

PJM Stakeholder Process Training



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May 31, 2024



Fundamentals of the Stakeholder Process

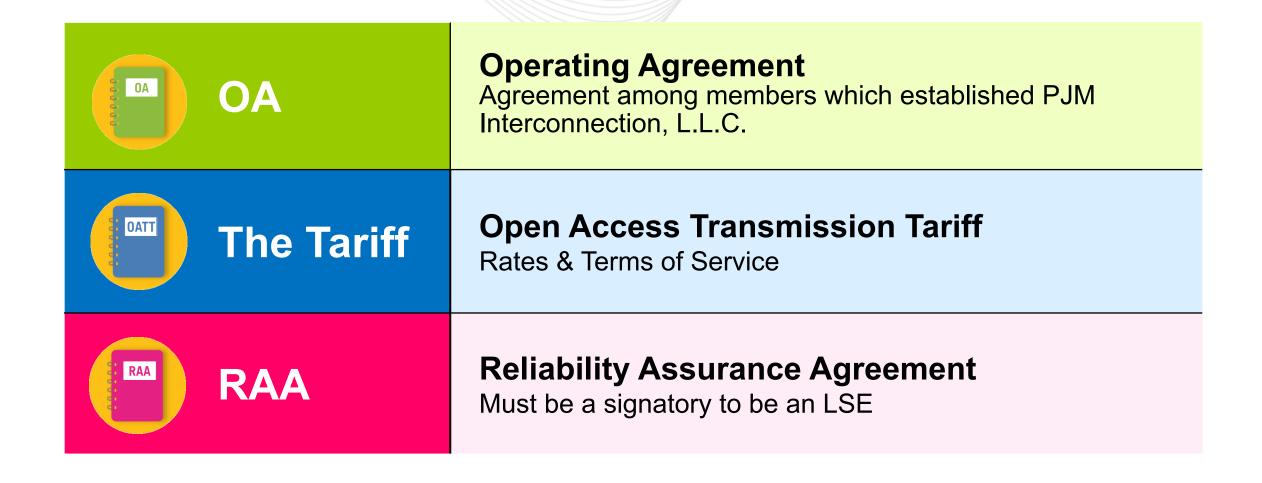
- PJM and Governing Documents
- Governance Structure, Membership and Sectors
- Stakeholder Process Overview
- Consensus Based Issue Resolution (CBIR)
- Decision Making and Rules of Procedure
- Additional Resources and References



PJM and Governing Documents



PJM & the "Big 3" Governing Documents





Operating Agreement – **OA**



HIGHLIGHTS

- 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		18	Confidentiality Rules (section 18.17)		



Open Access Transmission Tariff – OATT

Of Particular Interest:



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

ARTICLES:		ATTACHMENTS:					
	II	Point-to-Point Transmission Service	DD	RPM	M	Market Monitoring	
	Ш	Network Integration Transmission Service	Н	Zonal Transmission Rates	Q	Credit Policy	
	IV	Generation Deactivation	нн	PJM Settlements			
	VI	New Service Requests	K	Appendix – Energy Market			

SCHEDULES: 9 Administrative Service Fees



Reliability Assurance Agreement - 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

- Forecast Pool Req.
- 5 **Forced Outage Rates**
- DR/EE
- Fixed Resource Req. 8.1



Consolidated Transmission Owners Agreement – 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					



Joint Operating Agreements – **JOA**s



HIGHLIGHTS

- Agreements between PJM and neighboring FERC jurisdictional utilities (e.g., MISO)
- Includes information and data sharing, coordination of power flows between regions, outage coordination, joint operating during emergencies, coordinated transmission planning, and congestion management, etc.



Implementing Documents

MANUALS

Manuals (Energy, Ancillary Services and Capacity Markets, RTEP, Transmission Planning, Accounting & Billing, Admin., etc.)

- Most endorsed by MRC
- PJM responsibility
- M15 & M34 have different path

NON-MANUAL DOCUMENTS

- Congestion Management Protocol
- Regional Practices Document



- 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.





High Level: Who Can File Under 205 & 206?

	OA	TARIFF	RAA	CTOA
Who can amend & under what FPA section	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	 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 	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	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



Independence and Governance Process

Independent Board of Managers

Market Monitor



- Independent Board of Managers
- Stakeholder process provide balanced stakeholder input



Typical Member Types by Sector

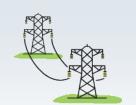
Generation **Owners**

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

Transmission Owners

Members owning transmission within PJM's footprint:



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

Electric Distributors

Transmission-dependent utilities:

Municipal utilities
 Co-operatives



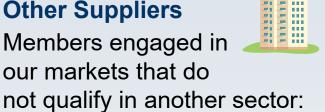
End-Use Customers

End-users within PJM's footprint:



- Large commercial & industrial customers
- Consumer advocates





- 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 Related Processes

1 Sector Selection Process

New members initial selection

→

Existing members sector recertification and change requests

2 Sector Challenge Process

3 Sector Usage

Committee representation (Finance Committee, Liaison Committee, etc.)

