

# Stakeholder Process Research

A map of the United States with the PJM (Piedmont and Atlantic) region highlighted in dark blue. The rest of the map is light green. The PJM region includes parts of Pennsylvania, Maryland, Delaware, Virginia, North Carolina, South Carolina, and West Virginia.

“We are 17 years into it.  
We’re making it up as we go.”

*--PJM Stakeholder*

Seth Blumsack  
Penn State University

24 April 2017

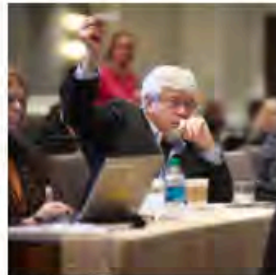
*Support from NSF under SES-1261867*

# NSF PROJECT: Decision Making within RTOs

## *Review of documents and observation of meetings*

### Stakeholder Meetings

Stakeholder meetings provide Members with the opportunity for communication and interaction. The purpose of stakeholder meetings is to foster collaboration, not legislation. The two types of meetings are [stakeholder groups](#) and [symposiums and forums](#).



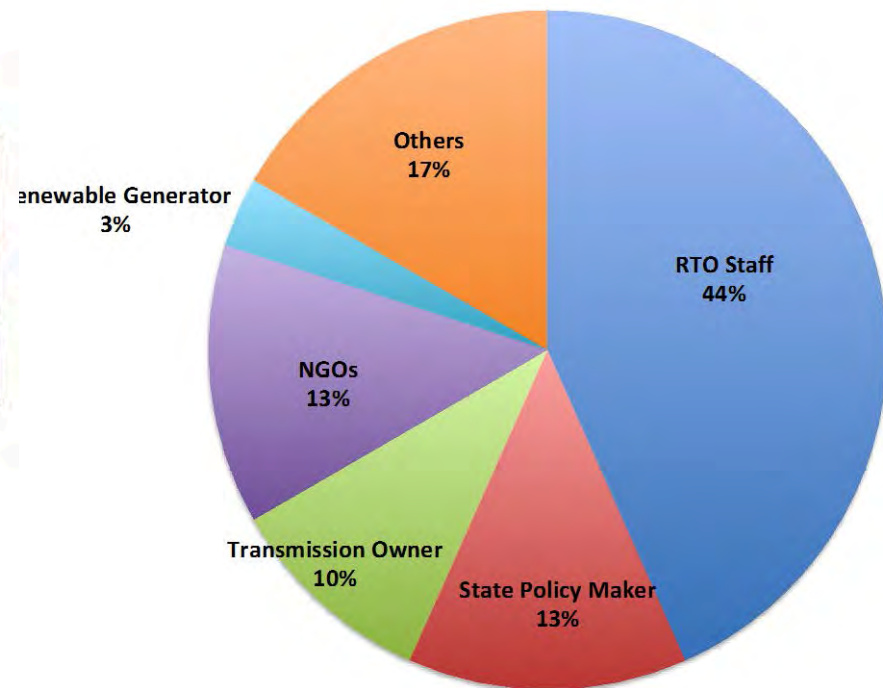
### Stakeholder Groups

- [eData/eDataFeed Stakeholder Group](#)
- [PJM Online Tools Refresh](#)
- [General Session](#)
- [Inter-Regional Planning Stakeholder Advisory Committee - MISO](#)

