

# PJM Members Committee Resolutions

February 24, 2021

Sponsored by Dominion, Exelon, and PSEG

# Clarifications After First Read

- Our proposal makes absolutely no change to a Member's ability to abstain from a vote on a resolution
- Our proposal makes absolutely no change to the impact of an abstention on voting outcomes
- Our proposal only suggests that there should be a minimum participation level to approve a resolution

# Clarifications After First Read

- Since M34 and the OA are silent on what it means to “participate in a vote”, Robert’s Rules provides guidance:
  - “**Abstentions** – instances in which members who are present do not vote – are not counted and have no effect on the result.” *Robert’s Rules of Order – Newly Revised – In Brief, Page 24*
  - “There may be fewer votes cast than the number of members present, since some may choose *not* to vote – resulting in “abstentions.” Only a majority of those actually voting is required.” *Robert’s Rules of Order – Newly Revised – In Brief, Page 66*

# Clarifications After First Read

- Since M34 and the OA are silent on what it means to “participate in a vote”, Robert’s Rules provides guidance:

- “Question 6: Do abstention votes count?”

Answer: The phrase “abstention votes” is an oxymoron, an abstention being a refusal to vote. To abstain means to refrain from voting, and, as a consequence, there can be no such thing as an “abstention vote.”

In the usual situation, where the rules require either a “majority vote” or a “two-thirds vote,” abstentions have absolutely no effect on the outcome of the vote since what is required is either a majority or two thirds of the vote cast. On the other hand, *if* the rules explicitly require a majority or two thirds *of the members present*, or a majority or two thirds *of the entire membership*, an abstention will have the same effect as a “no vote”. Even in such a case, however, an abstention is not a vote and is not counted as a vote.”

*Robert’s Rules of Order – Newly Revised – In Brief, Page 116*

# Summary

- The recent Members Committee resolution raised significant questions about how Member consensus is measured and represented
- Rules should be developed to address sufficient Member approval of a resolution
- Members should consider whether sector weighted voting (SWV) is a sufficient tool to measure Member consensus for resolutions
- Members should consider whether better means of communicating Members Committee interests to the PJM Board and Management are already provided

# Perspectives on Resolutions

- While rare, the MC has been asked to approve a resolution which purports to represent the “will of the PJM membership”
- M-34 does not address whether resolutions are permissible and, if so, their purpose and the thresholds that must be met for passage
- In January 2020, a Member presented the MC with a controversial resolution regarding the PJM Transmission Owner’s M-4 filing which the Member conceded during debate was designed for FERC litigation purposes, not exclusively for communication with PJM and the Board
  - When presented to FERC, despite very low participation levels in the actual vote, it was touted as representing the view of the majority of PJM members.

# Background

## Members Committee Charter

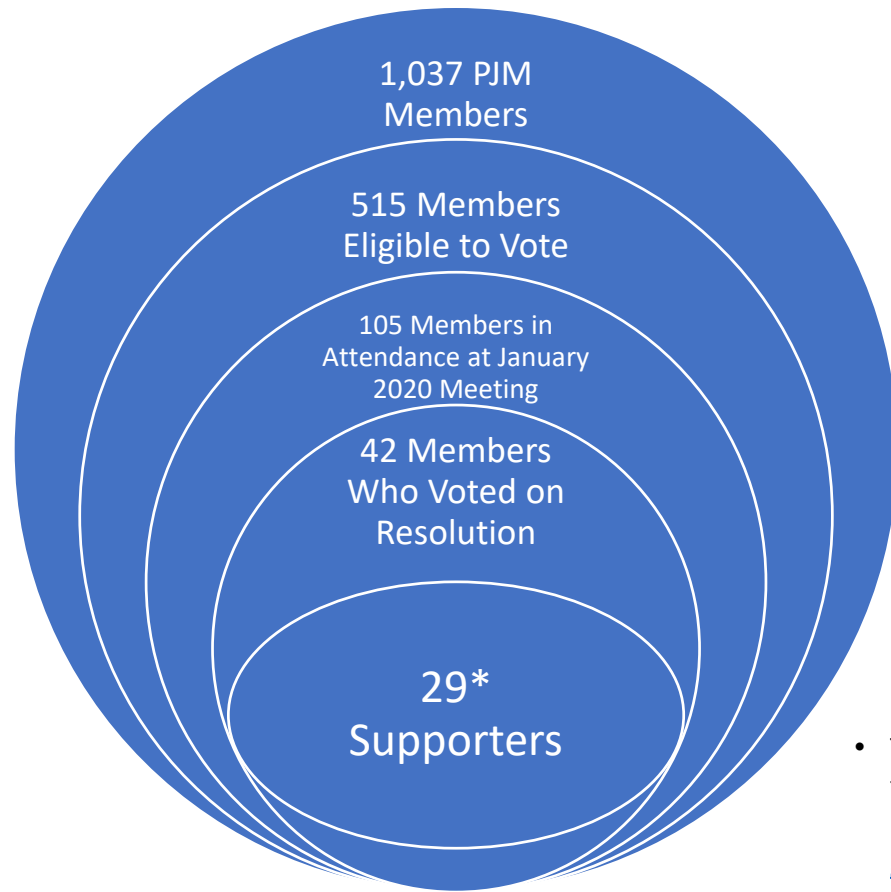
- The PJM Members Committee reviews and decides upon all major changes and initiatives proposed by committees and user groups. The MC provides advice and recommendations to PJM on all matters relating to:
  - the safe and reliable operation of the PJM grid,
  - the creation and operation of a robust, competitive and non-discriminatory electric power market, and
  - *ensuring there is no undue influence over PJM's operations by any member or group of members.*

