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December 19, 2022

Re: Generation Owners 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 8:30 a.m. on December 7, 2022, independent PJM Board members Margo Loebel, David Mills, Mark Takahashi, and President & CEO Manu Asthana met with executive leadership from the Generation Owners Sector. See Attachment A (the "Participants").

At the outset of the meeting, the undersigned, PJM's General Counsel, reminded attendees of the following principles governing the meeting:

1. The meeting is conducted in accordance with PJM 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. Market Design – The Participants offered perspectives on the resources and products that may be needed to support the acceleration of retirements, the addition of intermittent resources, and changing consumer preferences. The Participants expressed concerns that the price signals are not adequate to support new resources and may adversely impact the reliability of the bulk power system. The Participants further discussed PJM's role in facilitating state energy policies. The Participants encouraged PJM to work with the states on understanding the resource adequacy and reliability needs of the system. The Participants implored PJM to provide additional research and reports in this area, together with a proposal on products necessary to maintain reliability. With respect to the capacity market, the Participants expressed concerns that the capacity market is not being allowed to function due to nontransparent models and assumptions used in the mitigation of offers and inability of market sellers to reflect the cost of operational risks. The Participants explained how the loss of investor confidence is already impacting the existing thermal resources, and accordingly will lead to resource adequacy and reliability concerns.
2. Planning – The Participants expressed concerns that PJM's limited view on planning only for reliability needs will not provide for the safe and reliable operation of the bulk power system in the future given the magnitude and speed of forthcoming changes. The Participants encouraged PJM to take a more informed view of the anticipated future state in order to provide greater notice of system needs so that the markets

can respond appropriately and develop the necessary products. The Participants expressed appreciation for PJM's efforts to model and communicate reliability risks and requested that PJM continue its efforts in this area. In addition, the Participants further expressed concerns regarding whether current PJM planning criteria properly account for the potential for extreme weather conditions and requested that PJM examine whether there are additional approaches to plan for such extreme weather that should be considered.

3. Administrative Processes – The Participants explained that the effectiveness of the stakeholder process will be critical to meeting energy transition and decarbonization goals. The Participants offered perspectives regarding how the process has worked to date on important market design changes and how to best utilize the process on the array of significant market design and planning changes that may be required in the future. The Participants communicated concerns regarding whether all stakeholders evenly wear the risks of reliable operation and whether the role of some stakeholders is disproportional.

The meeting concluded approximately 1.5 hours after its start.

Sincerely,

/s/ Christopher C. O'Hara

Christopher C. O'Hara  
SVP, General Counsel

**Attachment A**

| <b>Organization</b>        | <b>Attendee</b>   |
|----------------------------|---|
| Calpine                    | Andrew Novotny, EVP & COO   |
| Cogentrix                  | Matt O'Connor, Managing Director and Head of Carlyle Power Partners                       |
| Constellation              | Joseph Dominguez, President and CEO   |
| Competitive Power Ventures | Sherman Knight, President and Chief Commercial Officer                                    |
| Talen Energy               | Ralph Alexander, Executive Chairman of the Board of Directors of Talen Energy Corporation |
| LS Power                   | Nathan Hanson, President  |
| Leeward Energy             | Jason Allen, CEO  |
| NRG Energy                 | Chris Moser, EVP, Head of Competitive Markets & Policy                                    |
| Vistra                     | Stacey Doré, Chief Strategy & Sustainability Officer, EVP of Public Affairs               |