Senior standing Committee voting





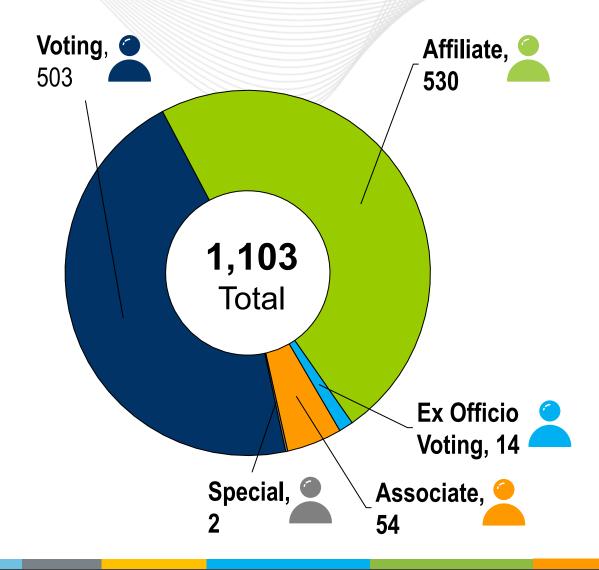
	Voting Members	Affiliate Members	Ex Officio Voting Members	Associate Members
Market Participation				×
Voting Rights				×

Can participate in stakeholder activities and PJM trainings.



Membership Types

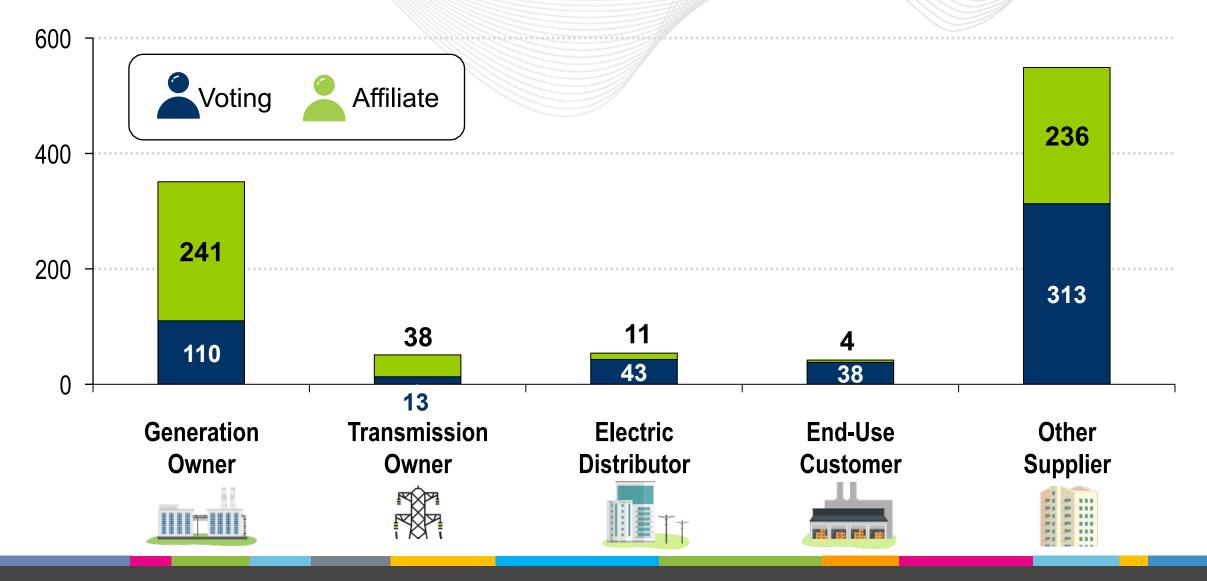
(as of May 30, 2024)





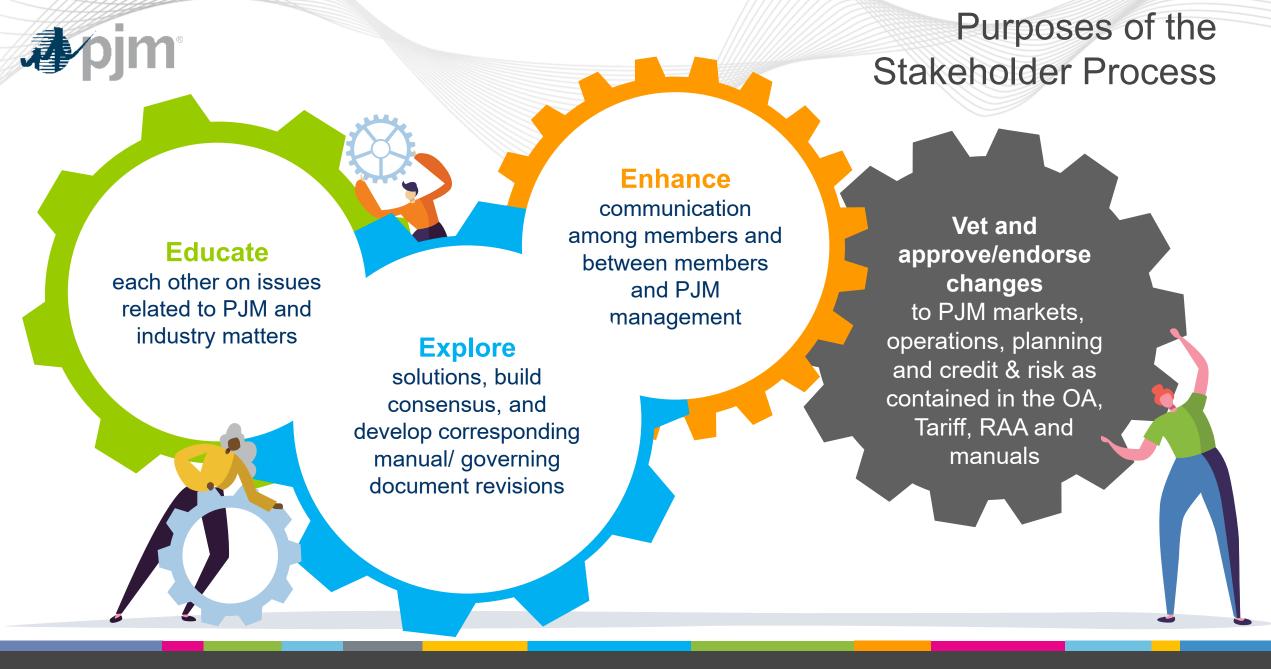
Voting Status by Member Sector

(as of May 30, 2024)





