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# Perspectives on PJM Governance

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## **PJM Governance needs to evolve to support continued reliability and keep up with the pace of change in the industry**

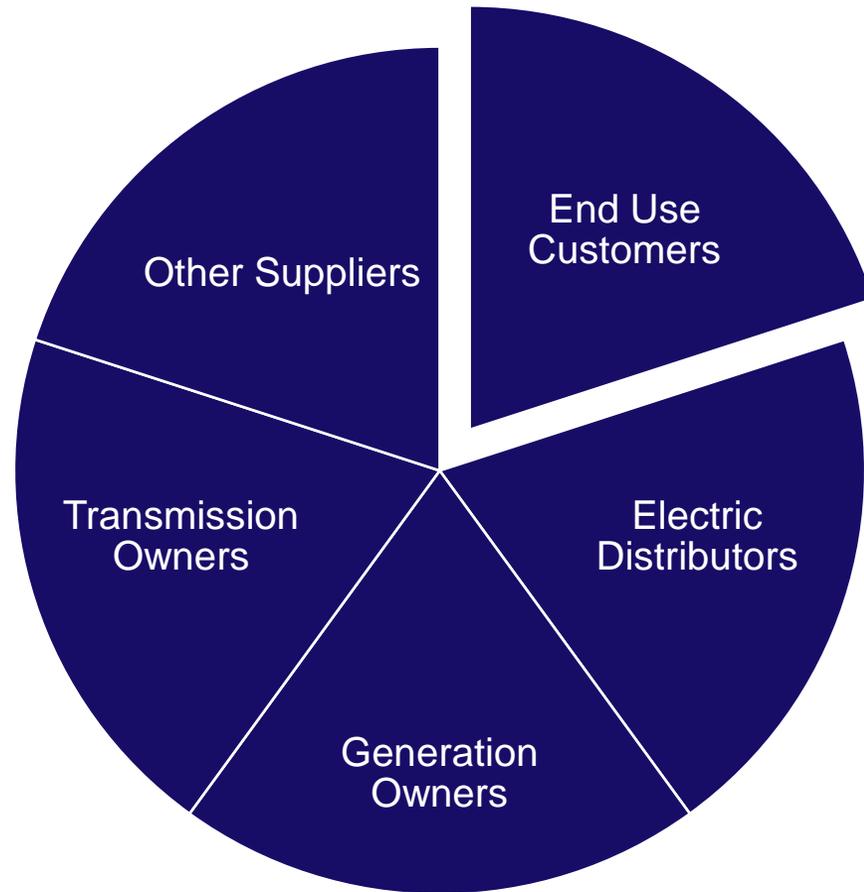
- The PJM stakeholder process does not support PJM's reliability mission and should be changed.
- Stakeholders struggle with reaching consensus on issues related to transmission planning and reliability (i.e. EOL, SATA, DEA, etc.). Ultimate Commission direction on NOPRs may or may not be left to the stakeholder process.
- The rules codifying the Regional Transmission Expansion Plan are erroneously included in Schedule 6 of PJM's Operating Agreement.
- The Consolidated Transmission Owners Agreement (CTOA) is the foundational contract between the PJM Transmission Owners and PJM which outlines the responsibilities transferred to PJM when it was established.
  - Because of the CTOA and the shared reliability mandate, the PJM Transmission Owners have a unique responsibility and relationship with PJM.
  - This contract must be respected, and the stakeholder process should not be used to advance items that create conflict with it.
  - When system outages occur or operating actions are required or other emergent issues arise, PJM leans on the asset owners (TOs and GOs).

# Perspectives on PJM Governance

## **PJM Governance needs to evolve to support continued reliability and keep up with the pace of change in the industry**

- PJM’s stakeholder process is based off an archaic, five sector model, which allows for a few aligned parties to control outcomes to their liking under the guise of the “membership”.
- Exelon has observed a general lack of engagement from PJM members, attempts to thwart needed reliability-based enhancements, members advocating against their interests, and other troubling behaviors in the stakeholder process.
- PJM must have the ability to remain independent and take action when necessary to ensure continued reliability. Exelon supports an examination of PJM’s 205 rights to ensure that they have the ability to act to support near and long-term reliability.
  - Independence is making the right decisions for reliability rather than alignment with “majority”.
- A de-emphasis of the stakeholder process in PJM should be considered.
- Exelon values our relationship with PJM and our state commissioners. We’d welcome the opportunity to continue the dialogue further on these (and any other) issues.
  - Existing State/TO Coordination: Licensing, permitting projects, periodic review of transmission projects, CPCN, transmission policy issues, and physical and cyber security.

