



Organization of PJM States, Inc. (OPSI)

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June 21, 2022

PJM Nominating Committee
c/o Terry Blackwell, Chair
PJM Interconnection LLC
2750 Monroe Boulevard
Audubon, Pennsylvania 19408

Dear Nominating Committee,

Subject: PJM Board Candidate Selection

The OPSI Board¹ again writes to recommend that the current PJM Board vacancy be filled by an individual who has experience serving on a state public utility commission. Adding this state level experience to the existing Board would be helpful in better understanding the perspectives and concerns of state utility commissions and FERC. Moreover, the perspectives and experiences of such a Board member would assist PJM in achieving its vision to be an industry leader in reliable operations, efficient wholesale markets, and infrastructure development.

Recently, OPSI has been encouraged by the improvement in communication and the positive working relationship between the PJM Board and OPSI. We recognize and appreciate that PJM has made meaningful efforts to facilitate change. The Board vacancy creates yet another occasion to make further strides in this regard. Three particular benefits stand out to OPSI as reasons for including a former state commissioner on the PJM Board.

First, state commissions are skilled at facilitating open, deliberative, and independent decision-making processes. This skill set could only assist PJM with processes and outcomes. In Order

¹ Approved by the OPSI Board of Directors on June 17, 2022 with the following states in support: Delaware PSC, PSC of District of Columbia, Illinois CC, Kentucky PSC, Maryland PSC, Michigan PSC, New Jersey BPU, North Carolina UC, PUC of Ohio, Pennsylvania PUC, Tennessee PUC, Virginia SCC, PSC of West Virginia. Abstain: Indiana URC

No. 2000, FERC took note of PJM's view regarding the benefits of RTOs making decisions that are independent and conducted through extensive stakeholder processes to produce collaborative solutions to market issues. In some respects, the PJM Board, as the ultimate decision-maker for the RTO, functions similarly to state commissions. The Board is designated as an independent entity and is subject to ex parte rules, similar to regulatory commissions. The Board is also presented with stakeholder consensus solutions, much like stakeholder settlements at the state level. In addition, after weighing the perspective and impact on various stakeholders, the Board has the ultimate authority to determine an appropriate path forward. However, in some significant respects, the PJM Board operates differently from state utility commissions. The Board does not have an open process in which it examines issues, nor does it routinely provide the justification, written or otherwise, for its decisions. In most cases, the Board refrains from modifying stakeholders' proposals or filing proposals of its own alongside stakeholders' proposals. A person with state commission experience could offer a fresh perspective when the PJM Board weighs stakeholder proposals.

In addition, an increasing number of PJM's proposed rules are challenged at FERC, many successfully. As a result, all stakeholders are impacted by lack of certainty and delay when major issues remain unsettled.

The FERC approval process would be significantly expedited or perhaps simplified if the PJM Board adopted protocols similar to state regulatory commissions. While state commissions certainly encourage parties to resolve contested issues, they must and do explain their rationale for adopting those agreements as a just and reasonable outcome, and at times they modify settled outcomes to ensure that the result is a good policy that complies with the applicable legal standard.

State regulatory commissioners are accustomed to balancing the disparate interests of stakeholders in order to ensure reliable utility service at reasonable rates. Including the participation of an individual with state regulatory commission experience – whether a former regulator or regulator acting in an ex officio member capacity – has been the standard at most RTOs in the country. At least four RTOs currently have former state officials on their boards, and the Chair of the Texas Public Utilities Commission is an ex officio member of ERCOT.

Second, the current FERC Commissioners have recognized the importance of receiving input from state regulatory commissions. Recent examples include the formation of an historic joint FERC-NARUC task force to consider transmission planning and a Notice of Proposed Rulemaking that proposes to give state utilities commissions a substantial role in FERC-jurisdictional transmission planning and cost allocation. The two newest FERC Commissioners, Commissioner Willie Phillips and Commissioner Mark Christie, are former state regulators from the PJM region, and they are emerging as pivotal consensus-builders on the Commission. Commissioner Christie in particular frequently cites to the consent or disagreement of relevant state commissions in explaining his votes. Having a former state commissioner on the PJM Board is also consistent with FERC's practice.

Third, the most important and complex problems currently facing PJM—planning, siting, and paying for transmission—are inextricably intertwined with state jurisdictional issues. The unique

perspective of a former state regulator who understands the concerns and viewpoints of the state utilities commissions within PJM's territory would be beneficial to PJM. Indeed, many of the pressing issues at PJM are a result of, or intrinsically interwoven with, state policies. State utility commissioners have unique perspectives and experiences to contribute.

While OPSI understands that one person or background does not necessarily drive ultimate policy decisions, it would be a welcome change to have a state policy voice in the room when the PJM Board is making decisions. As always, OPSI is open to discussing this issue in person or assisting in any way. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "C. Mitchell".

Charlotte A. Mitchell, President
Organization of PJM States, Inc.

cc: PJM Board of Managers