Stakeholder Process Overview





Stakeholders See M34 Section 4.1, 4.3 and 4.4

IMM

OPSI

Media

State & Federal Regulators

Industry Groups

Members

PJM as a Non-member



PJM See M34, Section 4.2

Facilitator/Chair

- Neutral facilitation
- Responsible for process

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Secretary
Organization, logistics,
procedure

Advocates

Advocating for PJM's positions

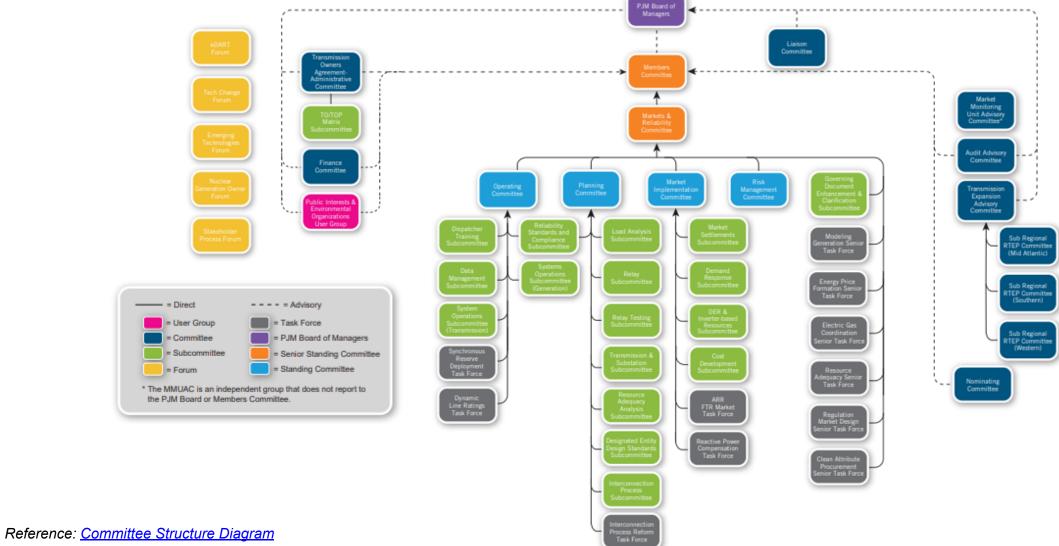
Subject Matter Experts
Providing expertise

PJM wears multi hats – diverse participant with different purposes





Stakeholder Process Groups





Issue Initiation Process



Initiation of New Issues



How is the Issue Identified in the Stakeholder Process?



Initial Screening



Ultimate Decision-Making

External

Source:

- Letter written to PJM/Board
- Order

 Recommendation of which committee should review

 Issue place on committee meeting agenda and present to committee

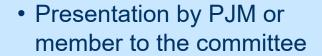
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Committee
approves the issue
and assigns it to an
existing or new
stakeholder group
for work

Or

Committee decides to not take up the issue

Internal



Board Letters to Members

www.pjm.com | Public

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Problem Statement/Charge/Charter

PROBLEM STATEMENT

ISSUE CHARGE

CHARTER

A clear statement of the problem to be solved or the opportunity to seize and why it warrants considerations.

Includes:

- Objectives of the group
- Expected Overall duration
- Milestones and Deadlines
- Assignment of the Issue
- Decision-making method

New charters are only required for the creation of new standing committees and subcommittees.

PARENT

- Approves Issue Charge
- Approves charter update (if necessary)

 Approves modifications to Issue Charge/ charter Provides feedback Sunset Group

COMMITTEE

Develop work plan

Implement CBIR

Reports:

- Milestones
- Status of deliverables
- Key issues/sticking points
- Recommended Issue Charge/charter updates

• Final outcomes

Sunset request



Mutual Gains Theory

www.pjm.com | Public 2024





Developed at the Consensus Building Institute, with Larry Susskind, MIT professor

Process model based on hundreds of real-world cases and experimental findings

Reference: The Consensus Institute, CBI

- Four steps for negotiating better outcomes while protecting relationships and reputation
- Central tenet parties typically have more than one goal or concern in mind and more than one issue that can be addressed in the agreement they reach
- Allows parties to improve their chances of creating an agreement superior to existing alternatives
- Emphasizes careful analysis and good process management
- Mutual Gains approach is not the same as "Win-Win"



Mutual Gains is the foundation of CBIR

The Mutual Gains Approach

The CBIR Approach



1 Prepare		derstand/identify interests and BATNAs of ticipants	-	1	Investigation & Education
2 Create V	31110	olore possible solution options and develop ution package based on identified interest	-	2	Options & Proposals
Distribut	WWD	igh options and use objective criteria	-	3	Narrowing & Decision-Making
4 Follow T	nralian	luding a means to monitor commitments discrete keep communication open	-	4	Reporting > Implementation

