

BOARD OF MANAGERS MEETING MINUTES

February 16, 2022

A meeting/conference call of the PJM Interconnection, L.L.C. (PJM) Board of Managers (Board) was convened approximately 12:30 p.m. on February 16, 2022.

The following Board members were present, constituting a quorum:

- Mark Takahashi, Chair
- Manu Asthana, President and Chief Executive Officer (ex officio)
- Terry Blackwell
- Paula Conboy
- Jeanine Johnson
- Margo Loebel
- David Mills
- Dean Oskvig
- Charles Robinson
- Sarah Rogers

The meeting included the following PJM personnel:

- Nigeria Bloczynski, Vice President – Chief Risk Officer
- Stu Bresler, Senior Vice President – Market Services
- Michael Bryson, Senior Vice President – Operations
- Thomas DeVita, Assistant General Counsel
- Lisa Drauschak, Vice President – Chief Financial Officer and Treasurer
- Craig Glazer, Vice President – Federal Government Policy
- Asim Haque, Vice President – State & Member Services
- Scott Heffentrager, Executive Director – Physical Security & Facility Services
- Colleen Hicks, Associate General Counsel
- Adam Keech, Vice President – Market Design & Economics
- Maureen McCormick, Sr. Director – Total Rewards
- Tom O'Brien, Senior Vice President – Chief Information Officer
- Chris O'Hara, Senior Vice President – General Counsel, Secretary & Chief Compliance Officer
- Ricardo Rodriguez, Senior Director – Internal Audit

- Lisa Salmon, Executive Assistant to the President & PJM Board
- Kenneth Seiler, Vice President – Planning
- Nora Swimm, Senior Vice President – Corporate Client Services

APPROVE MINUTES

- Mark Takahashi asked for approval of the minutes of the Board's meeting held on December 8, 2021, January 14, 2022, January 21, 2022, January 27, 2022 and February 8, 2022. **Upon a motion duly made, seconded and unanimously adopted, the Board approved the minutes of its December 8, 2021 as amended, January 14, 2022, January 21, 2022, January 27, 2022 and February 8, 2022, meetings.**

UPDATE on COVID-19 ACTIONS & IMPACTS INCLUDING RETURN-to-CAMPUS

- Maureen McCormick reviewed the posted materials and provided an update on PJM's COVID vaccine policies. Scott Heffentrager reviewed the plan for reopening campus. The Board expressed support for the company's activities regarding mitigating the impacts of COVID-19.

Heffentrager and McCormick exited the meeting.

HILL ENERGY RESOURCE & SERVICES

- Stu Bresler reviewed the posted materials and provided an update regarding the Hill Energy Resource & Services default.

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ILLINIOS CLEAN ENERGY JOBS ACT

- Asim Haque and Mike Bryson provided an overview of the Illinois Clean Energy Jobs Act. Haque announced the publication of PJM's reliability guidance.
- Haque discussed New Jersey proposed regulations related to emission limitations.

The Board initiated a recess at 2:40 p.m. and reconvened at 3:00 p.m. EST.

COMPETITIVE MARKETS COMMITTEE (CMC) REPORT

- Mark Takahashi reported on the CMC meeting held on February 15, 2022, and the materials presented therein. **Upon a motion duly made and seconded, the Board unanimously approved the proposed PJM Manual 15 Cost Development Guidelines, appended to these minutes as Attachment A.**

- Takahashi reported that the CMC received an update on several studies and initiatives including a combined cycle market study, renewable ELCC resources study and analysis of operating reserves. The IMM previewed the State of the Market Report. Takahashi reported on the joint and executive sessions with the IMM.

RELIABILITY & SECURITY COMMITTEE (RSC) REPORT

- Dean Oskvig reported on the RSC meeting held on February 15, 2022, and the materials presented therein. Oskvig provided a report on the Cybersecurity Dashboard/Operational Metrics, lessons learned from NERC CIP security drill and reliability metrics.
- Oskvig provided a high-level summary of the changes to the Regional Transmission Expansion Plan (RTEP), which the RSC endorsed. **Upon a motion duly made and seconded, the Board unanimously approved the proposed RTEP resolution appended to these minutes as Attachment B.**

REGULATORY COMMITTEE (RC) REPORT

- Sarah Rogers reported on the RC meeting held on February 15, 2022, which included a federal and state regulatory summary and update on recent FERC Orders.
- Rogers shared recent FERC actions by West Virginia to attend PJM Liaison Committee meetings.

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FINANCE COMMITTEE (RAC) REPORT

- Margo Loebel provided FC report including an update on PJM's Administrative Rate filing.

