

Mr. Ake Almgren
Chair, PJM Board of Managers
PJM Interconnection, LLC
2750 Monroe Boulevard,
Valley Forge Corporate Center
Audubon, Pennsylvania 19403

September 24, 2018

Re: October 3, 2018 Liaison Committee Meeting Final Agenda

Dear Mr. Almgren:

The members of the Liaison Committee (“LC”) and I greatly appreciate the Board of Managers’ (“Board”) September 14, 2018 correspondence offering support for the agenda topics provided. We agree as you noted that both topics are significant and important topics for discussion. Upon consideration of the Board’s much welcomed feedback, the October 3, 2018 LC meeting agenda follows:

1. Opening Remarks (10 minutes)

2. PJM’s and PJM’s IMM Relationship/Responsibilities for Future Consideration (35-45 minutes)

On August 8, 2018, PJM communicated via an email from Andy Ott information pertaining to the approval by the PJM Board of Managers of a new contract with Monitoring Analytics (“MA”), PJM’s Independent Market Monitor. The new contract is a multi-year extension of the current agreement which was due to expire in December 2019.

Absent an opportunity to discuss the existing relationship between PJM and MA prior to the extension of the contract, the LC wishes to engage with the Board in a discussion on some aspects of PJM’s agreement with an IMM, such as MA, on the issue of data ownership and other intellectual property that presently resides within MA.

To be clear, the LC does *not* wish to discuss the prudence of signing a contract extension with MA prior to the 2019 expiration of the agreement. Rather, in the context and timeliness of the announcement of the contract extension with MA, the LC is seeking to discuss, clarify, and offer for future consideration ways in which to enhance the relationship and responsibilities between PJM and PJM’s IMM.

3. Identified Issues resulting from the Green Hat Default (60-70 minutes)

The sectors would like to discuss the PJM issues concerning the recent Green Hat default, as the default and its resulting financial implications are of significant concern to the membership. Topics to be discussed will include potential solutions to minimize the costs of liquidating the Green Hat FTR portfolio and ways to potentially improve the current PJM Default Allocation mechanism – including changes to collateral requirements, insurance coverage, and reserves for defaults

and/or limits on default coverage. The sectors may also share their views and concerns associated with higher risk PJM market products and the resulting implications on default risk.

4. Closing Remarks (5 minutes)

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The LC members and I greatly appreciate the Board's consideration of these important issues and look forward to an engaging discussion during our October 3, 2018 meeting at the Hotel DuPont in Wilmington, Delaware.

Very truly yours,

A handwritten signature in blue ink, appearing to read "C. Dugan".

Chuck Dugan
East Kentucky Power Cooperative, Inc.
Liaison Committee Chair

CC: Mr. Andy Ott, PJM Interconnection, LLC
Mr. Dave Anders, PJM Interconnection, LLC