Reference: The Consensus Institute, CBI



Consensus Based Issue Resolution (CBIR)



Stakeholder Process Overview

Problem Investigation

Proposal Development

Decision-Making Report to Standing Committee



Consensus Based Issue Resolution: Process

1 Problem Investigation

- Develop and maintain a work plan
- Agree on roles, responsibilities, deadlines and goals
- Develop list of topics for coverage
- Describe and document existing operations and procedures
- Determine whether any information necessary to do the work is missing
- Explore and consider "best practices"
- Determine whether outside expertise or assistance may be needed



Consensus Based Issue Resolution: Process

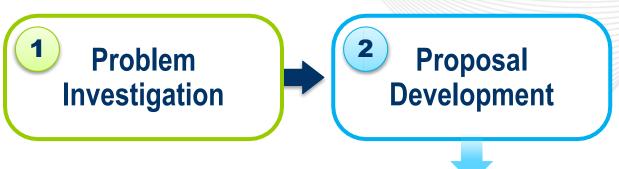
1 Problem Investigation

Identify Interests

- Ask participants to communicate the importance of the issue to their organization
- Ask participants to share the most and least important interests in regard to the issue
- Consolidate responses
- Batch and present visible themes



Consensus Based Issue Resolution: Process



Brainstorm solution options and proposals using a two-step process

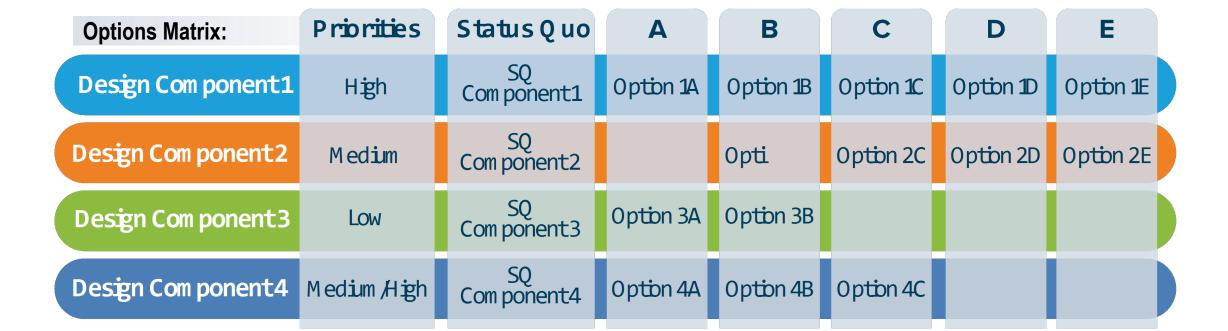
Step 1: Options Matrix

- Develop design components
- Identify priority level
- Propose solution options
- Evaluate and narrow down options ("winnowing")



Problem Investigation





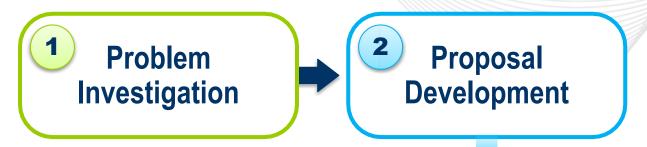




Step 2: Proposal Matrix

- Discuss development of proposals (packages), encouraging broad stakeholder proposals
- Use solution option for each package
- Identify similarities and differences
- · Prioritize, refine and consolidate as best as possible





	Priorities	Status Q uo	Proposal	Proposal	Proposal	Proposal
Proposal Matrix:			Α	В	С	D
Design Com ponent1	Medium Æigh	SQ Com ponent1	SQ Component1	Option 1A	Option 1E	Option 1E
Design Com ponent2	Medium	SQ Com ponent2		Opti	Option 2D	Option 2D
Design Component3	Low	SQ Component3	SQ Com ponent3	Option 3B	Option 3A	Option 3B
Design Com ponent4	H i gh	SQ Component4	Option 4A	Option 4C	Option 4C	SQ Com ponent4





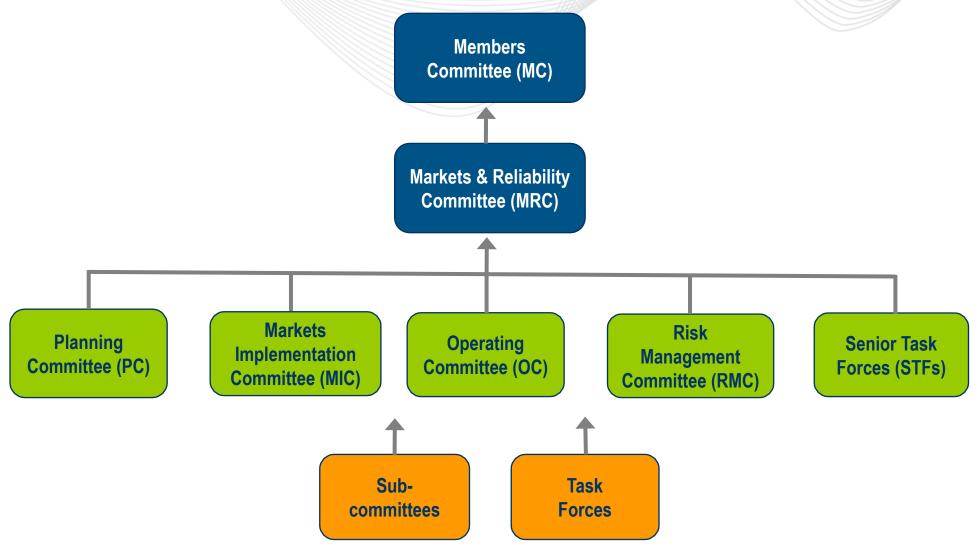
- Use polling and voting to narrow and gauge support for options and proposals
- Negotiate and build consensus
 Tier 1: Achieve consensus on a single proposal that all parties accept with no objections
 - **Tier 2:** Provide 2—3 alternatives when consensus is not obtained under the Tier 1 approach
- Vote at parent committee and up the committee hierarchy as needed