Bloczynski, Bresler, Bryson, Drauschak, Glazer, Haque, Hicks, Keech, O'Brien, Rodriguez, Salmon, Seiler, and Swimm exited the meeting.

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Resolution for the Meeting of the Board of Managers
Approval of Updates to PJM Manual 15
February 16, 2022

WHEREAS, Amended and Restated Operating Agreement of PJM Interconnection, L.L.C., (“Operating Agreement”), Schedule 2, section 1.2 provides that the PJM Board of Managers (Board) is responsible for defining in detail the method of determining the cost components for cost-based offers in the PJM energy markets;

WHEREAS, PJM Manual 15: Cost Development Guidelines details the method of determining the cost components for cost-based offers;

WHEREAS, PJM Manual 34, section 11.15 requires Board approval of revisions to PJM Manual 15;

WHEREAS, the Operating Agreement, section 18.6(a) requires that any amendment to the agreement must be submitted to the Board for its review and comments so the Members Committee may consider any such comments before voting on the proposed Operating Agreement amendments;

WHEREAS, PJM is proposing updates to the language in Operating Agreement, Schedule 2, sections 2.3 and 6.1, as well as Manual 15 to (1) clarify and elaborate on offer update requirements for Market Sellers to opt-in to intraday offers, (2) clarify the process to extend Fuel Cost Policies prior to their expiration, (3) establish Fuel Cost Policies standards that are verifiable and standardized, and (4) clarify that a Market Seller’s non-compliant offer (an offer error) occurring over a period of time, but with lapse in the date range would be treated as a single penalty;

WHEREAS, the PJM Markets and Reliability Committee reviewed the proposed updates to PJM Manual 15 on January 26, 2022, and endorsed them by acclamation with no objection and no abstention, and the PJM Members Committee will consider and vote on the proposed revisions on February 24, 2022;

WHEREAS, PJM management recommends the proposed revisions to the Operating Agreement, Schedule 2 and PJM Manual 15 revisions to the full Board for approval;

WHEREAS, the Board, through the Competitive Markets Committee, has been provided with summary presentation materials and has considered the relevant redlines as posted on the PJM website under the January 26, 2022, Markets and Reliability Committee meeting materials; and

NOW, THEREFORE, BE IT RESOLVED, that the Board, having reviewed the proposed revisions to the Operating Agreement and PJM Manual 15, hereby endorses the Operating Agreement revisions and approves the revisions to PJM Manual 15, contingent upon endorsement by the Members Committee and approval of PJM’s filing by the Federal Energy Regulatory Commission, to effectuate the aforementioned revisions.

**Resolution for the Meeting of the Board of Managers
2021 Regional Transmission Expansion Plan
February 16, 2022**

WHEREAS, Amended and Restated Operating Agreement of PJM Interconnection, L.L.C., Schedule 6, section 1.6 (a) provides that the PJM Board of Managers is responsible for approving changes to the Regional Transmission Expansion Plan (RTEP) and cost allocations for transmission enhancements and expansions consistent with PJM Open Access Transmission Tariff, Schedule 12 (Tariff, Schedule 12);

WHEREAS, the Transmission Expansion Advisory Committee (TEAC) has reviewed and been provided the opportunity to comment on the elements of the changes to the 2021 RTEP; and

WHEREAS, the Board of Managers has reviewed the RTEP material developed by PJM in consultation with the TEAC, including the elements and cost allocations related to the proposed changes to the 2021 RTEP, and the recommendations of the Board of Managers Reliability and Security Committee.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Managers hereby approves the 2021 RTEP including changes resulting in an overall net increase of approximately \$515.41 million, and associated cost allocations in accordance with Tariff, Schedule 12, resulting from:

- (a) New baseline projects totaling approximately \$519.37 million comprised of: PJM reliability criteria enhancements totaling approximately \$254.04 million, transmission owner FERC Form 715 planning criteria enhancements totaling approximately \$240.56 million, market efficiency enhancements totaling approximately \$21.77 million and operational performance enhancements totaling approximately \$3 million;
- (b) Cost changes to existing approved RTEP baseline projects totaling a \$3.54 million net increase; and
- (c) Cancellation of an existing approved RTEP baseline project totaling a \$7.5 million net decrease.

The Board of Managers further directs PJM to file with the Federal Energy Regulatory Commission under Federal Power Act section 205, within 30 days of the date of this approval, the cost allocations for each approved RTEP project as required pursuant to the PJM Tariff, Schedule 12, section (b) (viii).