## OA Section 8.8 Powers of the Members Committee

- The Members Committee, acting by adoption of a motion as specified in Operating Agreement, section 8.4, shall have the power to take the actions specified in this Agreement, including:
  - i. Elect the members of the PJM Board;
  - ii. In accordance with the provisions of Operating Agreement, section 18.6 , amend any portion of this Agreement, including the Schedules hereto, or create new Schedules, and file any such amendments or new Schedules with FERC or other regulatory body of competent jurisdiction;
  - iii. Adopt bylaws that are consistent with this Agreement, as amended or restated from time to time;
  - iv. Terminate this Agreement; and
  - v. *Provide advice and recommendations to the PJM Board and the Office of the Interconnection.*

# January 2020 Experience Raised Important Governance Considerations

- Stakeholders should consider if sector weighted voting (SWV) is the best way to reflect the “will of the membership” for resolutions.



- Less than 3% of Members supported the resolution
- More Members did not vote than supported the resolution: 29\* Yes, 13 No, 63 present Members did not vote
- Measure passed with 3.83 SWV

- The 29 Supporters are overstated as the Sponsor of the resolution was inappropriately voting with more than one Member at the Members Committee in January 2020. The complete voting report can be reviewed at <https://www.pjm.com/-/media/committees-groups/committees/mc/2020/20200123/20200123-item-01-master-voting-report.ashx>



# January 2020 Experience Raised Important Governance Considerations

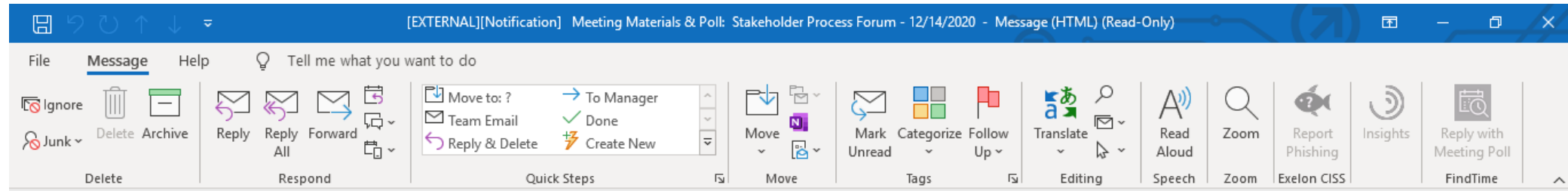
- The current Sector Weighted Voting algorithm does not accurately reveal Member consensus.
- In the absence of material participation in a Sector Weighted Vote, “undue influence” can be conveyed to a small number of Members.

SECTOR	YES	NO	PRESENT AND DID NOT VOTE	ELIGIBLE TO VOTE AT MC	% of ELIGIBLE VOTERS PARTICIPATING IN VOTE	% of ELIGIBLE VOTERS SUPPORTING THE RESOLUTION	SWV RESULT
EUC	12	0	3	30	40%	40%	100%
TO	0	11	0	14	79%	0%	0%
GO	10	2	7	111	11%	9%	83%
ED	1	0	23	44	2%	2%	100%
OS	6	0	30	316	2%	2%	100%
<b>Total</b>	29	13	63	515	8%	6%	3.83


# History in the PJM Stakeholder Process





- At the February 2020 Stakeholder Process Forum (SPF), Members agreed to establish a new subgroup to discuss the MC Resolutions topic
  - This is the current method for how stakeholder process items are discussed and considered for potential reform
- The subgroup met from March through September. The subgroup developed potential concepts in an attempt to reach a consensus proposal to bring back to the broader SPF
  - Members: Dave Anders, Sharon Midgley, Sharon Segner, Jim Benchek, Greg Poulos, Erik Heinle, Jim Davis, Jennifer Walker, Tom Bainbridge, Michael Gahimer, Michele Greening, Steve Lieberman
- Attempts at consensus stalled at the SPF subgroup. The concepts were brought to the full SPF for consideration in Fall 2020
- In November, the SPF agreed to use polling at the December SPF meeting to better understand member preferences. Manual 34 encourages polling as a discussion tool to inform as they work on issues
- After developing and communicating to the Membership that a poll would be taken at the December SPF, the poll was abandoned

# History in the PJM Stakeholder Process



[EXTERNAL][Notification] Meeting Materials & Poll: Stakeholder Process Forum - 12/14/2020


 pjm@lists.pjm.com  
To [Redacted]

 Reply  Reply All  Forward 

Wed 12/9/2020 7:24 PM

Retention Policy Entire Mailbox - 2 Year Delete (2 years)

Expires 12/9/2022

 If there are problems with how this message is displayed, click here to view it in a web browser.

