

April 24, 2019

PJM Board of Managers
C/o Ake Almgren, Ph.D., Chairman
2750 Monroe Blvd
Audubon, PA 19408

Dear Dr. Almgren and the PJM Board of Managers,

On behalf of the PJM Other Supplier Sector, I respectfully submit to the PJM Board of Managers questions and requests that were included in our sector's prepared remarks presented at the Liaison Committee meeting on April 3, 2019, regarding the topic, "Independent Investigation Report on the GreenHat FTR Default." These remarks were developed in a collaborative process among members of the sector who wished to express points of view and questions regarding the report. Since there was limited time at the meeting for the Board to thoroughly address all of the points in our prepared remarks, we kindly request a written response from the Board to the sets of questions and remarks below for all PJM stakeholders to read. While we thank you for the transparency you've provided so far, we believe PJM stakeholders would benefit from your providing additional transparency on these items.

1. We'd like to understand how the report may have been edited after its completion by the independent consultants and submission to the Board but prior to its release to stakeholders. Was the report reviewed by any parties outside of the Board, such as PJM management, the Independent Market Monitor, FERC, or other parties? If so, who were the parties? If changes were made to the report, what were the changes?
2. FERC has penalized market participants who do not maintain appropriate credit, risk, and training practices. However, FERC regards more favorably entities that self-report to exhibit transparency and proactive management response. Does the Board intend to self-report to FERC on the deficiencies as well as the lessons learned and recommendations listed in the report? If not, please explain why you think this isn't necessary.
3. The report indicates that the surveillance for financial performance and risks of individual market participants was not adequately performed by PJM or independently by the Independent Market Monitor. We strongly believe that managing and monitoring collateral is a PJM function, not an Independent Market Monitor function, and going forward should be overseen by the new PJM Chief Risk Officer. In the future, if and when the Independent Market Monitor identifies credit-related red flags, the Independent Market Monitor should provide prompt notice to the Chief Risk Officer. Our sector respectfully requests that PJM develop a process for such communications and provide details on this process to stakeholders.

The Other Supplier Sector recognizes that both the Board and PJM's management team have begun taking steps to address some of the issues we had raised in our prepared remarks, and we greatly thank

you for this. We appreciate that you've instituted an expedited stakeholder process to allow stakeholders and PJM staff to discuss and evaluate in an expedient manner the recommendations made by the independent consultants in their report. As we said in our prepared remarks, the members of the Other Supplier Sector want PJM to be successful, and we are ready and willing to work with PJM's Board, management, and staff to achieve this.

Sincerely,

/s/ Joe Wadsworth

Joe Wadsworth

Liaison Committee Member representing the PJM Other Supplier Sector