

PJM MRC
Approve M14F Language Endorsed by PC
or, in the Alternative,
Motion to Remand

PJM Transmission Owners
[December 19, 2019]

- May 2018
 - Stakeholder MRC motion initiated the “comparative cost framework” development effort
 - Key requirements:
 - Develop by September 2019
 - Present to MRC by December 2019
 - Effective January 1, 2020
 - “advice and recommendation of the IMM”

PJM and IMM Hold Numerous Separate Offline Meetings



PJM Staff & IMM Meetings

- 2018
 - June
 - July
 - September
 - November
 - Joint PJM / IMM / Independent Cost Consultant conference
- 2019
 - January
 - February
 - June
 - July
 - August
 - August 29, 2019
 - September 9, 2019
 - October

PJM Briefs the PC Along the Way



Cost Commitment - Progress to Date Presentations to PJM PC

- May 2018
 - MRC motions initiating the cost containment effort approved (and Aug 2018 motion to delay schedule)
- 2Q and 3Q 2019
 - Timeline and overall conceptual approach updates
- January 2019
 - Overview of major components and overall approach
- February 2019
 - Additional detail of overall approach
- March 2019
 - Additional detail and example data visualization
- April 2019
 - Examples of what output to expect from the cost containment process

- May 2019
 - High level example and discussion of process implementation
- June 2019
 - High level summary of process and next step
- July and August 2019
 - Schedule and next steps
- August 29, 2019
 - Special PC – Cost Containment Workshop
 - M14F Language Review & IMM Staff Discussion
- September 9, 2019
 - Special PC – Cost Containment Workshop
 - M14F Language Review & IMM Staff Discussion
- September 17, 2019
 - M14F Language Review & Overall Discussion
- October 17, 2019
 - M14F Language Review – Official First Read
- November 14, 2019
 - M14F Language – Endorsed by the PC

Consistent with LS Power Main Motion, exclusive focus of M14F briefings was formation of cost commitment language.

In a year and a half of negotiation – (1) No earnest discussion of incorporating PJM manual language to address a role for the IMM until last few weeks; (2) No discussion of OATT, Attachment M at all.

PC Endorses M14F Consistent with Main Motion Timeframe

October 31, 2019 MRC

- ▶ PJM presented M14F language revisions endorsed overwhelmingly out of the PC
- ▶ Little to no stakeholder concern expressed about not addressing the role of the IMM in M14F directly
- ▶ General agreement that the IMM's role to independently monitor speaks for itself.
- ▶ Feedback included:
 - PJM's manual should not proscribe what the Market Monitor can and cannot do and, perhaps equally as important, what PJM can and cannot do in coordination with the Market Monitor.
 - The IMM is not necessarily supposed to be tightly coordinated with PJM.
 - The IMM is supposed to be independent and is supposed to monitor and is free to perform any independent analysis that it wants or none
- ▶ PJM identified Next Step: "Request for Endorsement – Dec 5, 2019 MRC"

December 5, 2019 MRC

- ▶ Although posted for endorsement, PJM opts to present M14F for Second First Read
- ▶ No inclusion of language regarding the PJM IMM and little to no stakeholder comment

7Days Before Dec 19, 2019 MRC

- ▶ "In accordance with the Open Access Transmission tariff, Attachment M, the MMU has access to all data submitted to PJM through PJM's competitive proposal window process."

Requires Stakeholder Discussion and possibly legal determination

- ▶ "The MMU may, at its discretion, perform an independent financial analysis of projects submitted to PJM through PJM's competitive proposal window process."

Neither PJM nor the IMM is a rate regulator, but with that caveat, could be acceptable

Three Options for MRC Consideration

So as to avoid de-railing a year and half of stakeholder effort:

- ▶ **Option 1:** Approve M14F revisions endorsed by the PC and separately commence discussions surrounding the role of the Independent Market Monitor
- ▶ **Option 2:** Approve PJMs M14F version posted with the 12/19 MRC meeting materials excluding the first sentence in reference to the IMM data access and incorporating the acceptable second sentence in reference to IMM independent analysis.
 - Must make sure the M14F language does not inadvertently cause a “chilling affect” on the PJM open window process.
- ▶ **Option 3:** Defer consideration of M14F revisions to allow for appropriate stakeholder discussion of the IMM’s interest in codifying its role in this manner

If we can all get there with respect to language on the substance of cost commitment, we should at least be given the opportunity to discuss Attachment M before an endorsement vote is sought.

Welcome discussion, but approving a version of M14F that inserts language crafted just a few days ago by PJM alone -- without stakeholder discussion or vetting -- is plain wrong!!