# Analysis



As of 9/29/22, there are 1,095 Members in PJM

There are 505 Members eligible to vote at senior standing committees

- End Use Customer: 25
- Electric Distributor: 43
- Generation Owner: 106
- Transmission Owner: 14
- Other Supplier: 317

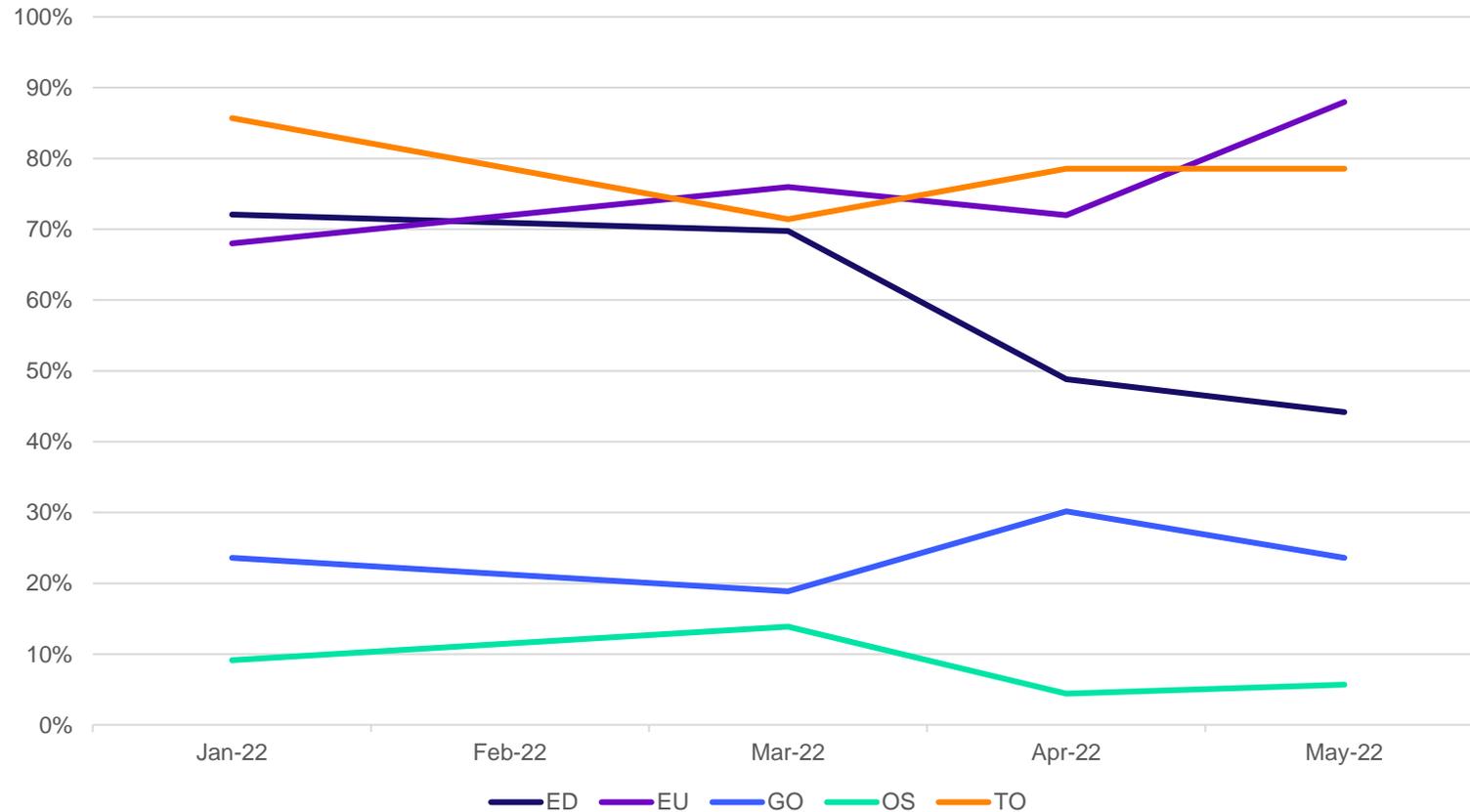
Despite assets at risk and investment in PJM, all five sectors carry the same weight in the sector weighted vote.

- Contrast \$72B of Net Plant Value in Transmission Owner Sector to \$325M of Net Plant Value in Electric Distributor Sector

On average, there have been about 110 Members who participated in the MC in 2022.

# Analysis – Participation Rates

Unique Votes as a Percentage of Eligible Voters in Each Sector



Due to the diverse nature of the generation owner and other supplier sectors, participation rates are lower than the other sectors when unique votes are analyzed as a percentage of eligible voters in each sector.