Provided below is a link to the agenda and materials for the upcoming **Stakeholder Process Forum** meeting to be held on **Monday, December 14, 2020** beginning at **10:00 a.m.** Please note that the meeting will be conducted via **Webex Only**.

**A non-binding poll will be conducted during the meeting as a tool to inform the group. The poll questions are posted for your reference and focus on the options proposed for voting structure as related to MC Resolutions. Results will be revealed prior to the end of the meeting.**

Meeting materials can be referenced at: [Stakeholder Process Forum](#)

If you have not already done so, please use the same link to register for the meeting.

This has been sent to: Stakeholder Process Forum, MC



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# History in the PJM Stakeholder Process



## MC Resolutions Subgroup Proposed Solutions

#	Design Components	Status Quo Practice	A - Exelon	B - LS Power	Packages C - CAPS	D - Potential Working Compromise	E
1	Purpose of an MC Resolution	Not defined in OA or M34	Three-fold purpose: 1. Inform the Board and PJM Management; 2. Provide Expression, Statement, or Guidance from Members; and 3. For internal PJM usage/non-litigation	Provide Public Expression, Statement or Guidance from Members	Provide Public Expression, Statement or Guidance from Members	Provide Public Expression, Statement, or Guidance from Members to PJM	Ban resolutions at the MC
2	Use of an MC Resolution	Limited	Limited / Infrequent Use and only for informational purposes.	Limited	no parameters	Status Quo	
3	Actionable or Binding?	Non-binding	Non-actionable and Non-binding. An MC resolution does not direct any change to PJM governing documents.	Non-binding	Non-binding, informational vote.	Status Quo	
4	Voting Structure/Minority Interests for Resolutions Only	2/3 Sector Weighted vote (normal manner of acting in accordance with OA Section 8.4)	Must have at least 5 members participate in vote (yes/no) from each sector. Threshold for passage of 4.05 (.81*5)	2/3 Sector Weighted vote (normal manner of acting in accordance with OA Section 8.4) and must have 1 member from each sector participate in a yes or no manner	Sector Weighted vote and there is no threshold because it is a non-binding vote. (The proposal must have a second.)	Option A: 2/3 Sector Weighted vote (normal manner of acting in accordance with OA Section 8.4) and must have 5 members from each sector participate in a yes or no manner OR Option B: Sector Weighted Vote w/ 4.05 Threshold OR Option C: No SWV Threshold but must have 5 members from each sector participate in a yes or no manner OR Option D: 2/3 Sector Weighted vote (normal manner of acting in accordance with OA Section 8.4) and must have 1 member from each sector participate in a yes or no manner OR Option E: 2/3 Sector Weighted vote at the MC (normal manner of acting in accordance with OA Section 8.4) and 50% support at the relative Standing Committee	
5	Minority Interests / Protections	Used to demonstrate the sense of the Membership in general, not focused on minority interests; other minority protections exist such as letters to the Board and user groups	See design component #4	Status Quo	Status Quo	Status Quo	
6	Result / Effect of Resolution	Informational and resolution posted along with voting reports	If requested, responses to resolutions passed at the Members Committee will be responded to by PJM at the next MC meeting. Resolutions are expressly barred from being filed at FERC and used to manufacture evidence.	Informational and resolution posted along with voting reports; If requested, responses to resolutions passed at the Members Committee will be responded to by PJM at the next MC meeting.	Informational and resolution posted along with voting reports. If requested, responses to resolutions passed at the Members Committee will be responded to by PJM at the next MC meeting.	Informational and resolution posted along with voting reports. If requested, responses to resolutions passed at the Members Committee may / should be responded to by PJM at the next MC meeting.	

To see the various proposals that were being discussed by the SPF and SPF Subgroup: <https://www.pjm.com/-/media/committees-groups/forums/stakeholder-process/2020/20201214-stakeholder/20201214-item-01-1-mc-resolutions-subgroup.ashx>

# MC Resolutions Proposals

	Main Motion	Alternate #1	Alternate #2	Alternate #3
Permit Use of MC Resolutions	X	X	X	No, encourage Board letters in lieu of resolutions
Enhanced Participation Thresholds	X	X	X	N/A

	Main Motion	Alternate #1	Alternate #2
Enhanced Participation Thresholds	2/3 Sector Weighted Vote and 5 Members from each sector must participate in a Yes/No manner	2/3 Sector Weighted Vote and 50% of Members in Attendance at MC must participate in a Yes/No manner	2/3 Sector Weighted Vote and 100% of Members in Attendance at MC must participate in a Yes/No manner

# Next Steps

- Vote at February 2021 MC Meeting
- If a proposal is endorsed, bring conforming redline M34 and OA language to a future MC Meeting