - Building Confidence in PJM's Wholesale Markets

Market Monitoring and Independence

- } FERC identified market monitoring as a critical function of RTOs.
- } Shortly after competitive markets were initiated, the threat of market manipulation became obvious.
 - PPL cornered the PJM capacity market, driving daily prices to stratospheric levels and driving some market participants out of business.
 - Energy prices in California were systemically manipulated.
- } PJM's efforts to control access to information, focus and reporting of its internal market monitoring led FERC to require the creation of the IMM.
- } FERC's support for independent market monitoring in Order EL07-56/58 enabled CAPS members to trust the overall value of PJM's markets.

The IMM Protects Consumers

- } Closely monitors each market for unfair prices and manipulation.
- } Investigates deficient market performance and the need for amended rules. Engages with PJM to identify:
 - Errors in PJM's market administration,
 - Respond to changing market conditions, and
 - Address problematic market outcomes.
- } Reports misconduct and serious market disfunctions to FERC.
- } Robustly engages in the stakeholder process to protect markets.

Attachment M: Making the IMM Effective

- } Attachment M to the PJM Tariff provides extensive detail about how market monitoring is done and constitutes the Market Monitoring Plan.
- } The key parts are:
 - Organizational independence from RTO management and market participants (Sec. III.C.)
 - Limited Board oversight so that does not interfere with robust monitoring. (Sec. III.D.)
 - Authority to monitor (Sec. IV.)
 - May examine all areas of PJM operations.
 - Ongoing review of participants' activities.
 - Has access to all information needed to fully investigate markets and reliability.
 - The truly independent IMM allows CAPS members trust the overall results of PJM's markets.

Risks to Independent Market Monitoring

- } Some market participants' advantage is enhanced with weaker market monitoring.
- } Market participants continue to advocate at FERC against strong market monitoring.

Other Areas of Concern

- Reactive Power
- Circuit Breaker
- Winter Storm Elliot communications

Contact Information

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Appendix

What is CAPS?

Who We Are

Established in 2013, Consumer Advocates of the PJM States, Inc., (CAPS) is a nonprofit organization whose members represent over 61-million consumers in the 13 PJM states and the District of Columbia. Regulatory rules vary greatly across our jurisdictions, but in each the electricity costs paid by consumers is at least partly determined by the tariff and rules under which PJM operates. PJM and its stakeholders set those rules and CAPS' engagement is necessary to ensure that consumers' voices are heard.

Mission

Our mission is to actively engage in the PJM stakeholder process and at the Federal Energy Regulatory Commission to ensure that the prices we pay for reliable, wholesale electric service are reasonable.