

PJM Stakeholder Process Training - Governance



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Fundamentals of the Stakeholder Process

- PJM and Governing Documents
- Governance Structure, Membership and Sectors
- Stakeholder Process Overview
- Roles & Responsibilities of Participants
- Voting and Rules of Procedure
- Additional Resources and References

PJM and Governing Documents



OA

Operating Agreement

Agreement among members which established PJM Interconnection, L.L.C.

- Governance – Board of Managers, Office of the Interconnection, Members Committee
- Energy Markets, RTEP, others



The Tariff

Open Access Transmission Tariff

Rates & Terms of Service



RAA

Reliability Assurance Agreement

Must be a signatory to be an LSE



- Sets up the corporation and operational rules
- Governance
- Contains interchange energy market rules, RTEP protocol

Of Particular Interest:

Sections		Schedules	
7	Board	1	Energy Market
8	Members Committee	2	Components of Cost
9	Officers	5	Dispute Resolution
10	Office of the Interconnection	6	RTEP Protocol
11	Members		



OATT HIGHLIGHTS

- Based on pro forma FERC Tariff
- Rates, terms and conditions of service

Of Particular Interest:

Articles		Attachments	
II	Point-to-Point Transmission Service	DD	RPM, Market Monitor
III	Network Integration Transmission Service	Q	Credit Policy
IV	Generation Deactivation	H	Zonal Transmission Rates
VI	New Service Requests	K	Appendix – Energy Market
		HH	PJM Settlements
Schedules			
9	Administrative Service Fees		



RAA

HIGHLIGHTS

- “... ensure that adequate Capacity Resources ... will be planned and made available to provide reliable service to loads ... in a manner consistent with the development of a robust competitive marketplace”
- Creates obligations for load serving entities

Of Particular Interest:

Article

7 Determination of Capacity Obligation

Schedules

4 Forecast Pool Req.

5 Forced Outage Rates

7 DR/EE

8.1 Fixed Resource Req.

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Other

GOVERNING DOCS

- Consolidated Transmission Owners Agreement
- Joint Operating Agreements (MISO, NYISO, etc.)

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Other

IMPLEMENTING DOCS

- Manuals (Energy Market manuals, RTEP, Transmission, Reserves, Accounting & Billing, Admin, Misc.)
 - Most endorsed by MRC
 - PJM responsibility
 - 15, 34 have different path
- Non-manual documents (Congestion Management Protocol, Regional Practices)



CTOA

HIGHLIGHTS

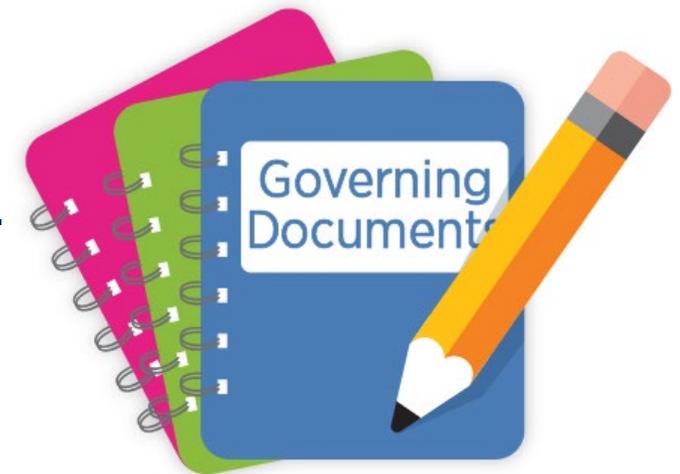
- Establishes rights and commitments of PJM vis-à-vis TOs
- Facilitates the coordination of planning and operation
- Transfers certain planning and operating responsibilities to PJM

Of Particular Interest:

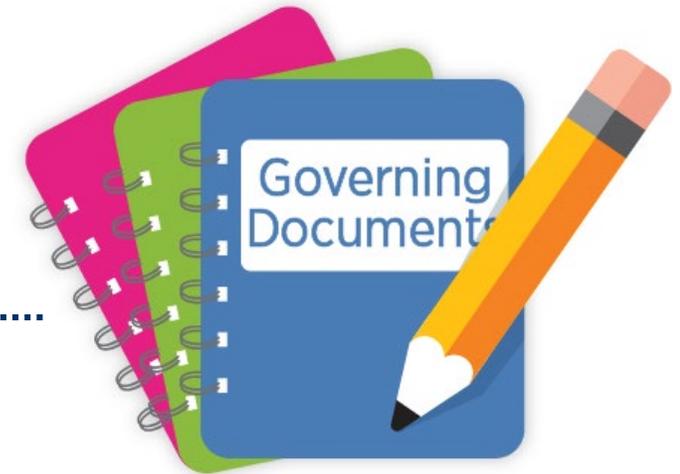
Article	
7	TO Filing Rights
8	TOA – Administrative Committee

- Requires public utilities to file with the Commission all rates and charges for any transmission or sale subject to the jurisdiction of the Commission.
- Requires that tariffs, rate schedules, service agreements and contracts relevant to services offered must be filed at FERC.

Note: To approve the filings, the Commission must find that the rates are just and reasonable and not unduly discriminatory and preferential.



- Allows the Commission to modify rates upon its own motion or upon motion or complaint.
- Requires that in order to modify or replace the filed rate, the proponent of a change to the filed rate must meet a dual burden of:
 - **First:** establishing that the current rate is unjust and unreasonable
 - **Second:** establishing that the alternative rate proposal is just and reasonable



Note: It is not sufficient to simply demonstrate an alternative is superior to the current rate.

