



PJM Interconnection, LLC
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December 20, 2023

Re: Electric Distributor Sector Meeting

Dear Members,

As you may be aware, the PJM Board has agreed to conduct closed session meetings between representatives of the PJM Board and each individual sector in an effort to foster elevated and strategic communications. To this end, at 4:30 p.m. on December 5, 2023, independent PJM Board members Terry Blackwell (remote), Charles Robinson (remote), Mark Takahashi, and President and CEO Manu Asthana met with executive leadership and other representatives from the Electric Distributor Sector. See Attachment A (the “Participants”).

At the outset of the meeting, PJM’s General Counsel Chris O’Hara reminded attendees of the following principles governing the meeting:

1. The meeting is conducted in accordance with PJM’s Antitrust Policy and Codes of Conduct, including specifically the Addendum to the Board Code of Conduct;
2. The purpose of the meeting is for the Board representatives to listen to comments from the sector;
3. Discussions will be confined to the agenda and remain at a strategic and educational level, and shall not address matters pending before the Board; and
4. The meeting is ex parte, and PJM will disclose briefly, by public posting on its website, the agenda and topics discussed promptly following the meeting.

Meeting Agenda Topics and Summary of Discussion:

1. PJM’s Proactive Engagement With Key Policymakers – The Participants shared their perspective that the industry is currently experiencing many challenges, including changing technologies, extreme weather, electrification of load, retirements, regulatory and environmental changes, and increased reliance on gas generation. The Participants stated that ensuring regulators and legislative bodies have access to accurate information to inform their policies is critically important. According to the Participants, PJM is in a unique position to speak as an unbiased authority on behalf of the industry as a whole and has the responsibility to engage in discussions with regulatory and legislative bodies. The Participants requested that PJM be more proactive in participating in such discussions and serving as an information source for regulators and lawmakers, as well as better communicating such activities by PJM to stakeholders. In addition, the Participants requested that PJM’s message to key policymakers caution against making too many changes too quickly. The Participants further requested that PJM consider how to prioritize initiatives within the stakeholder process to assist stakeholders in managing their resources, especially since many Participants are also engaging with their respective policymakers.
2. Reliability Must-Run (RMR) Arrangements and Deactivating Resources – The Participants expressed support for a holistic approach to market reform, rather than a reactionary approach and questioned the performance of PJM’s Reliability Pricing Model to send the price signals needed for maintaining investment in resources. The Participants further encouraged stronger forward-looking planning to address deactivating generation resources. The

Participants expressed concern about the significant RMR costs that they anticipate will flow to load and the negative impact of RMR agreements on the effectiveness of market signals. According to the Participants, PJM should develop market reforms to better account for anticipated generator retirements within the PJM transmission planning process. The Participants shared their view that solutions should focus on mutual gains for all sectors, rather than resulting in winners and losers. Finally, the Participants indicated that the Brandon Shores retirement scenario warrants further review as a case study for any potential lessons learned.

3. Credit Policies and Risk Management Issues – The Participants expressed concern about the high credit requirements for participation in the Financial Transmission Rights (FTR) Market by load serving entities. The Participants explained that their participation in the FTR Market focuses on hedging congestion. As a result, the Participants' business models are different than the business models of FTR traders. The Participants requested that PJM reevaluate the credit requirements because meeting FTR credit requirements involves a large capital commitment, and access to capital is challenging in the current economic environment. The Participants also expressed concerns about possible credit requirements related to bilateral capacity market transactions. The Participants also expressed support for the November 28, 2023, letter from the Organization of PJM States, Inc.
4. Electric-Gas Coordination – The Participants stated improving the performance of natural gas supply for gas-fired generation should be a key priority. The Participants urged PJM to focus on gas-electric coordination, individually and in collaboration with other regional transmission organizations and independent system operators. The Participants requested that the Board direct PJM to fully evaluate and implement any recommendations with PJM's authority that are set forth in the Federal Energy Regulatory Commission's and North American Electric Reliability Corporation's joint report following the inquiry into system operations during Winter Storm Elliott. The Participants also requested that PJM assume a more proactive and visible approach regarding the issue of electric-gas coordination before regulators and legislators.

The meeting concluded approximately 1.5 hours after its start.

Sincerely,

/s/ Vasiliki Karandrikas

Vasiliki ("Vicki") Karandrikas
Assistant Secretary

Attachment A

Organization	Attendee
American Municipal Power	Jolene Thompson, President/CEO (remote)
	Lisa McAlister, Senior Vice President and General Counsel for Regulatory Affairs (remote)
	Steve Lieberman, VP, Transmission and Regulatory Affairs
	Lynn Horning, Director of PJM Regulatory Affairs
Buckeye Power	Kevin Zemanek, Assistant Vice President, Operations, remote
Indiana Municipal Power Agency	Kyle Brouillette, Senior Vice President, Market Operations and Planning
Michigan Public Power Agency	Patrick Bowland, CEO (remote)
	Bob Lalonde, Director of Energy Supply and Market Operations
North Carolina Electric Membership Corporation	Charlie Bayless, General Counsel (remote)
	Michael Youth, Associate General Counsel (remote)
Northern Virginia Electric Cooperative	Gil Jaramillo, Vice President, Power Supply
	Rory Sweeny, Principal PJM & FERC Regulatory Lead
Old Dominion Electric Cooperative	Bill Pezalla, Vice President, Regulatory Affairs
Public Power Association of NJ	Brian Vayda, Executive Director (remote)
Southern Maryland Electric Cooperative	John Rohrbach, Executive Director, Regulatory Strategy (remote)