



PJM Interconnection, LLC
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November 19, 2021

Re: Generation Owners 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 3:30 p.m. on November 2, 2021, independent PJM Board members Mark Takahashi, Terry Blackwell, and Charlie Robinson, as well as President & CEO Manu Asthana, met with executive leadership from the Generation Owners 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 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. The Future of Capacity Markets – The Participants expressed concerns that the role of PJM's markets in ensuring resource adequacy is being subordinated to the accommodation of state resource preferences without adequate attention to system reliability. The Participants discussed concerns regarding investor/lender confidence in the PJM markets and regarding the effects of regulatory instability. The Participants explained how the loss of investor confidence is already impacting the existing thermal resources, and accordingly will lead to resource adequacy and reliability concerns. The Participants provided perspectives on the need for continued attention to the capacity market in order to ensure that thermal resources are properly qualified and valued, as well as need for attention to the Quadrennial Review process in order to ensure that it properly reflects changing market dynamics.
2. Maintaining Markets' Integrity with Evolving State and Federal Energy Policies – The Participants encouraged PJM to embrace its role as the largest RTO to advocate in support of competitive markets as providing the low cost solution for achieving resource adequacy and reliability. The Participants discussed the importance of maintaining existing thermal resources to support a reliable transition to a clean energy economy and encouraged PJM to continue to examine this need. The Participants further encouraged PJM to continue to examine including the cost of carbon in its dispatch as superior to a clean capacity product. The Participants expressed concerns regarding recent revisions to the Market Seller Offer Cap and indicated that they are concerned that market failures may arise from the use of a net avoidable rate offer cap that does not accurately reflect the costs and risks of operation. The Participants expressed concerns

regarding the Net ACR implementation processes, and encouraged PJM to assess opportunities to revise the construct.

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
Calpine	Thad Hill, CEO
Talen Energy	Ralph Alexander, CEO
LS Power	Paul Segal, CEO
Cogentrix	Matt O'Connor, CEO
Rockland Capital	Scott Harlan, Managing Partner
EDP Renewables	Ryan Brown
GlidePath	Chris McKissack, CEO
Starwood Energy Group	Himanshu Saxena, CEO