Who can amend & under what FPA section

OA

- Requires 2/3 endorsement by Members Committee to amend under FPA 205
- If 2/3 endorsement not achieved:
 - the Board can authorize PJM to file under FPA 206
 - Others can seek to change the OA through filing a complaint under FPA 206

TARIFF

- PJM can file under FPA 205 without 2/3 endorsement of Members Committee
 - *Even though we could technically file under FPA 205 without any stakeholder process, our practice is to work toward endorsement*
 - *TOs have FPA 205 filing rights over certain aspects of the Tariff*
- But would seek Board support for making such a filing
- Others can seek changes to the Tariff through filing a complaint under FPA 206

RAA

- Only the Board has the ability to approve amendments to the RAA under FPA 205
- We typically seek endorsement through the stakeholder process to inform the Board
- Others can seek changes to the RAA through filing a complaint under FPA 206

CTOA

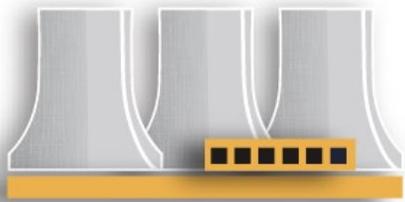
- Only parties to the CTOA can amend the CTOA under FPA 205
- Others can seek changes to the CTOA through filing a complaint under FPA 206

Governance Structure, Membership and Sectors

Independent Board of Managers

Market Monitor

Members Committee



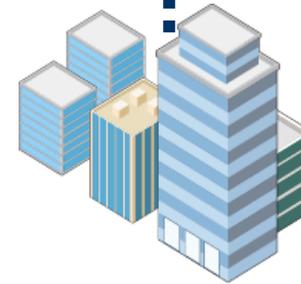
Generation Owners



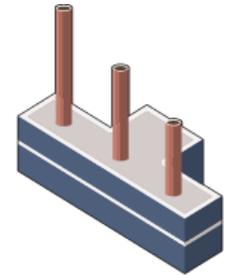
Transmission Owners



Competitive Retail Companies & Trading Companies



Utility Electric Distributor & Retail Business



Wholesale End Use Customers (Industrial)

- Independent Board of Managers
- Stakeholder process – provide balanced stakeholder input
- Established process for discussion of market evolution
- ISO funding and startup

Transmission Owners – members owning transmission within PJM’s footprint:

- Vertically integrated utilities
- Pure transmission owners
- Merchant transmission owners



Generation Owners – members owning/controlling generation within PJM’s footprint:

- Generation affiliates of vertically integrated utilities
- Merchant generation owners
- End-use customers with generation and capacity exceeding load and obligation



End-Use Customers – End-users within PJM’s footprint:

- Large commercial & industrial customers
- Consumer advocates



Electric Distributors – transmission-dependent utilities:

- Municipal utilities
- Co-operatives

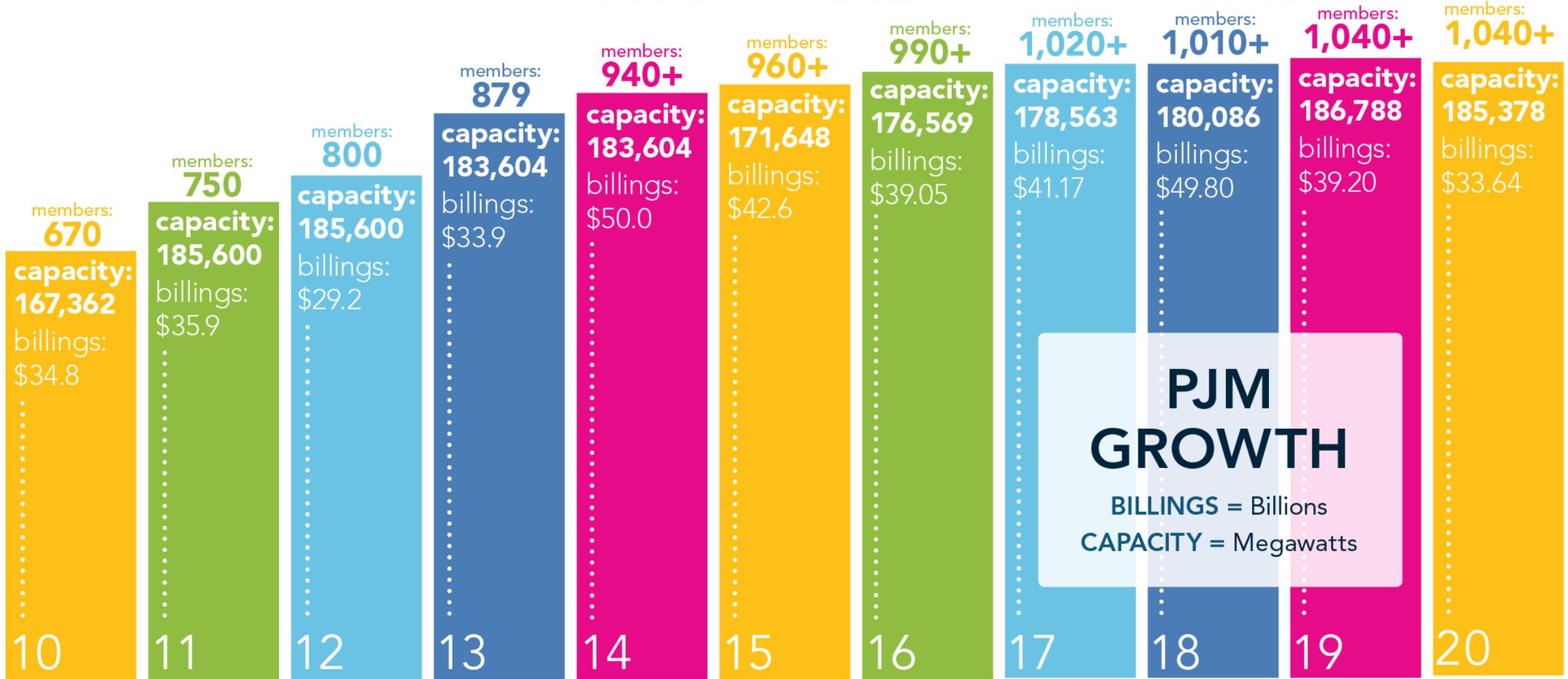


Other Suppliers – members engaged in our markets that do not qualify in another sector:

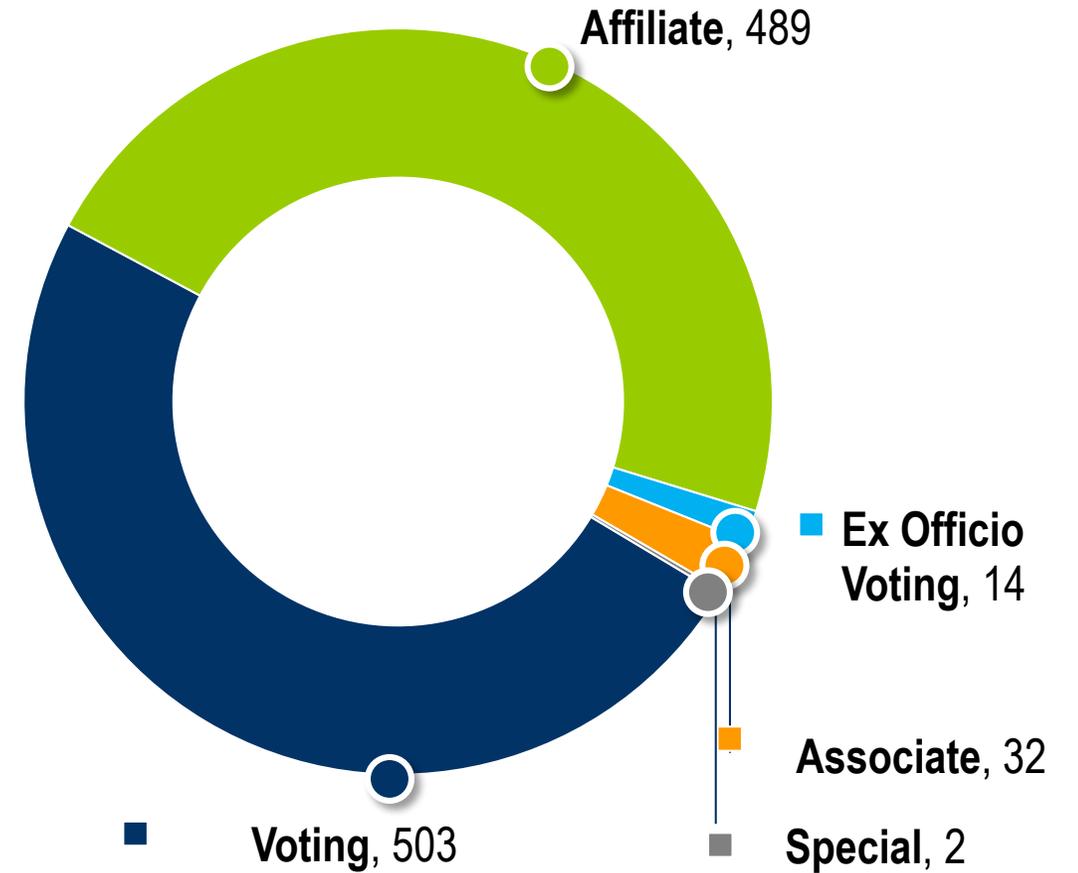
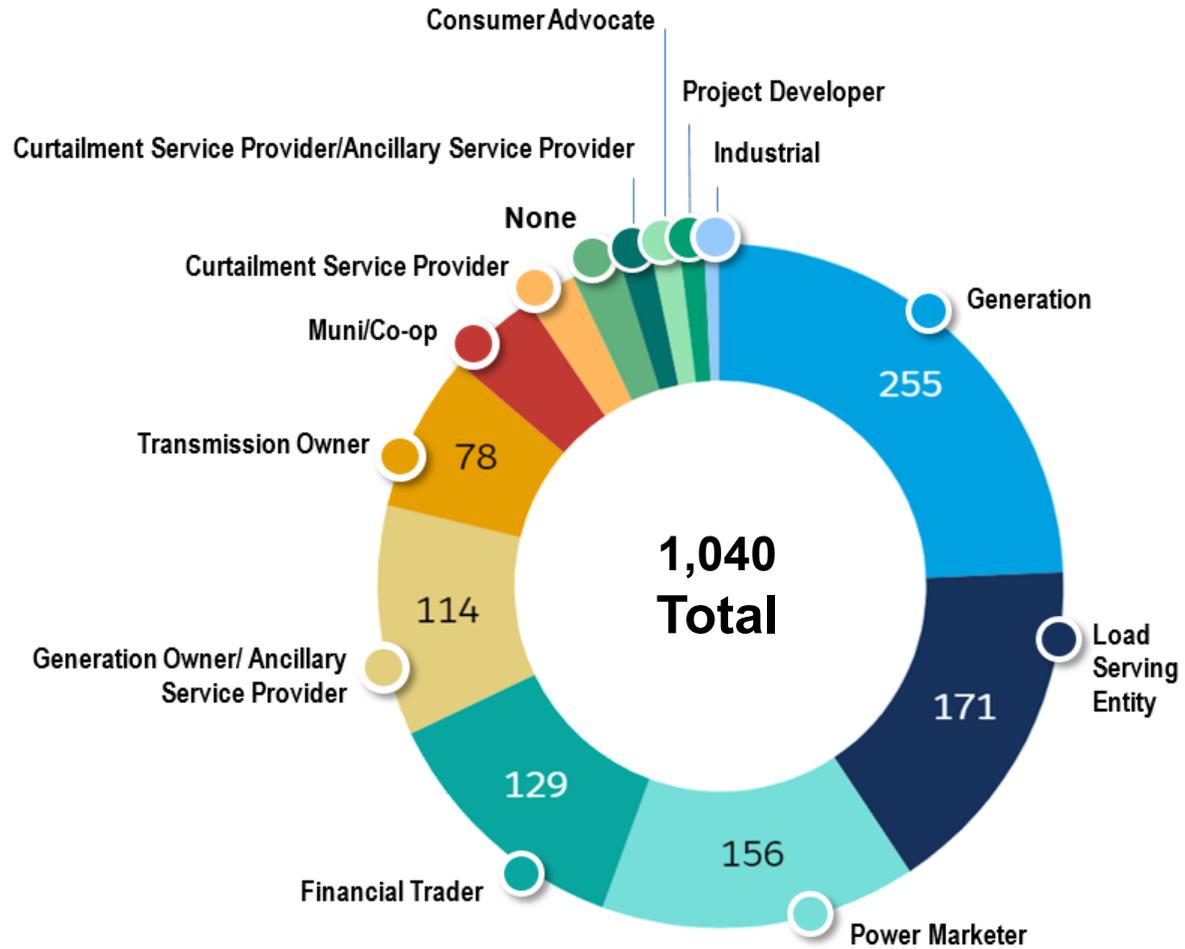
- Curtailment service providers
- Financial product participants
- Wholesale power marketers
- Generation owners outside PJM
- Transmission owners outside PJM
- Competitive load serving entities
- Generation or transmission developers (before projects are in service)



