



PJM Interconnection, LLC
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November 19, 2021

Re: Electric Distributors Sector Meeting

Dear Members,

As you may be aware, the PJM Board has agreed to conduct closed session meetings between representatives of the PJM Board and each individual sector in an effort to foster elevated and strategic communications. To this end, at 2:30 p.m. on November 5, 2021, independent PJM Board members Mark Takahashi, Terry Blackwell, and Paula Conboy, as well as President & CEO Manu Asthana, met with executive leadership and other representatives from the Electric Distributors Sector. See Attachment A (the "Participants").

At the outset of the meeting, the undersigned, PJM's General Counsel, reminded attendees of the following principles governing the meeting:

1. The meeting is conducted in accordance with PJM's Antitrust Policy and Codes of Conduct, including specifically the Addendum to the Board Code of Conduct;
2. The purpose of the meeting is for the Board representatives to listen to comments from the sector;
3. Discussions will be confined to the agenda and remain at a strategic and educational level, and shall not address matters pending before the Board; and
4. The meeting is ex parte and PJM will disclose briefly, by public posting on its website, the agenda and topics discussed promptly following the meeting.

Meeting Agenda Topics and Summary of Discussion:

1. RPM Reform – The Participants expressed concerns regarding the large number of reforms to the PJM capacity market and the near constant state of change. The Participants discussed concerns with the complexity of a centralized market and expressed support for a greater consideration of a bilateral resource adequacy construct that would better accommodate self supply.¹ Accordingly, the Participants communicated a desire for a broader agenda for Phase 2 of the Resource Adequacy Senior Task Force as opposed to a more targeted issue-specific approach that would afford the stakeholders to engage in holistic revisions.
2. ORDC Reform – The Participants expressed concerns regarding the use of demand curves to artificially create scarcity pricing, the implementation process, and the levels of scarcity pricing. The Participants expressed concerns regarding the duration and occurrence of scarcity pricing when there is no further supply or demand to respond. Further, the Participants expressed support for continued focus on credit risk and strengthening collateral requirements, but also expressed concerns with the interaction of credit requirements and potential exposures under the proposed reserve market reforms.

¹ AMP referred the attending Board members to its proposals in Capacity Construct/Public Policy Senior Task Force (CCPPSTF): <https://www.pjm.com/-/media/committees-groups/task-forces/ccppstf/20171101/20171101-amp-executive-summary.ashx>; <https://www.pjm.com/-/media/committees-groups/task-forces/ccppstf/20171101/20171101-amp-proposal.ashx>.

3. PJM in 2022 and Beyond – The Participants addressed three foundational pillars of PJM that will come into play in 2022: (i) markets, (ii) transmission planning, and (iii) stakeholder process. Regarding markets, the Participants urged PJM to return to competitive markets governed by supply and demand and not by administrative constructs. Regarding transmission planning, the Participants expressed concerns with PJM's lack of a stronger role in aging infrastructure, the cost of the transmission build out cost to accommodate renewables, and the interconnection queue. The Participants discussed the importance of RTO independence in planning and other activities, and in allowing for an effective stakeholder process. The Participants discussed the Advance Notice of Proposed Rulemaking on Building for the Future through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection and PJM's comments therein.
4. Gas/Electric Coordination – The Participants expressed concerns regarding the changing fuel supply in PJM and the increasing reliance on natural gas as a fuel source. The Participants noted that ensuring adequate natural gas supply was becoming a necessary component of reliability. The Participants encouraged PJM to assume a leadership role in advancing gas/electric coordination. The Participants encouraged PJM to pursue improvements in the following areas: (i) coordination/communication with pipelines and suppliers, (ii) alignment of the gas and electric days, (iii) access/nominations on holidays and weekends, (iv) firm transportation including the use of operational flow orders/other curtailments, and (v) priorities of service. The Participants encouraged PJM to lead efforts with NAESB and others to improve standards of service, to promulgate cyber and physical security requirements, to establish a NERC-style reliability regulatory for the pipelines, and to address the importance of fuel supply to electric facilities during extreme weather events. The Participants also encouraged PJM to advocate for the development of a gas RTO and for changes to the processes for constructing and subscribing new pipelines.

The meeting concluded approximately 1 1/2 hours after its start.

Sincerely,

/s/ Christopher C. O'Hara

Christopher C. O'Hara
SVP, General Counsel

Attachment A

Organization	Attendee
Allegheny Electric Cooperative	Todd A. Sallade, VP, Power Supply & Engineering
American Municipal Power	Jolene Thompson, President/CEO
American Municipal Power	Pamala Sullivan, COO
American Municipal Power	Edward Tatum, VP, Transmission
American Municipal Power	Lisa McAlister, SVP and General Counsel
Buckeye Power	Craig Grooms - VP, Engineering and Operations
Buckeye Power	Kevin Zemanek - Director, System Operations
Buckeye Power	Kara Smith - Manager, Market Operations
Old Dominion Electric Cooperative	Marcus Harris, President and CEO
Old Dominion Electric Cooperative	Pete Gallini, VP of Power Supply
Old Dominion Electric Cooperative	Chris Cosby, VP of Regulatory Affairs
Old Dominion Electric Cooperative	Mike Cocco, Sr. Director of RTO and Regulatory Affairs
PPANJ/NJPPA	Brian Vayda, Executive Director
Southern Maryland Electric Cooperative	John Rohrbach, Executive Director of Regulatory Strategy
Sector Whip	Steven Lieberman, Assistant VP, Transmission & PJM Affairs