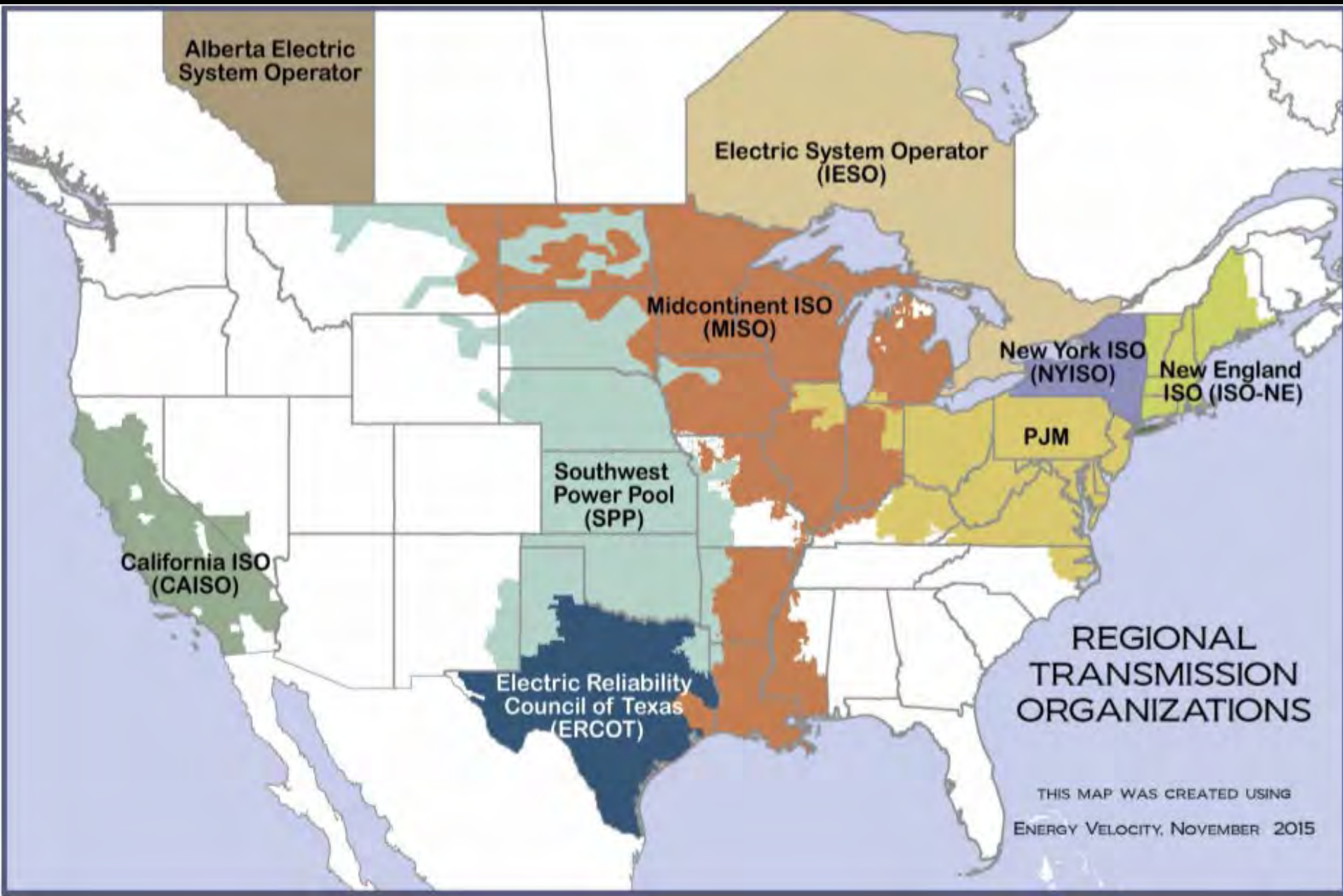
### Symposiums and Forums



## *Semi-structured interviews with stakeholders*



*Over 50 interviews in PJM/MISO /CAISO*



# Stakeholder Perceptions

“The process generally works. It’s generally very collegial.”

- A PJM Stakeholder

“The nature of the decision-making has gotten much more difficult.”