- Sector Selection Process
 - New Members Initial Selection
 - Existing Members Sector Recertification and Change Requests
- Sector Challenge Process
- Sector Usage
 - Committee Representation (Finance Committee, Liaison Committee, etc.)
 - Senior Standing Committee Voting

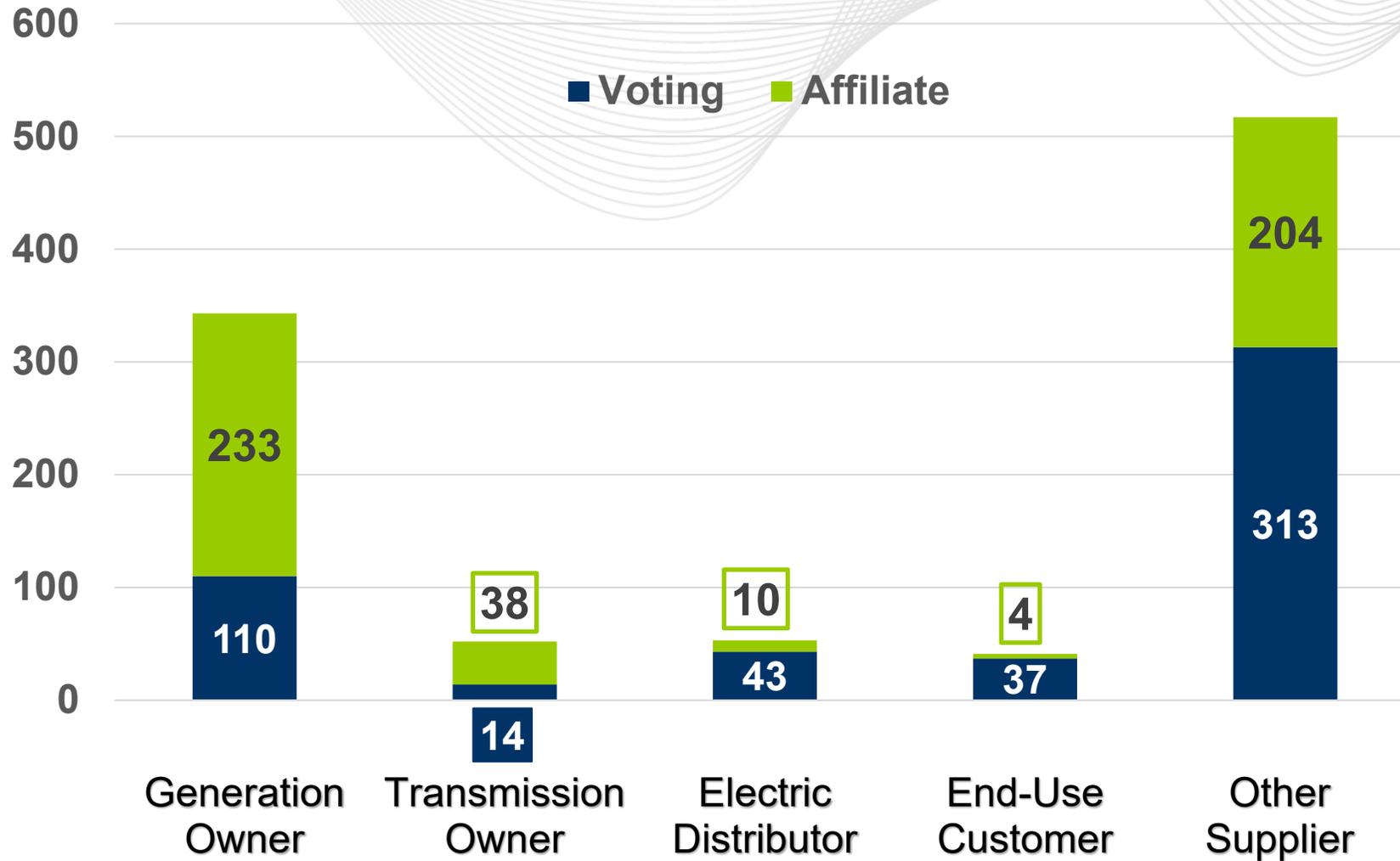


- Voting Members and Affiliate Members
 - Market Participation and Voting Rights
- Ex Officio Members
 - No Market Participation but Voting Rights
- Associate Members
 - No Market Participation or Voting Rights
 - Can participate in stakeholder activities and PJM trainings.
- Special Members (Emergency Customer Load Reduction Program)
 - No Voting Rights



Voting Status by Member Sector

(as of July 7, 2021)