Introduction to Decision-Making in the PJM Stakeholder Process



Three Types of Decision-Making Methods





Subcommittees & Task Forces*				
Decision-Making Methodology	 Non-binding polling may be used to gather stakeholder feedback Strive for consensus (Tier 1) If no consensus achieved, produce multiple proposals (Tier 2) 			
Who Can Respond	Voting Members and Affiliates Ex Officio Voting Members Non-members			
Threshold for Endorsement	 Tier 1: All members can live with the proposal Tier 2: At least 3 supporting voting members from 2 sectors 	Sector-Weighted Voting: No		
What moves up to the Parent Committee?	 All proposals meeting the threshold are forwarded to the parent committee If a consensus proposal cannot be forwarded to the parent committee, multiple proposals are narrowed down 			

^{*}Not including Senior Task Forces or Subcommittees reporting to the MRC



Voting at Groups Reporting to the MRC

Lower Level Standing Committees (PC/MIC/OC/RMC), Senior Task Forces, and GDECS*			
Decision-Making Methodology	 Strive for consensus (Tier 1) If no consensus achieved, vote on multiple options (Tier 2) 		
Who Can Vote	Voting Members and Affiliates Ex-Officio Voting Members		
Threshold for Endorsement - 50% (simple majority) support AND - 50% preference over status quo		Sector-Weighted Voting: No	
What moves up to the Parent Committee?	 All proposals that receive simple majority support and are preferred over the status quo by greater than 50% are forwarded to the MRC in rank order. 		

^{*}Governing Document Enhancement & Clarification Subcommittee (GDECS) is also a voting group reporting to the MRC



Voting at Senior Standing Committees

Members Committee (MC) and Markets & Reliability Committee (MRC)			
Decision-Making Methodology	 Vote on main motion first If that does not pass, then vote in motion voting order until a motion passes or there are no more options to consider 		
Who Can Vote	Voting Members Ex-Officio Voting Members		
Threshold for Endorsement	 2/3^{rds} threshold. Sector-Weighted Vote threshold = 3.335 / 5 For a limited number of issues such as Charter approvals, Issue Charges, and elections, the threshold is ½, or a Sector Weighted Vote of 2.5 / 5 	Sector-Weighted Voting: Yes	
What moves up to the Parent Committee?	The first motion voted on that receives MRC endorsement is forwarded to the MC as the main motion.		

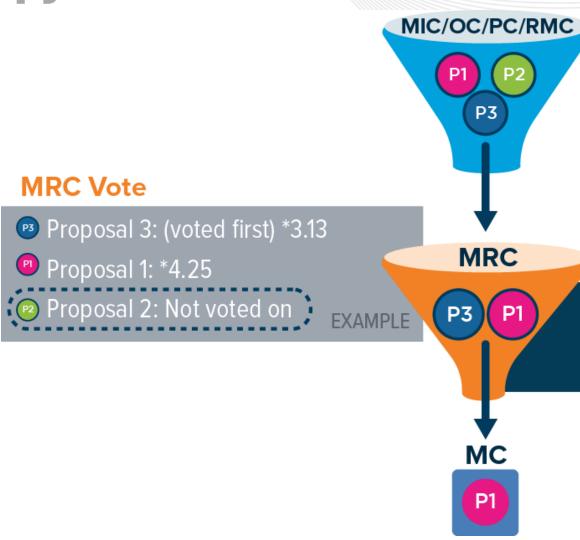


Sector-Weighted Vote Calculation Example

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

Proposal 1 = 68%
Proposal 2 = 45%
Proposal 3 = 90% EXAMPLE

Proposals receiving over 50 percent for simple majority and preference over status quo are ranked and passed onto 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

Proposal 1 passes — *4.12 EXAMPLE



Summary of Decision-Making Rules

- Sector-Weighted Voting
- 2/3^{rds} threshold with truncated voting rules
- Voting only by PJM Voting and Ex Officio Members

Members Committee

Markets & Reliability Committee

- Two thresholds: 50% simple majority and preference over status quos
- Voting, Ex Officio and Affiliate Members are eligible to vote

Markets
Implementation
Committee

Risk
Management
Committee

Planning Committee

Operating Committee

Senior Task Forces

- Non-binding polling used instead of voting
- All stakeholders may participate in polling