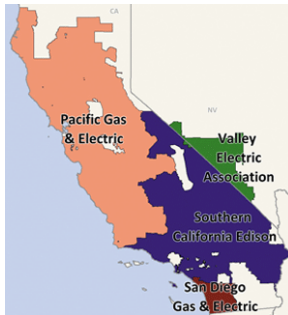
- A Different PJM Stakeholder

# Why Perception Matters

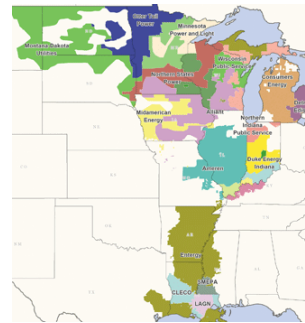
“The stakeholder process is just a bunch of horse-trading, and what comes out looks nothing like a horse.”

-Dick O’Neill, HICSS 2017

# Stakeholder Process Context



CAISO:  
Stakeholder input  
sought but no  
formal voting.



MISO: Stakeholder  
voting is advisory in  
nature; RTO  
determines filings  
with FERC.



PJM: Stakeholders  
drive rule-making  
process; voting  
determines filings  
with FERC; RTO  
can bypass  
stakeholders but  
rarely does so.

←  
Less structured  
stakeholder  
authority

→  
More structured  
stakeholder  
authority

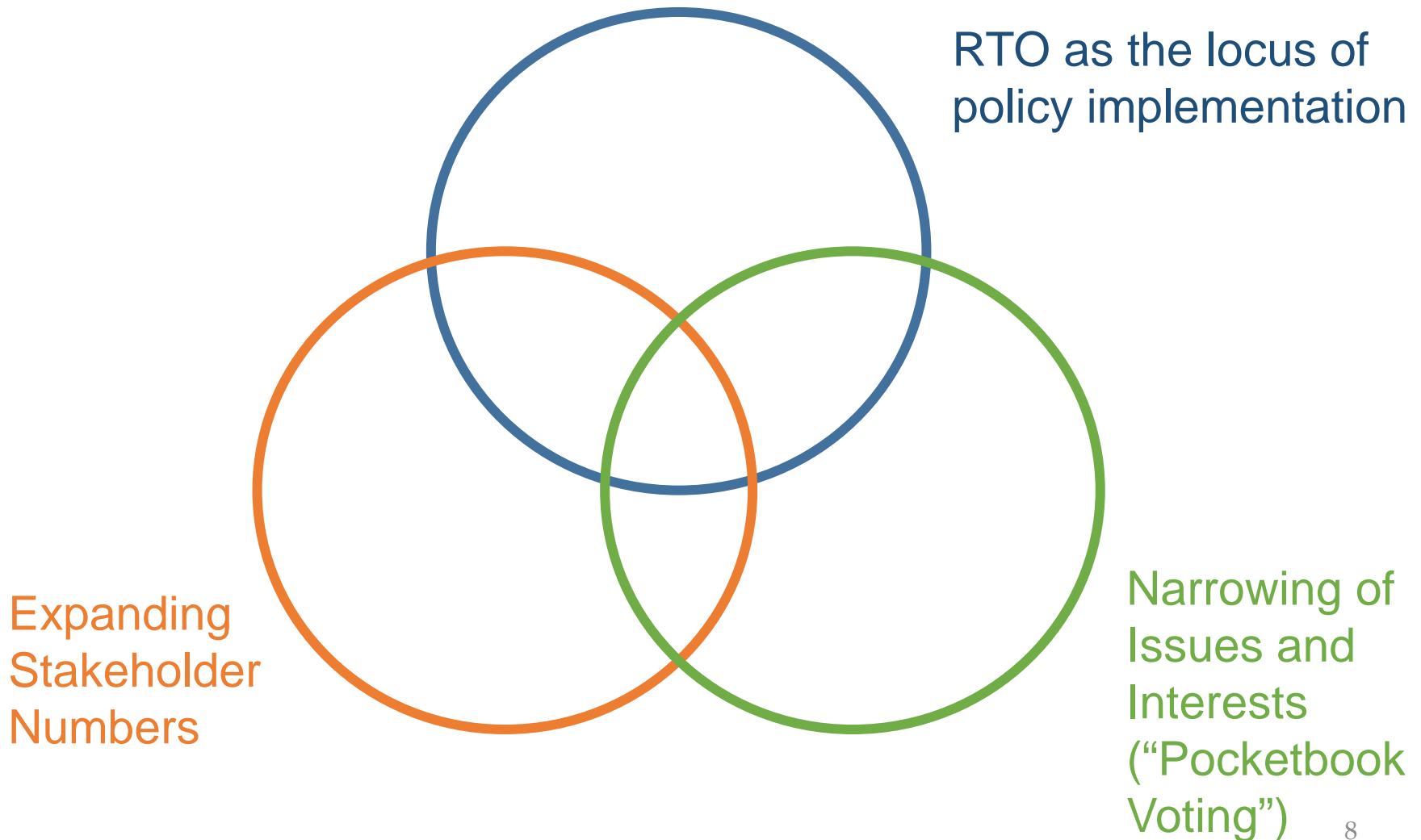
# Maturity and Complexity

“We probably have [fewer] of the big policy decisions. In the beginning I think there was more policy direction, big ticket decisions of how the industry wanted to move particularly under open access deregulation. The members had a better understanding of getting their arms around that. Maybe because most of them didn’t necessarily know how ultimately financially that would impact them. **As we matured and the details are getting much more specific...it’s less about what necessarily is what’s good for the industry. It’s much more now just coming out with this either impacts my business or doesn’t.**”

- PJM Stakeholder



# Perceived Sources of Tension





# Reliability Driven Organization

“The reliability stuff is theirs, and they can’t not perform that function because stakeholders can’t agree on how to move forward.”

- PJM Stakeholder

“Reliability really is the fundamental reason that the [PJM] board will [go over stakeholder heads]—if they can’t get a stakeholder consensus, will go forward [to the FERC] with something.”

- State Regulator

# Informal Mission Expansion

“Most of the conflicts, within our industry, have, if you think about it, they don’t come from the operation of the system. They come from the fact that we have broader public policy goals, that aren’t enshrined at the federal level...a lot of them are state initiatives, because we have no agreement on what our energy policy should be. Different states have different energy policies... There are a number of states that have encouraged renewable, but there are other states that don’t. They have not. They have no interest in encouraging renewables. They don’t want to pay for transmission lines that are there to support renewables.”

- PJM Stakeholder

# Feedback from FERC Decisions

“There was a huge settlement at FERC regarding the capacity markets. That had a, in my opinion, a tremendous impact on governance effectiveness, because FERC basically put the buyers and sellers into opposite teams, and those teams largely transcended the end of the settlement process at FERC. The hard feelings that came along with the FERC experience definitely came back into the stakeholder process.”