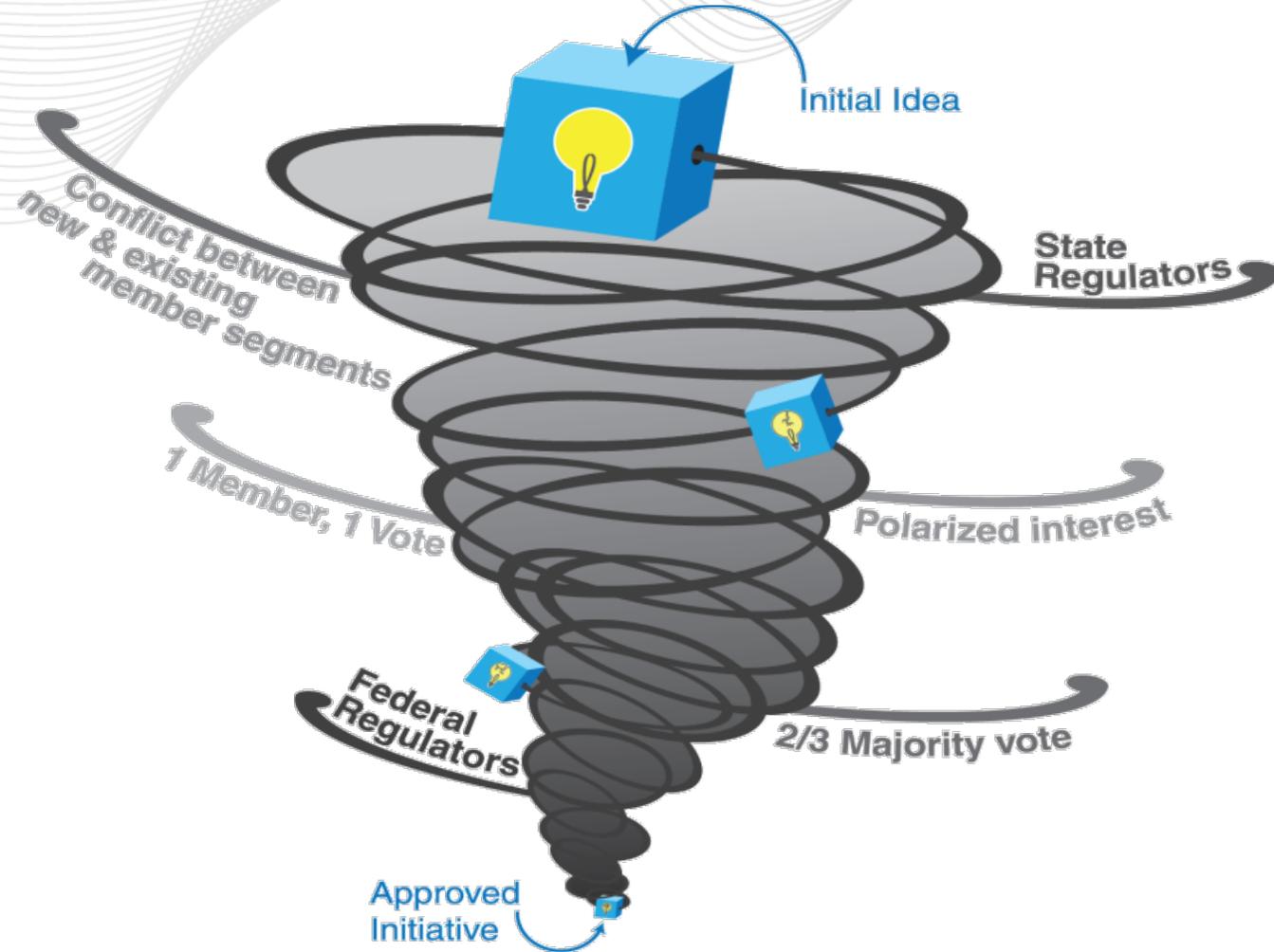


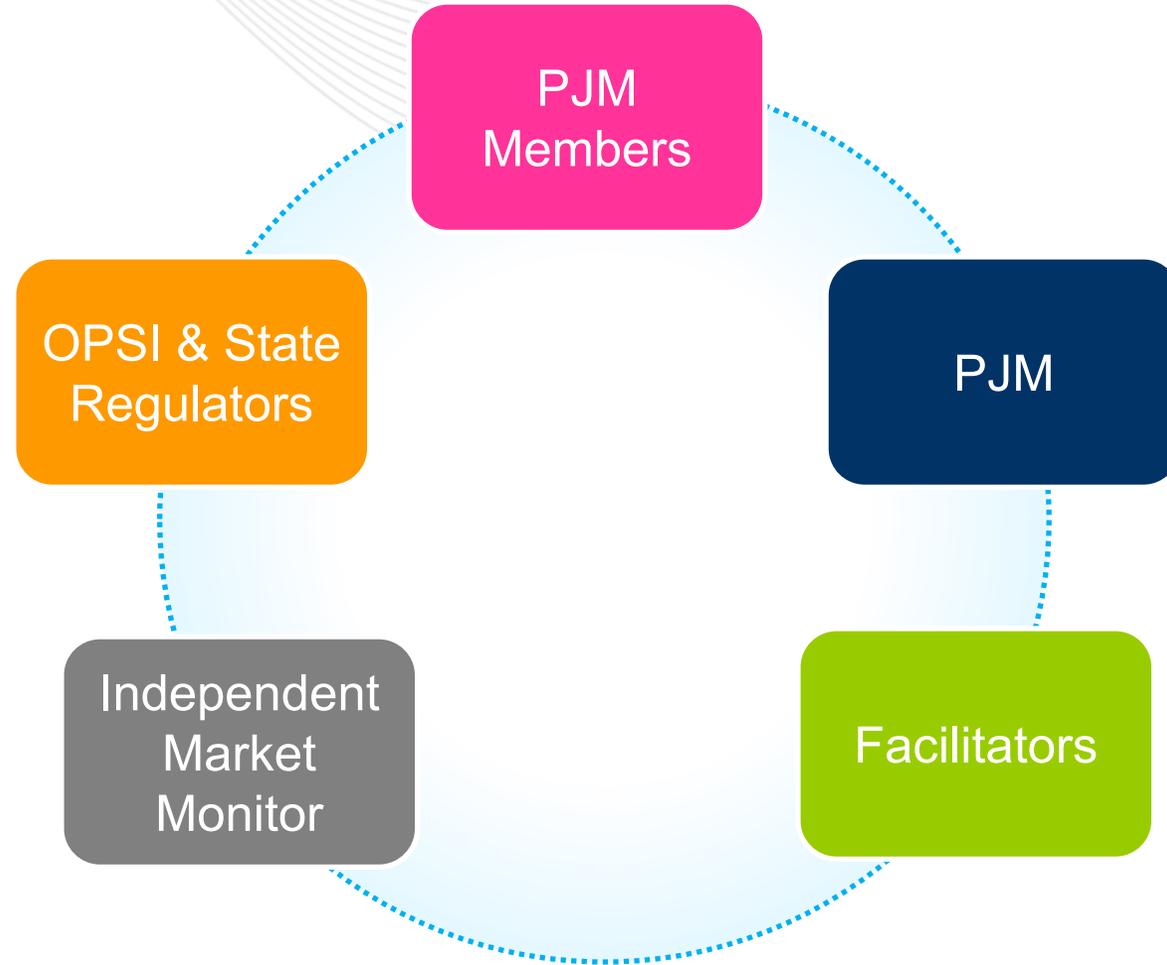
Stakeholder Process Overview

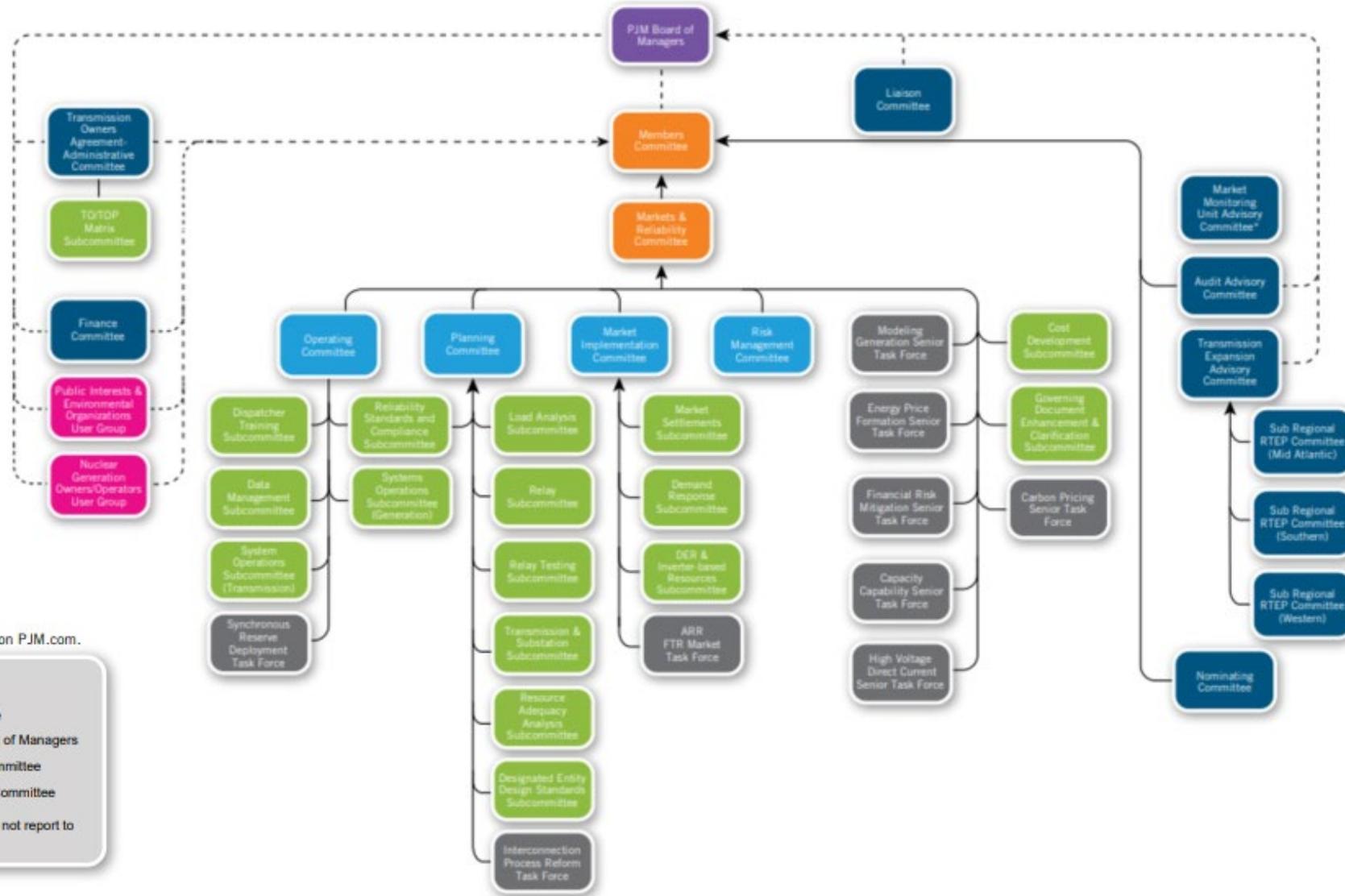
Purposes of the Stakeholder Process

- **Educate** each other on issues related to PJM markets, operations, public policies and industry matters
- **Explore** solutions and build consensus, which may help policymakers approve key laws and regulations
- **Enhance** communication among members and between members and PJM management

Vet and approve/endorse changes to PJM Markets, Operations and Planning as contained in the OA, Tariff, RAA and manuals



