



Mark Takahashi
Chair, PJM Board of Managers

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Note VIA Electronic Delivery

October 10, 2023

Sarah Moskowitz
Illinois Citizens Utility Board

Ruth Ann Price
Delaware Division of the Public Advocate

Brian O. Lipman
David Wand
New Jersey Division of Rate Counsel

Patrick M. Cicero
Pennsylvania Office of Consumer Advocate

Bruce Weston
Angela D. O'Brien
Office of the Ohio Consumers' Counsel

Dear Consumer Advocates,

Thank you for your correspondence dated September 8, 2023, wherein you expressed concern around the PJM Board of Managers' (PJM Board) August 3 letter announcing its decision not to file a circuit breaker mechanism at this time. You also expressed your belief that the PJM Board and PJM staff assured the stakeholder community that the process would result in a circuit breaker mechanism. PJM staff and the PJM Board fully supported, and indeed earnestly engaged in, the stakeholder discussions concerning the circuit breaker, but did not commit that the discussions would result in a circuit breaker filing with the Federal Energy Regulatory Commission.

The PJM Board understands that your position is premised on protecting consumers from price impacts of a catastrophic situation on the system. As it expressed in its August 3 letter, the PJM Board shares in this goal. As also explained in the August 3 letter, the PJM Board considered many important and sometimes competing factors, including the reliability and market impacts of triggering the circuit breaker; the difficulty in developing consensus around unknown and unknowable circumstances that would appropriately trigger the circuit breaker; and the level of discretion PJM as the market operator would need to utilize to balance reliability needs with market outcomes. The PJM Board also shared that since the stakeholder community was unable to come to consensus on this matter that a FERC filing would need to be made under Section 206 of the Federal Power Act, and, in the judgement of the PJM Board, the current reserve market rules are not unjust and unreasonable without a circuit breaker. As a result, the PJM Board decided not to direct PJM to file a circuit breaker at this time. The PJM Board noted further market reforms are being pursued to ensure a reliable energy transition, and 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."

Thank you again for your correspondence, and we look forward to your continued engagement on these important issues.

Sincerely,

Mark Takahashi
Chair, PJM Board of Managers

cc: Manu Asthana, President & CEO, PJM Interconnection
PJM Board of Managers