



Mark Takahashi  
Chair, PJM Board of Managers

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**VIA Electronic Delivery**

May 31, 2024

Dear Stakeholders,

The PJM Board of Managers (PJM Board) would like to thank all stakeholders for their feedback related to moving the PJM Regional Transmission Expansion Planning Protocol (Planning Protocol) from the PJM Operating Agreement (OA) to the Open Access Transmission Tariff (Tariff) and the various transmission owner proposed revisions to the Consolidated Transmission Owners Agreement (CTOA).

This has been one of the more challenging issues that the PJM Board has addressed in recent memory in that it presents questions that are beyond the substance of PJM planning, markets and operations. It presents governance questions and, specifically, a question around who ultimately has responsibility for regional transmission expansion planning within the PJM region. The PJM Board has spent significant time considering this matter. We listened to feedback at the February 27 Members Committee and during the PJM Annual Meeting. We thoroughly considered all materials submitted by stakeholders. Throughout this effort, we have also requested substantial information from PJM staff to assist in our deliberations.

PJM has expressed its understanding that we are currently in an energy transition due to the changing nature of our generation mix and has been vocal about its desire to ensure a reliable and cost-effective energy transition. PJM has been active with this messaging within stakeholder processes, in every state capitol in the footprint and in Washington D.C. In each of these venues, especially our governmental venues, PJM is often asked how it will ensure a reliable energy transition. PJM respects the knowledge and perspectives of our Members immensely, but it is PJM that is viewed as the party that is most responsible in the footprint for ensuring a cost-effective and reliable energy transition. It is a responsibility that PJM takes very seriously as PJM is accountable not only to our Members and governmental entities, but also to the 65 million consumers in our footprint. These consumers rely on PJM each and every day, knowingly or unknowingly, to support the simple act of flipping a switch to have the lights turn on. We should note that these consumers are also relying on many of our Members as well, but responsibility for planning the bulk transmission system in the PJM footprint resides with PJM.<sup>1</sup>

As such, PJM will need every tool that it can utilize in order to meet this responsibility. It has become very clear that PJM will need to be more proactive and nimble in its planning efforts. As has been referenced in prior discussions, most all other ISOs/RTOs (and indeed virtually all other transmission planning public utilities in the United States) have Federal Power Act (FPA) Section 205 filing rights over transmission planning, which allows these entities to independently propose rules to FERC, and perhaps most importantly, receive a reaction from FERC, whether positive or negative, *within 60 days*. The Board views this ability to receive feedback from FERC in a timely manner as strategically important in determining how best to plan the PJM system for the energy transition in the coming years.

As to the transmission owner initiative related to the CTOA – it is in part the vehicle that will be utilized so as to provide PJM with FPA Section 205 rights. The PJM Board did pose to the Members the question of moving the Planning Protocol from the OA to the Tariff, and this proposal was rejected by the Members.<sup>2</sup> As the PJM Board made clear, it had not yet made a determination about whether it would agree to the CTOA revisions at the time it requested the Members Committee vote. The vote was a data point that the PJM Board considered in making its final decision on the CTOA.

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<sup>1</sup> See [as recently as] FERC Order 1920 @ P 306 where FERC stated "...transmission providers retain the ultimate responsibility for transmission planning."

<sup>2</sup> [Supplemental Voting Rights, PJM Members Committee, May 6, 2024.](#)

Separate from the Members Committee vote, we heard feedback from stakeholders related to specific CTOA revisions. Based on that feedback, the Board subsequently sought further analysis from PJM staff as well as conducted its own due diligence on the specific CTOA revisions. The Board also conducted due diligence on FERC Order 1920 to determine whether that Order conflicted at all with the CTOA revisions. That Order, to the best of our knowledge, neither conflicts with the CTOA revisions nor diminishes the need for PJM to obtain FPA Section 205 filing rights. As a result of this fulsome review, the Board concluded that, on balance, the proposed CTOA changes are reasonable.

Accordingly, the PJM Board has instructed PJM to proceed with this effort to move the Planning Protocol from the OA to the Tariff. CTOA revisions must be made to effectuate the move, and the package of revisions that are currently contemplated are a reasonable set of revisions to accomplish this transfer. As PJM has stated many times, having FPA Section 205 rights will not curtail stakeholder discussion of planning matters – never has it been more important to have stakeholders weigh in on the issues before us. But should Member consensus be unattainable, having FPA Section 205 rights will allow for PJM to still move forward with an FPA Section 205 filing with FERC, and in turn, receive a timely reaction from the Commission on a given planning rule change. This will better position PJM to continue to fulfill the reliability needs of consumers as we advance through this energy transition.

We thank you for your attention to this matter. To note, this correspondence is meant to be responsive to all stakeholder letters received by the PJM Board on this matter.

Sincerely,

Mark Takahashi  
Chair, PJM Board of Managers