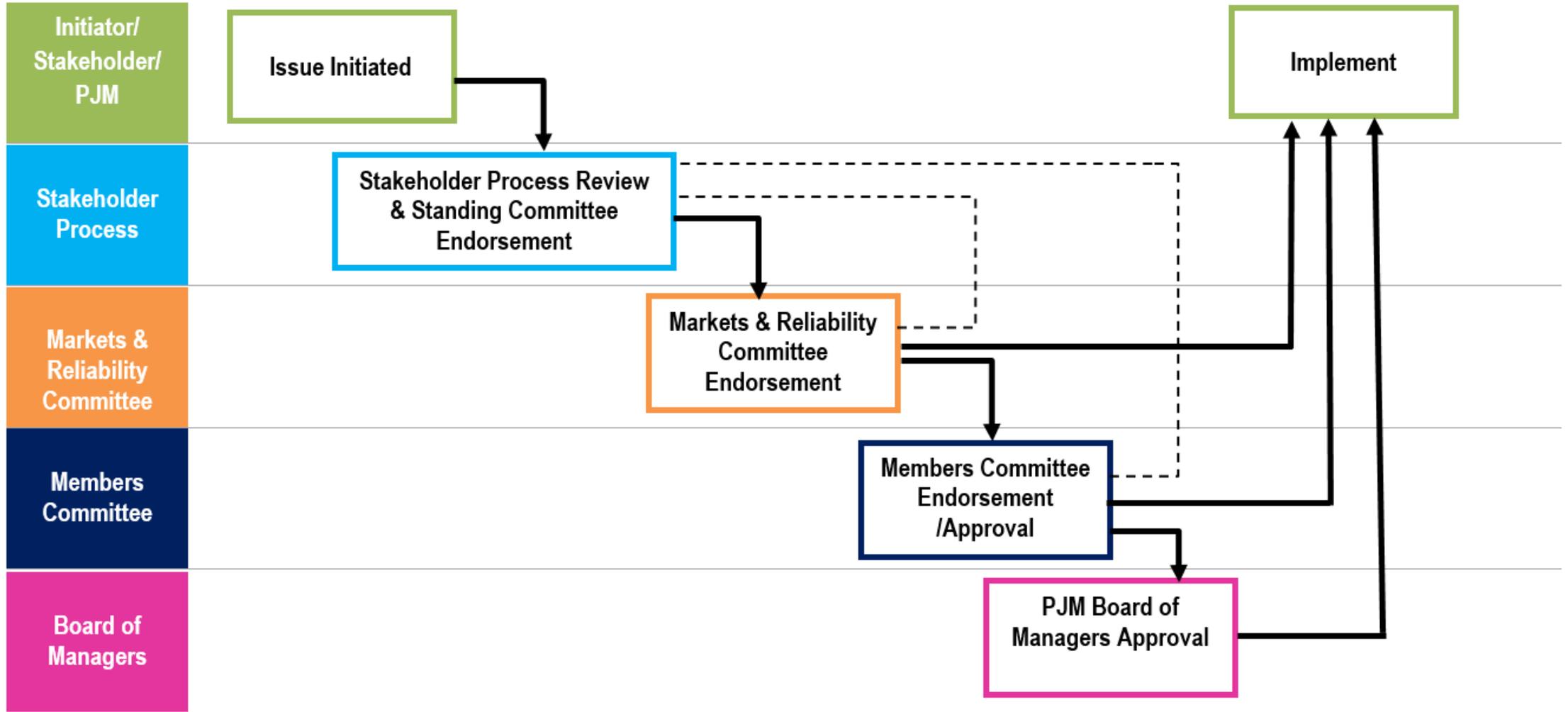


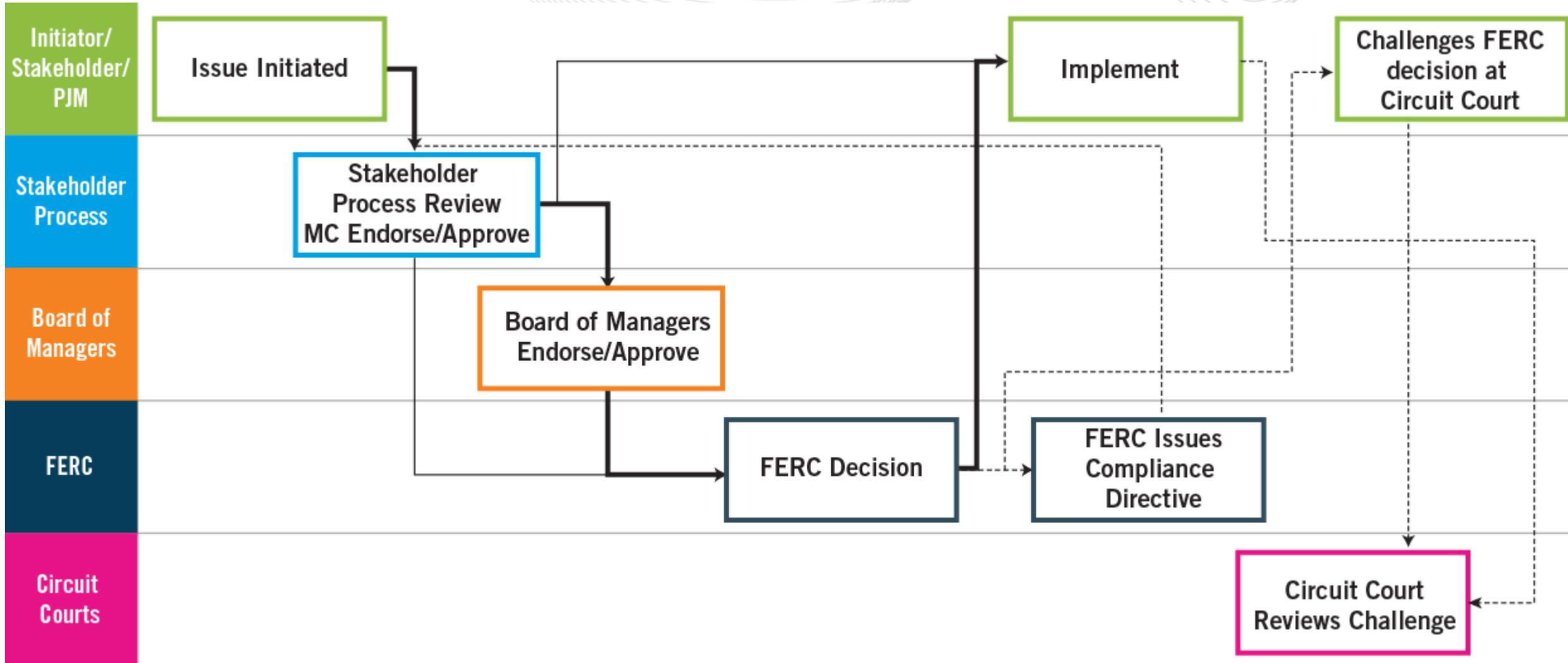


Click on a group to go to the corresponding page on PJM.com.

- - - - = Advisory
 ————— = Direct
 ■ = User Group
 ■ = Committee
 ■ = Subcommittee
 ■ = Task Force
 ■ = PJM Board of Managers
 ■ = Senior Committee
 ■ = Standing Committee

* The MMUAC is an independent group that does not report to the PJM Board or Members Committee.





