



Mark Takahashi
Chair, PJM Board of Managers

PJM Interconnection
2750 Monroe Blvd.
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August 3, 2023

Dear Stakeholders:

The PJM Board of Managers (PJM Board) wishes to reiterate its appreciation to the PJM stakeholder community for its sustained and in-depth engagement over the last year on the issue of whether to incorporate a circuit breaker into PJM market rules. As the Board has previously indicated, we understand the motivating factors driving consideration of such an addition and support the conceptual goal of protecting the PJM wholesale electricity market and its participants from unforeseen, catastrophic events and their corresponding economic consequences.

The PJM Board has engaged frequently and substantively on this issue with the PJM stakeholder community and with PJM management. As part of its deliberations, the PJM Board has considered the potential reliability and market consequences of triggering a circuit breaker; the difficulty of developing transparent triggering conditions that would address unknown and unknowable circumstances under which the stakeholder community would largely agree that a circuit breaker should be implemented; and, finally, the level of discretion PJM as the market operator would need in order to balance reliability needs with market outcomes in such situations.

The Board also recognizes that in the absence of necessary consensus of the PJM membership on a circuit breaker proposal, a FERC filing would need to be submitted under Section 206 of the Federal Power Act. Such a filing requires that the current PJM market rules be shown to be unjust and unreasonable without the proposal. While the PJM Board continues to support the concept of a circuit breaker, it does not believe the current market rules to be unjust and unreasonable due to its absence. Further, the broad spectrum of stakeholder views on the various design components of a circuit breaker serves as an additional data point to the Board indicating that reaching resolution through a Section 206 filing would be challenging.

Given its thorough consideration of all of the relevant factors, the Board has decided not to move forward with a circuit breaker proposal at this time. The Board also recognizes that PJM is currently pursuing market reform to assist in managing through the current energy transition. The PJM Board may revisit the robust record developed on this topic and make a filing in the future if it becomes apparent that the market rules have evolved to become unjust and unreasonable absent a circuit breaker mechanism.

Again, we thank the stakeholders for their efforts in this matter.

Sincerely,

Mark Takahashi
Chair, PJM Board of Managers

cc: Manu Asthana, PJM President and CEO
PJM Board of Managers