- PJM Stakeholder

# “PJM Will Fix It”

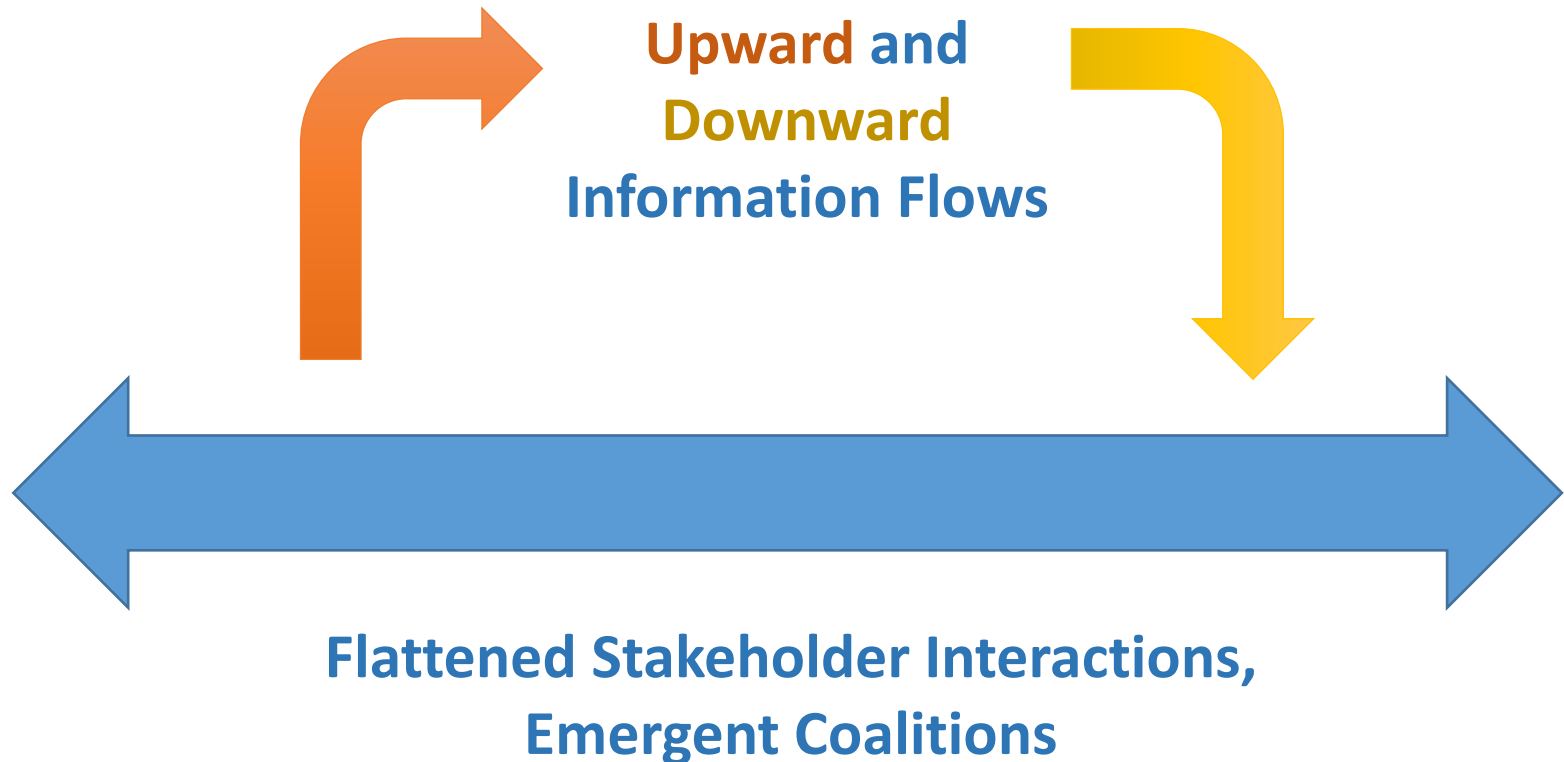
“We have to vote this way because we represent our members and this is their interest, but in the end, we know that the PJM management and the board will do the right thing, even if we vote for what they know in their hearts is the wrong thing.”