Voting and Rules of Procedure

	Stakeholder Group	Who Can Vote*	Decision-Making Methodology	Threshold for Endorsement (passing)	Sector-Weighted Voting?	What moves up to Parent Committee?
Voting	Sr. Standing Committee (MC only)	<ul style="list-style-type: none"> • Voting members in good standing • Ex-Officio voting members 	Vote on main motion first. If that does not pass, then vote as detailed in motion voting order.	Exceed 2/3**	Yes	
	Sr. Standing Committee (MRC only)	<ul style="list-style-type: none"> • Voting members in good standing • Ex-Officio voting members 	Vote on main motion first. If that does not pass, then vote as detailed in motion voting order.	Exceed 2/3**	Yes	The first motion voted on that receives MRC endorsement is forwarded to the MC as the main motion.
	Sr. Task Force	<ul style="list-style-type: none"> • Voting members and affiliates 	Strive for consensus. If no consensus is achieved, then vote on multiple options.	Simple majority	No	All proposals that receive a simple majority are forwarded on to the MRC, with the proposal with the highest majority presented as the main motion. Other proposals that receive a simple majority are considered alternative motions ranked in order of votes received.
	Lower-Level Standing Committee (MIC/PC/OC)	<ul style="list-style-type: none"> • Ex-Officio voting members 				

** For a limited number of issues such as Charter approvals the threshold is 1/2.

*Associate and emergency load program members may not vote at any level

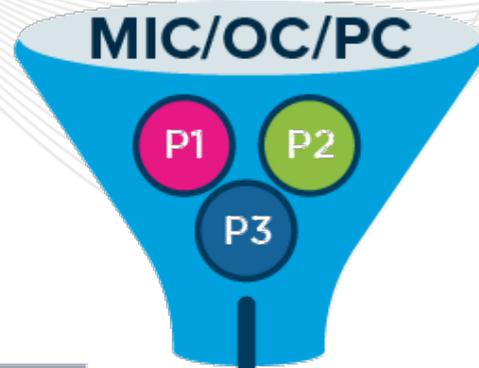
	Stakeholder Group	Who Can Vote*	Decision-Making Methodology	Threshold for Endorsement (passing)	Sector Weighted Voting?	What moves up to Parent Committee?
Non-Voting	Sub-Committee	N/A	Strive for consensus. (Tier 1). If no consensus is achieved, produce multiple proposals (Tier 2).	Tier 1: All members can live with the proposal. Tier 2: At least three supporting voting members from two sectors.	No	If a consensus proposal cannot be forwarded on to parent committee, multiple proposals are narrowed down and all proposals meeting the threshold are forwarded to parent committee.
	Task Force (Except Sr. Task Force)					

Sector-Weighted Vote Calculation Example

Sector	For	Against	Abstain	% in Favor (of those voting For or Against)
Electric Distributor Sector	8	2	4	0.800
End-Use Customer Sector	15	0	1	1.000
Generation Owner Sector	10	10	5	0.500
Other Supplier Sector	3	7	15	0.300
Transmission Owner Sector	12	2	0	0.857
Sum				3.457

Threshold **.667 x 5 Sectors = 3.335**

Standing Committee Voting Example



Lower-Level Standing Committee

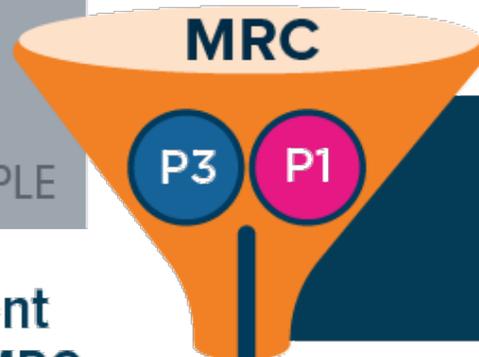
- P1 Proposal 1 = 68%
- P2 Proposal 2 = 45%
- P3 Proposal 3 = 90% EXAMPLE

Proposals receiving over 50 percent are ranked and passed on to the MRC

MRC Vote

- P3 Proposal 3: (voted first) *3.13
- P1 Proposal 1: *4.25
- P2 Proposal 2: Not voted on EXAMPLE

Proposals receiving over 50 percent are ranked and passed on to the MRC



MRC voting stops when this threshold is reached. *Note: To pass a vote must be greater or equal to 3.335.

MC Vote

Proposal 1 must receive a super majority to pass at the MC



- P1 Proposal 1 passes — *4.12 EXAMPLE

- PJM stakeholder meetings follow the rules of procedure outlined in Manual 34.
- Any procedure not specified in M34, is governed by Robert's Rules of Order.

Action Desired	How To (at PJM)
Introduce a problem statement	Draft a problem statement, contact the Members Committee Secretary for determination of proper committee for consideration, present to committee Chair/ Secretary for review, present to committee/subcommittee for consideration
Introduce a motion	Motion to ... <ul style="list-style-type: none"> • <i>This is not required if action is coming up from a lower level committee (already considered moved & seconded)</i>
Modify a proposal (friendly)	Move "friendly" amendment or technical correction <ul style="list-style-type: none"> • <i>If proposal came from lower group, any member can object to amendment being "friendly"</i> • <i>If proposal came from floor, mover & seconder determine if "friendly" or not.</i>
Modify a proposal/ alternate (not friendly)	If the modification was determined not to be friendly, the proposer may move proposal as an alternate motion A proposal that received greater than 50 percent support at a lower committee (but was not the proposal with the highest support) will be considered as an alternate proposal and is not required to be moved or seconded



Additional Resources and References

Stakeholder Process Calendar

New Member Quick Guide

At a Glance: The PJM Stakeholder Process

Stakeholder Process Forum

Committee Meetings

PJM Learning Center

The screenshot shows the PJM Learning Center interface. At the top, there are navigation tabs: Electricity Basics, Who is PJM?, PJM Structure, Three Priorities, and Energy Innovations. The main content area features a video player titled "WHO'S WHO IN THE PJM CONTROL ROOM" with a play button. Below the video, there are three small thumbnail images: "Electricity Basics", "Who is PJM?", and "Three Priorities".

The screenshot shows the PJM website's "Committees & Groups" page. The navigation bar includes "about pjm", "training", "committees & groups", "planning", "markets & operations", and "library". The main content area is titled "Committees & Groups" and contains a paragraph about PJM interconnection committees and groups. Below the text is a diagram titled "View the PJM Stakeholder Process Groups Diagram" showing a flow from "Members Committee" to "PJM Board of Managers". To the right, there are links for "Learning Center", "PJM Store", and "Member Community", along with contact information: (866) 400-8980 and (610) 666-8980.

- Roles
- Issue Initiation Process
- Mutual Gains Theory
- Consensus Based Issue Resolution (CBIR)
- Cake Example – live practice
- Alternative processes
- Annual work planning process
- Getting Involved

PJM Stakeholder Affairs
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