

Board of Managers Meeting Minutes – Draft

October 2, 2022

A multiple-day meeting of the PJM Interconnection, L.L.C. (PJM) Board of Managers (Board) was convened at the Rittenhouse Hotel at approximately 6:45 p.m. on October 2, 2022.

The following Board members were present, constituting a quorum:

- Mark Takahashi, Chair
- Manu Asthana, President and Chief Executive Officer (ex officio)
- Terry Blackwell
- Jeanine Johnson
- Margo Loebel
- David Mills
- Dean Oskvig
- Vickie VanZandt

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October 4, 2022

The meeting of the PJM Board was reconvened at the Rittenhouse Hotel and via Teams at approximately 10:15 a.m. on October 4, 2022.

The following Board members were present (either in person or remote), constituting a quorum:

- Mark Takahashi, Chair
- Manu Asthana, President and Chief Executive Officer (ex officio)
- Terry Blackwell
- Paula Conboy (attending via Teams)
- Jeanine Johnson
- Margo Loebel
- David Mills
- Dean Oskvig
- Charles Robinson
- Vickie VanZandt

Present for the meeting, or a portion of the meeting, were the following PJM personnel:

- Stu Bresler, Sr. Vice President – Market Services
- Tim Burdis, Sr. Manager, State Policy Solutions – State & Member Services (remote)
- Michael Bryson, Sr. Vice President – Operations
- Carl Coscia, Vice President, Chief Risk Officer
- Lisa Drauschak, Vice President, Chief Financial Officer and Treasurer
- Geo Forsythe, Program Manager – Corporate Client Services
- Craig Glazer, Vice President – Federal Government Policy
- Asim Haque, Vice President – State & Member Services
- Chantal Hendrzak, Executive Director, IT Operations & Architecture – Information & Technology Service
- Colleen Hicks, Associate General Counsel – Office of General Counsel
- Adam Keech, Vice President – Market Design & Economics
- Brian Koskela, Executive Director, IT Business Solutions & Applications Dev. – Information & Technology Service
- Anthony LaRosa, Manager – ITS Planning & Financial Services (remote)
- Earl Lynch, Sr. Director, Client Services – Corporate Client Services
- Steve McElwee, Chief Information Security Officer
- Sean McNamara, Sr. Director, IT Infrastructure Operations – Information & Technology Service (remote)
- Foluso Afelumo, Director, IT Applications & Data Solutions – Information & Technology Service
- Tom O'Brien, Sr. Vice President and Chief Information Officer
- Chris O'Hara, Sr. Vice President, General Counsel, Secretary & Chief Compliance Officer
- Ricardo Rodriguez, Sr. Director – Internal Audit
- James Ruddell, Manager – ITS Process Engineering & Innovation (remote)
- Tahir Saeed, Sr. Director, ITS Business & Innovation Services – Information & Technology Service (remote)
- Lisa Salmon, Executive Assistant to the President & PJM Board
- Kenneth Seiler, Vice President – Planning
- Nora Swimm, Sr. Vice President – Corporate Client Services
- Thomas Zadlo, Sr. Manager – Corporate Data Management

STRATEGY SESSION: INFORMATION TECHNOLOGY AND DATA ANALYTICS

- Stu Bresler introduced the data analytics topic.
- Tom O'Brien led the Board in a discussion on PJM's role in the energy transition and achieving business goals with IT strategy, which includes cloud transformation, data analysis, driving excellence, zero trust and resilience.
- Brian Koskela led a discussion on cloud transformation and PJM's planned adoption of a cloud-centric operating model to migrate the majority of PJM's current technology and software.
- Geo Forsythe led a discussion on expanding PJM's data analytics capabilities and PJM's planned steps, including staffing and organization readiness and financial investments.
- Earl Lynch discussed the implementation of an Analytics Academy to train employees with new knowledge and skills.
- Chantal Hendrzak led a discussion on PJM's process engineering and innovation initiatives to create and improve processes to increase efficiencies.
- Steve McElwee discussed advancing PJM's cybersecurity capabilities by validating the trustworthiness of PJM's computing resources and assessing the security posture in real time.
- Due to time constraints, McElwee will discuss resilience at a subsequent Board meeting.