Subcommittees

> Task Forces

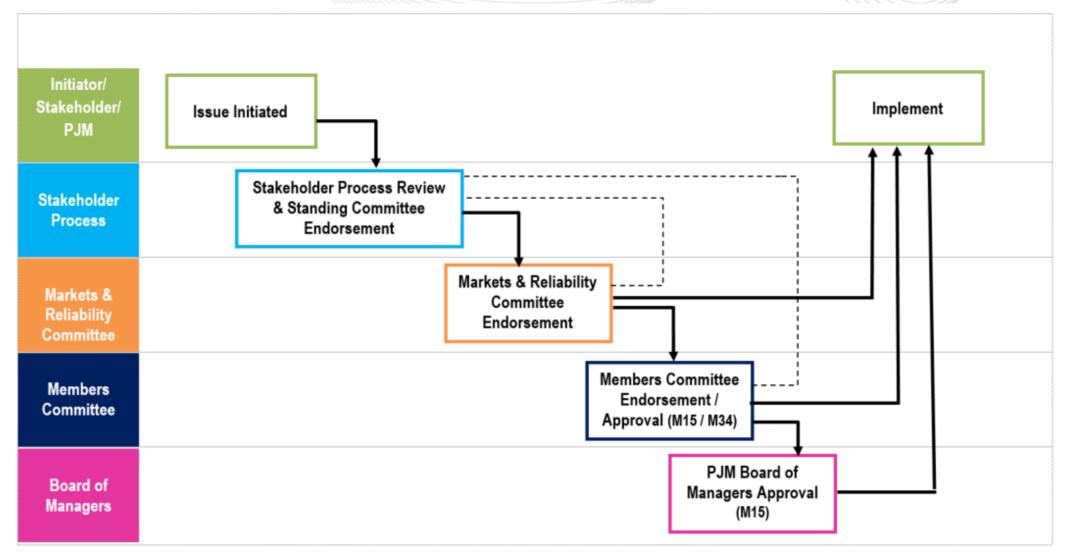




- The task force or subcommittee is required to provide periodic updates and a final report to the parent committee
- Updates should include progress on milestones and deliverables
- The final report will detail all the of steps used in the evaluation process including the proposed solutions

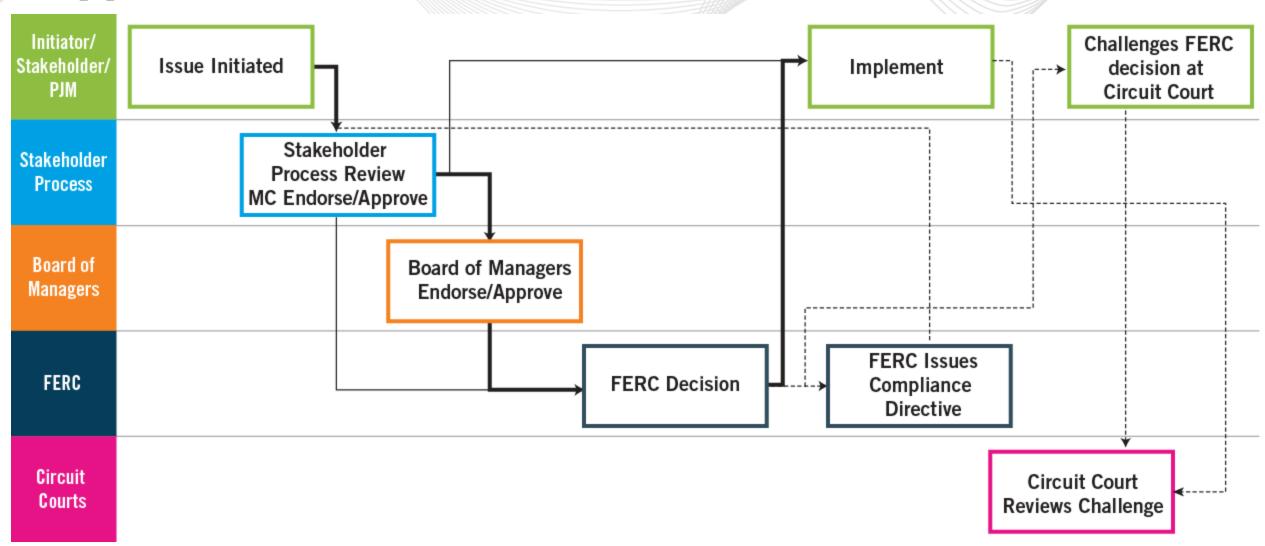


Manual Change Process





Governing Document Change Process

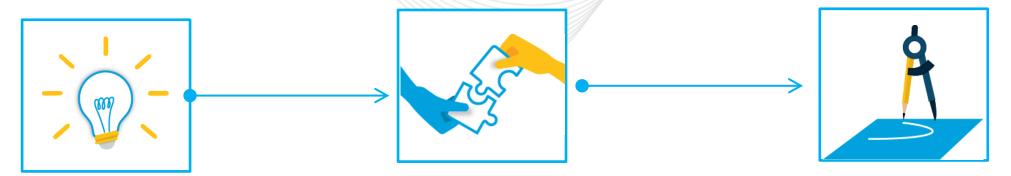




CBIR Process Illustration: Cake Model



The Situation



The PJM Planning
Committee decides that
PJM and the members
should develop a recipe
for a cake to serve at a
special event.

The PJM Planning Committee reviews a Problem Statement and approves an Issue Charge, and since there is no preexisting group that handles cake recipes, establishes a new Cake Task Force (CTF).

PJM assigns a facilitator and secretary, identifies SMEs, coordinates logistics, schedules the first meeting, and off we go.



