



October 4, 2019

PJM Members Committee

Dear Members:

The PJM Board of Managers is pleased with the progress on Supplemental Projects that PJM and stakeholders have accomplished in the last few months. The PJM Manual 14B revisions that were approved with stakeholder support at the Aug. 22 Markets & Reliability Committee clarify the interaction of Supplemental Projects with the Regional Transmission Expansion Plan process. The result is more comprehensive and transparent documentation of this interaction.

The vote demonstrated how stakeholders and PJM can work together to build consensus through the stakeholder process, even when issues are complex and controversial. The Board appreciates stakeholders' attention to these issues and commends everyone involved for their commitment to identifying solutions.

Over the last few months, the PJM Board has undertaken a review of Supplemental Project issues. This review was informed by the letters from stakeholders, the discussions at stakeholder meetings, and a review of our governing documents, together with the relevant FERC orders and policy statements.

Through this review, the PJM Board has determined that PJM's role in the Supplemental Projects process can be expanded in some areas but also remains appropriately constrained in others, such as asset management decisions by Transmission Owners.

PJM will continue to focus its efforts on enhancing the transparency of the Supplemental Projects processes. PJM does not have the authority or expertise to assume responsibility for asset management decisions or to determine when a facility is at the end of its useful life or otherwise needs to be replaced. Those decisions are the sole responsibility of the Transmission Owner. PJM has the authority, expertise, and the obligation, to develop the RTEP. In some circumstances, PJM may be in the best position to determine the more cost-effective regional solution to replace a retired facility. PJM welcomes input from stakeholders to determine under what circumstances PJM might assert that authority.

The PJM Board is committed to continuing the progress that has been made toward clarifying PJM's role regarding Supplemental Projects and PJM's regional planning authority. The PJM Board recognizes that the concerns regarding Supplemental Projects may not be ameliorated and will continue to work with the PJM management to ensure that the appropriate actions are being taken by PJM.

Sincerely,

Dean Oskvig

Dean Oskvig, Chair-Board Reliability Committee
Board of Managers