Analysis is on the first sector weighted vote taken at the Members Committee meeting.

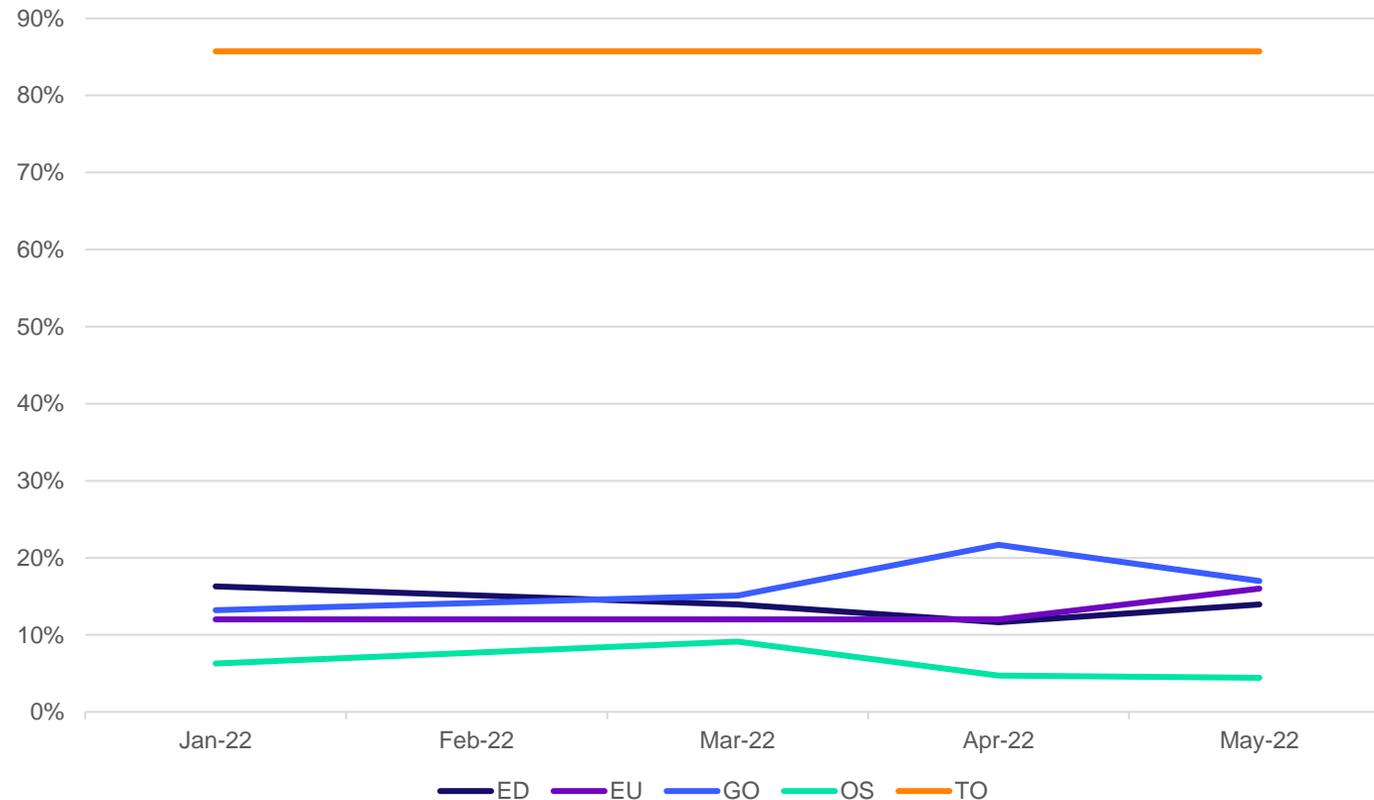
It is possible for a single member's vote to carry the weight of the entire sector and this happened back in 2020.

Unique Votes= # Of Member Companies Casting a Vote in the Sector/Total # of Eligible Member Companies Who Were Able to Cast a Vote in the Sector

**Participation rates in the stakeholder process highlight a lack of engagement across some sectors.**

# Analysis – Voting Concentration

Unique Voters as a Percentage of Eligible Voters in Each Sector



For all sectors but one, there is a lack of diversity in the representatives who are casting actual votes on behalf of PJM Members.

This is due to the many Members who engage in the stakeholder process through a consultant, agent, or a coalition.

Unique Voters= # Of Unique Individuals Casting a Vote in the Sector/Total # of Eligible Member Companies Who Were Able to Cast a Vote in the Sector

**Voting appears to be concentrated amongst few individuals in many sectors, raising concern with potential “stakeholder process market power”.**



**Thank you**