Step 1: Investigation & Education

Step 1A: Review the Problem Statement, Issue Charge, and develop a work plan

Step 1B: Educate and perform joint fact finding

Step 1C: Identify interests





Live CBIR Matrix Practice



Alternative Stakeholder Processes

- Enhanced Liaison Committee (ELC) formal process that creates coalitions to present to the PJM Board for decision
- Critical Issue Fast Path (CIFP) streamlined formal process, using the matrix, education, proposals, presentations to the Board and voting at the MC
- Quick Fix brings the solution along with the problem for straightforward issues
- CBIR Lite creates a subgroup of a standing committee with no voting authority
- User Groups Stakeholder group formed by five or more voting members sharing a common interest; minority protection



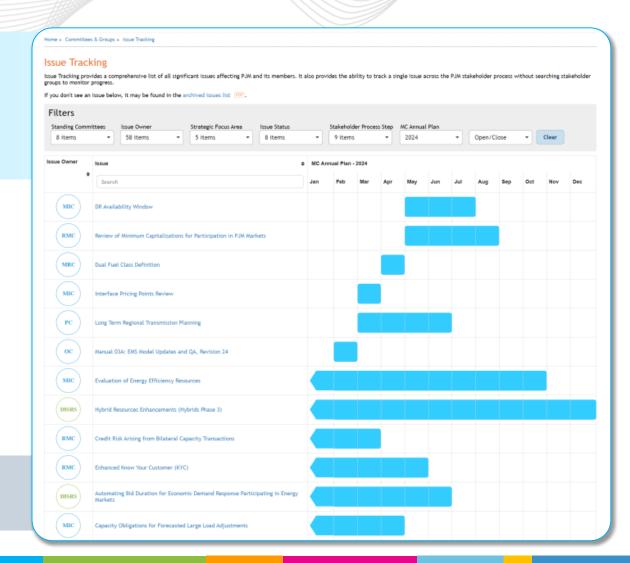
Annual Work Planning Process

The objective of the annual plan is to document the work to be completed in the coming year

The annual plan should be used where prioritizing issues in the stakeholder process

The plan will include issues likely to result in proposals to the Members Committee for approval

Issues Tracking on pjm.com offers current, searchable updates





Rules of Procedure



Rules of Procedure: Stakeholder Meetings

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





- Any Member may propose one or more amendments or technical corrections.
- The amendments must be must be germane to the specific issue.
- The amendments do not require a second.
- An objection can be registered to the proposed amendments
 - If not objected to, the amendment will be incorporated
 - If objected to, it can be moved as an alternative motion



- Alternate motions require a mover and a second.
- The alternative motion must be must be germane to the specific issue and must be related to a discussion area that was vetted in the earlier CBIR process.
- Motion Voting Order
 - Main Motion followed by amendments/alternative motions in the order received
 - Truncated voting rules apply



Getting Involved



Getting Involved

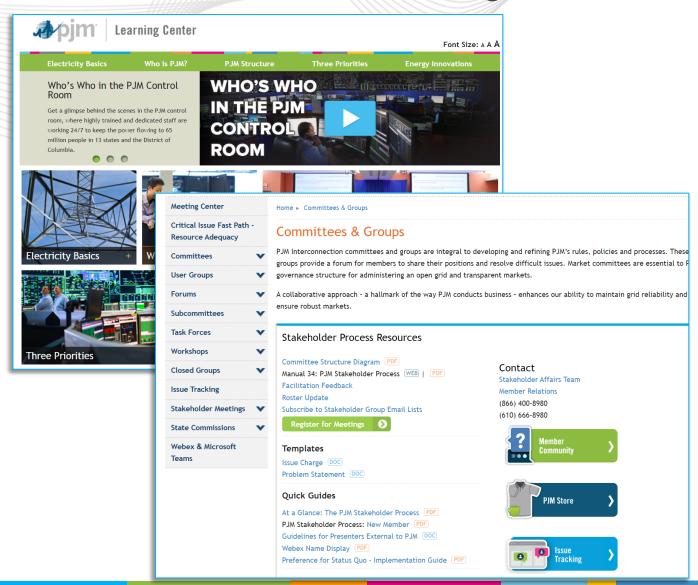
Stakeholder Process Forum PJM Learning Center

New Member Quick Guide

Committee Meetings

At a Glance: The PJM Stakeholder Process

Stakeholder Process Calendar







Voting Support Team Voting_Support@pjm.com



Member Hotline

(610) 666-8980

(866) 400-8980

custsvc@pjm.com



Appendix

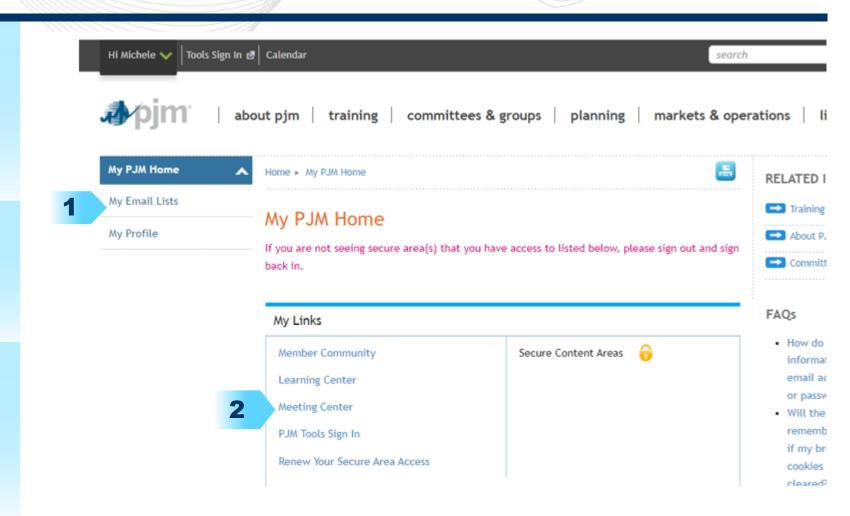


Getting Involved

Join email distribution lists to receive all future emails regarding this group

2 Register for meetings in Meeting Center

Join the roster for groups of interest (required for voting representatives)