The Board adjourned at approximately 11:49 a.m.

All participants left the meeting except for the Board, the ET, Steve McElwee, Colleen Hicks and Lisa Salmon.

The Board reconvened at approximately noon.

SPECIAL GUEST SPEAKER: PAUL STOCKTON

Paul Stockton, Ph.D. led the Board in a discussion on key strategic issues and planning factors related to foreign threats and vulnerabilities to the grid, including transportation systems, communications systems, supply chain and black start vulnerabilities.

The Board adjourned at approximately 1:36 pm.

BOARD OF MANAGERS MEETING

The meeting of the PJM Board was reconvened at the Rittenhouse Hotel and via Teams at approximately 1:50 p.m. on October 4, 2022.

The following Board members were present, constituting a quorum:

- Mark Takahashi, Chair
- Manu Asthana, President and Chief Executive Officer (ex officio)
- Terry Blackwell
- Paula Conboy (attending via Teams)
- Jeanine Johnson
- Margo Loebel
- David Mills
- Dean Oskvig
- Charles Robinson
- Vickie VanZandt

Present for the meeting, or a portion of the meeting, were the following PJM personnel:

- Stu Bresler, Sr. Vice President – Market Services
- Michael Bryson, Sr. Vice President – Operations
- Thomas DeVita, Assistant General Counsel – Office of General Counsel
- Michael Del Viscio, Sr. Director, Compliance & Reliability Standards – Law & Compliance
- Lisa Drauschak, Vice President, Chief Financial Officer and Treasurer
- Craig Glazer, Vice President – Federal Government Policy
- Asim Haque, Vice President – State & Member Services
- Colleen Hicks, Associate General Counsel – Office of General Counsel
- Adam Keech, Vice President – Market Design & Economics
- Tom O'Brien, Sr. Vice President and Chief Information Officer
- Chris O'Hara, Sr. Vice President, General Counsel, Secretary & Chief Compliance Officer
- Ricardo Rodriguez, Sr. Director – Internal Audit
- Lisa Salmon, Executive Assistant to the President & PJM Board
- Kenneth Seiler, Vice President – Planning
- Nora Swimm, Sr. Vice President – Corporate Client Services
- Dionne Wright, Sr. Director, People Services

ADMINISTRATION

Upon a motion duly made, seconded and unanimously adopted, the Board approved the minutes (including public versions) of its July 13, 2022; August 15, 2022; and September 1, 2022; meetings. Vickie VanZandt abstained from voting.

2023 BUDGET TARGETS

Lisa Drauschak reviewed the proposed PJM 2023 budget. Upon a motion duly made, seconded and unanimously adopted, the Board approved the 2023 PJM Interconnection, L.L.C. budget. (Attachment A)

Dionne Wright joined the meeting at 1:58 p.m.

WORKFORCE CAPABILITY

Nora Swimm and Dionne Wright reviewed PJM's workforce capability initiative. Wright discussed the identified employee competencies and skills needed at PJM as well as the timeline for achieving PJM's workforce capability goals.

Craig Glazer and Wright exited the meeting at 2:28 p.m.

Mike Del Viscio and Thomas DeVita joined the meeting at 2:53 p.m.

Kenneth Seiler and Asim Haque left the meeting at 2:58 p.m.

FERC AUDIT

DeVita provided an update on FERC's multi-year audit of PJM, including the scope, timeline and outcome of the FERC audit and further provided details on PJM's implementation plan.

Seiler and Haque rejoined the meeting at 3:27 p.m.

Del Viscio and DeVita exited the meeting at 3:30 p.m.

