



RE: April 8, 2015 Liaison Committee Final Agenda

Dear PJM Board of Managers:

I am pinch-hitting for Katie Guerry who, on April 7, gave birth to a daughter. Mom and Lilly are doing well.

The Sector Representatives have reviewed your response to our suggested topics for the April 21 Liaison Committee meeting. As always we appreciate your input and have established the following agenda:

1. **Opening Remarks (15 minutes).** In keeping with your suggestion we ask that the Board focus its brief remarks on the topic of **PJM Corporate Goals**. A high-level presentation of the corporate goals; how they are established, and how they impact PJM's efforts and resource allocation, will help stakeholders focus on efforts and contributions with the Board's view of the future in mind. As time permits, **Feedback on Discussion at February LC on Decision Making Process and Stakeholder Consensus Building** where the Board has specific feedback would also be appreciated.
2. **FTRs, ARRs and Revenue Adequacy (approximately 30 minutes).** The Sector Representatives would like to discuss the Board's and our expectations of next steps and the future. This is a topic that has garnered significant stakeholder and PJM efforts for more than four years without notable stakeholder consensus, and the Sector Representatives believe the time is ripe for a Board level discussion specific to this topic as the most recent stakeholder process is close to conclusion.
3. **Price Formation (approximately 25 minutes)** A discussion of price formation in the PJM markets, specifically guided by addressing the PJM models in the Day Ahead and Real time markets, the Cost Development Manual, and the Energy Market Offer Cap, is something the Sector Representatives look forward to discussing with the Board. We are mindful of the attention this topic has received at FERC and the pending actions expected (Price formation in Energy and Ancillary Service Markets, AD14-14), therefore the LC believes it appropriate to structure the conversation around market rules and operator discretion, including whether real-time LMPs are sufficiently transparent to market participants, and a discussion of PJM actions in pursuit of proper price formation to date, as well as a discussion of best practices learned from other RTOs.
4. **The Role of Financial and Virtual Products in PJM Markets and the Impact of Regulatory Stability (approximately 20 minutes).** We believe this topic should stand as a separate item. The Sector representatives look forward to a discussion of these

specific products, the role that they play in the PJM markets, their value to the PJM markets, and the impact of regulatory stability or the lack thereof.

5. **Joint and Common Markets (approximately 25 minutes)** Given the report due from PJM to the FERC just prior to the April LC, we believe an agenda item dedicated to the efforts of PJM on addressing joint and common markets and seams issues to date will provide an important opportunity to gather the Board's and stakeholders perspectives.
5. **Closing remarks (5 minutes).**

We look forward to another productive Liaison Committee meeting. The time and attention that each of you devote to our discussions is greatly appreciated.

Sincerely,

/s/ Jim Jablonski, Chair  
PJM Members Committee