- PJM Stakeholder

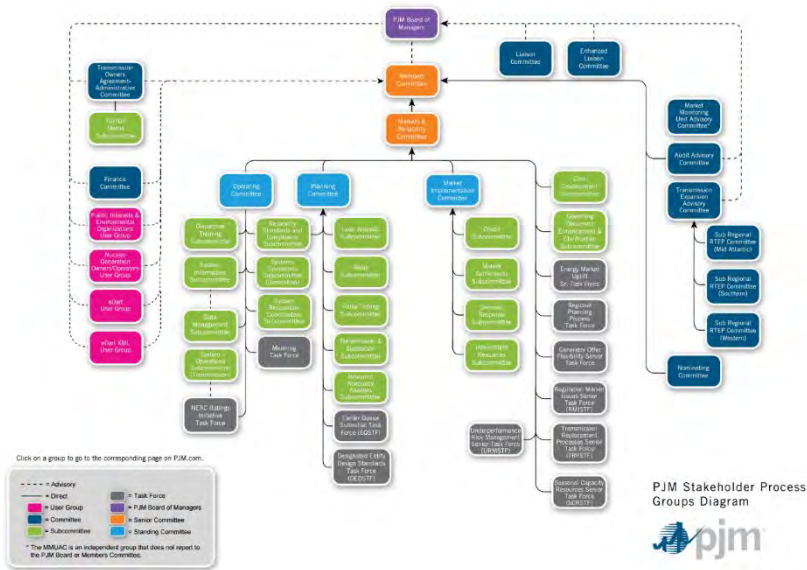
# Boundary Organizations

- The field of organizational behavior would probably recognize PJM as a hybrid of a *high reliability organization* and a *boundary organization*
- Boundary organizations in particular need to bring together multiple, often conflicting constituencies to solve complex problems.
- Stakeholders/members in boundary organizations often have other organizations to which they are accountable.
- (Maybe this sounds familiar.)

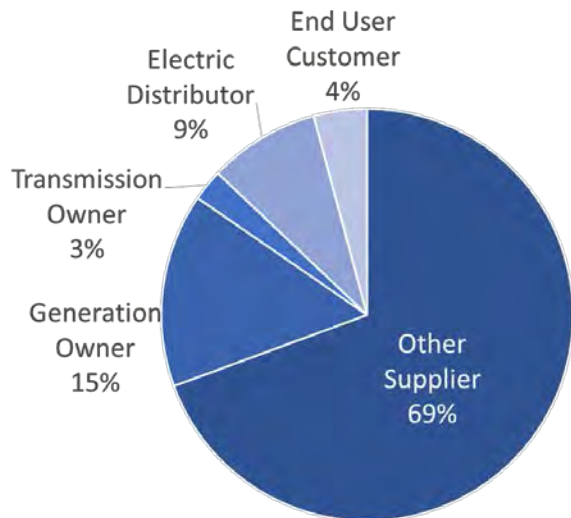
# Successful Boundary Organization Decision Processes



# MC/MRC Process



The decision process at the level of the MC/MRC looks less appropriate for boundary type organizations (although it seems to function just fine in many circumstances)





# In Defense of the ELC (or something like it)



about pjpm

training

committees & groups

planning

markets & oper

Meeting Center

Committees

- Audit Advisory Committee
- Enhanced Liaison Committee - Capacity Performance
- Finance Committee
- Liaison Committee
- Market Implementation Committee
- Market Monitoring Unit

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## Enhanced Liaison Committee - Capacity Performance

The purpose of the Enhanced Liaison Committee process is to provide the PJM Board of Managers and members an orderly and facilitated process to directly discuss contentious issues that were not resolved or would be extremely difficult to resolve within the stakeholder process.

Chair: [Jim Jablonski](#)  
Secretary: [David Anders](#)

The ELC looks more like a decision process that a boundary type organization would use:

- Unstructured coalitions
- Direct information flows between stakeholder coalitions and PJM Board

# Discussion: What Have We Learned?

- PJM's stakeholder process is very different from many other RTOs, which in part reflects PJM's stakeholder makeup and state regulatory policy (embrace of restructuring).
- *Perceptions* that there may be an increasing number/type of issues where driving the process to conclusion is difficult.
- The current stakeholder process looks different than how organizations in positions similar to PJM might guide conflicting stakeholders towards a decision *for those most contentious issues*.

# Discussion: Cutting Off the Nose Without Spiting the Face

- Does the stakeholder process need to be blown up?  
Probably not.
- Are there benefits to a more formal trigger for the ELC or another alternative decision process?  
Potentially.
  - Issue triggers?
  - Trigger via vote?
  - Likely voting margin threshold trigger?
- ELC may not be perfect but does have some desirable features.

Thanks!

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