RELIABILITY INITIATIVE

- Manu Asthana discussed the potential for future reliability challenges within PJM associated with generation retirements coinciding with projected load growth from electrification, including specifically, by way of example, data centers in Virginia. Asthana reported concerns regarding the pace of new entry not being sufficient to address the pace of retirements, many of which are being driven not by market factors but by state mandates or policies.
- Asthana reported that PJM is addressing the challenge in a number of ways, including interconnection queue and market reform efforts, but that these developing longer-term concerns would be a continuing focus going forward.

COMPETITIVE MARKETS COMMITTEE (CMC) REPORT

David Mills reported on the CMC meeting held on October 3, 2022, and the materials presented therein.

Mills sought approval of changes to Manual 15 regarding Cost Development Guidelines. **Upon a motion duly made and seconded, the Board unanimously approved the resolution approving updates to Manual 15 Cost Development Guidelines. (Attachment B)**

- Mills further reported that the CMC:
 - Reviewed recent PJM market activity, including recent high energy prices, high loads and outages
 - Received a briefing on the Resource Adequacy Task Force activities, the status of the circuit breaker initiative and PJM's response to FERC's modernizing electricity market design
 - Met both jointly with PJM and separately in Executive Session with the IMM to discuss the effectiveness of the markets, including concerns with the participation of certain resource types, the payment of uplift charges to certain resources, the assessment of Effective Load Carrying Capability and several other market design issues

RELIABILITY & SECURITY COMMITTEE (RSC) REPORT

- Dean Oskvig reported on the RSC meeting held on October 3, 2022, and the materials presented therein.
- Oskvig provided an update on changes to the Regional Transmission Expansion Plan (RTEP), including changes in cost and project status. **Upon a motion made and duly seconded, the Board approved a resolution related to the changes to the 2022 RTEP. (Attachment C)**
- Oskvig reported the RSC reviewed the cybersecurity dashboard and cyber assessment results and received an update on the New Jersey State Agreement Approach and offshore wind program. The Committee received an update on PJM's proposed interconnection reform package as well as other compliance and regulatory updates.

REGULATORY COMMITTEE (RC) REPORT

Paula Conboy reported on the RC meeting held on October 3, 2022. The RC received:

- A federal and state regulatory update on recent FERC orders affecting PJM
- A briefing from Glazer on the status of the focused Minimum Offer Price Rule (MOPR), transmission siting issues, the status of the FERC chairman and the future of markets generally
- A state update from Haque, including a report on the cost of Illinois' Climate and Equitable Jobs Act and the concerns raised by other states regarding the cost impacts
- Updates on state legislative candidates and campaigns
- An update from Tim Burdis on the work that PJM has been doing to educate the New Jersey Department of Environmental Protection regarding its contemplated carbon regulations
- A briefing from Jen Tribulski on four pending Notices of Proposed Rulemakings
- A report on Ameren's RTO choice considerations

FINANCE COMMITTEE (FC) REPORT

Reference was made to the Finance Committee letter to the Board included in background materials. The Board was informed that the FC would meet next on October 20, 2022.

Stu Bresler, Michael Bryson, Drauschak, Glazer, Haque, Colleen Hicks, Adam Keech, Tom O'Brien, Ricardo Rodriguez, Lisa Salmon, Ken Seiler and Nora Swimm exited the meeting.

Respectfully submitted,

Colleen Hicks
Assistant Secretary

Resolution for the Meeting of the PJM Board of Managers

Approval of 2023 Net Operating Expense and Capital Budgets and Federal Energy Regulatory Commission (FERC) Fee Service Category Rate

October 4, 2022

WHEREAS, Amended and Restated Operating Agreement of PJM Interconnection, L.L.C., section 7.5.2 provides that the PJM Board of Managers (Board) is responsible for approving PJM's annual operating and capital budgets;

WHEREAS, by letter dated September 30, 2022, the PJM Finance Committee has recommended that the Board approve a 2023 net operating expense budget in the amount of \$341 million, a 2023 capital budget in the amount of \$45 million, and a 2023 FERC fee service category rate of \$0.0938 per megawatt hour of load served;

WHEREAS, the Board has reviewed the components of the proposed 2023 net operating expense and capital budgets and the FERC fee service category rate presented to the PJM Finance Committee; and

WHEREAS, the Board has carefully considered the PJM Finance Committee recommendations and agrees that the budgets and FERC fee service category rate should be approved as proposed.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves a 2023 net operating expense budget of \$341 million, a 2023 capital budget of \$45 million, and a 2023 FERC fee service category rate of \$0.0938 per megawatt hour of load served to be effective January 1, 2023.