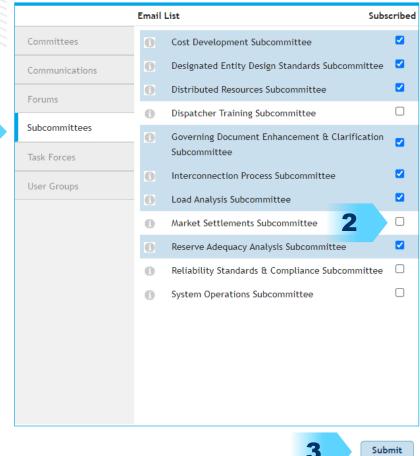




Email Subscription

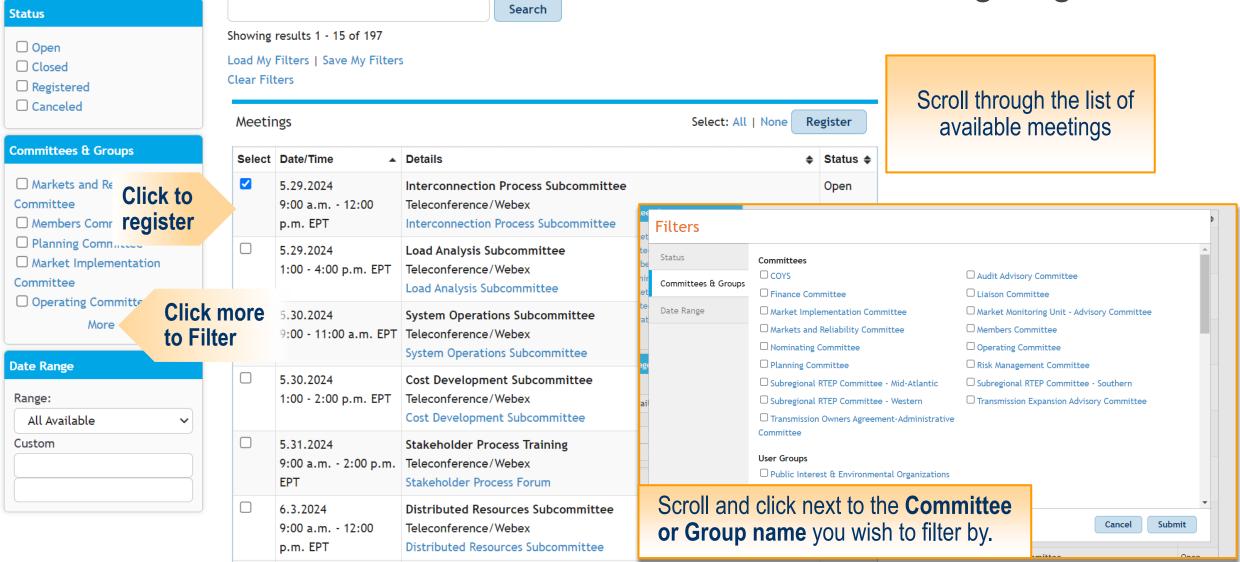
Select a Category to see the available Stakeholder Groups within that category

- Select the Stakeholder **Groups** that you would like to subscribe to receive emails from
- **Click Submit**



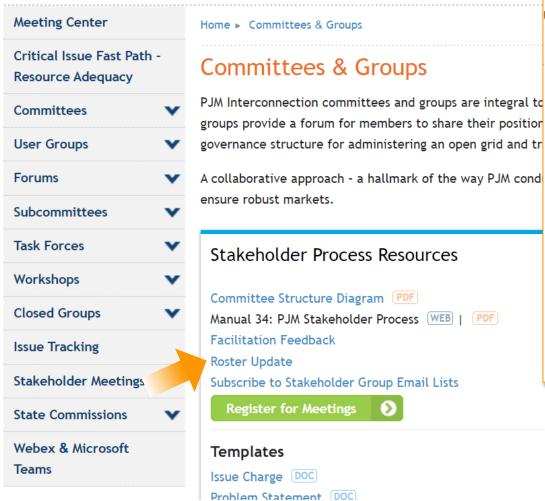
Meeting Center

Meeting Registration





Roster Update Form



committees & groups training planning markets & ope ut pjm Home ► Committees & Groups ► Committees ► Roster Update Form Roster Update Form Roster update requests must be made through the Roster Request form in PJM's Voting Application. This includes requests to add or remove yourself from PJM stakeholder group rosters. Your request will be directed to your company's Roster Manager. Four representatives are permitted on each committee ro Update roster members using the available for selection, please contain Roster Update Form. to that groups roster. Secretary and Each member company can name up to four each group's webpage. representatives, including one primary and To manage your email lists subscripti three alternates.

- Individuals authorized to vote on behalf of the member company must be included on the roster.
- Rosters also provide contact information for other involved stakeholders.