Resolution for the Meeting of the PJM Board of Managers

Approval of Updates to PJM Manual 15

October 4, 2022

WHEREAS, Amended and Restated Operating Agreement of PJM Interconnection, L.L.C., (“Operating Agreement”), Schedule 2, section 1.2 provides that the PJM Board of Managers (Board) is responsible for defining in detail the method of determining the cost components for cost-based offers in the PJM energy markets;

WHEREAS, PJM Manual 15: Cost Development Guidelines details the method of determining the cost components for cost-based offers;

WHEREAS, PJM Manual 34, section 11.15 requires Board approval of revisions to PJM Manual 15;

WHEREAS, PJM Manual 34, Appendix VI: Manual Review Process and Schedule requires PJM to review Manual 15 every two years from cover to cover and make updates as needed;

WHEREAS, PJM staff reviewed Manual 15 and recommended certain updates to the manual including, but not limited to, correcting the incremental heat rate equation, correcting the basic nuclear fuel cost equation, correcting certain section titles, adding missing charts and removed outdated no-load calculation, and removing references to annual reviews of Fuel Cost Policies.

WHEREAS, the PJM Markets and Reliability Committee reviewed the proposed updates to PJM Manual 15 on September 21, 2022, and endorsed them by acclamation with no objection and one abstention. Thereafter, the PJM Member’s Committee also reviewed the proposed updates to PJM Manual 15 on September 21, 2022, and endorsed them by acclamation with no objection and no abstention;

WHEREAS, PJM management recommends the proposed revisions to the PJM Manual 15 revisions to the full Board for approval;

WHEREAS, the Board, through the Competitive Markets Committee, has been provided with summary presentation materials, and has reviewed the relevant redlines, as posted on the PJM website under the September 21, 2022 Markets and Reliability Committee meeting materials; and

NOW, THEREFORE, BE IT RESOLVED, that the Board, having reviewed the proposed revisions to PJM Manual 15, hereby approves the revisions to PJM Manual 15 to effectuate the aforementioned revisions.

Resolution for the Meeting of the Board of Managers

2022 Regional Transmission Expansion Plan

October 4, 2022

WHEREAS, Amended and Restated Operating Agreement of PJM Interconnection, L.L.C., Schedule 6, section 1.6 (a) provides that the PJM Board of Managers is responsible for approving changes to the Regional Transmission Expansion Plan (RTEP) and cost allocations for transmission enhancements and expansions consistent with PJM Open Access Transmission Tariff, Schedule 12 (Tariff, Schedule 12);

WHEREAS, the Transmission Expansion Advisory Committee (TEAC) has reviewed and been provided the opportunity to comment on the elements of the changes to the 2022 RTEP; and

WHEREAS, the Board of Managers has reviewed the RTEP material developed by PJM in consultation with the TEAC, including the elements and cost allocations related to the proposed changes to the 2022 RTEP, and the recommendations of the Board of Managers Reliability and Security Committee.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Managers hereby approves the 2022 RTEP including changes resulting in an overall net increase of approximately \$642.83 million, and associated cost allocations in accordance with Tariff, Schedule 12, resulting from:

- a) New baseline projects totaling approximately \$651.62 million comprised of PJM reliability criteria enhancements totaling approximately \$651.62 million; and
- b) Cancellation of an existing approved RTEP baseline project totaling an \$8.79 million net decrease.

The Board of Managers further directs PJM to file with the Federal Energy Regulatory Commission under Federal Power Act section 205, within 30 days of the date of this approval, the cost allocations for each approved RTEP project as required pursuant to the PJM Tariff, Schedule 12, section (b)(viii).