

BOARD OF MANAGERS MEETING MINUTES

July 10, 2023

A meeting of the PJM Interconnection, L.L.C. (PJM) Board of Managers (Board) was convened (via MS Teams) at approximately 11 a.m. on July 10, 2023.

The following Board members were present (either in person or remote), 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
- Vickie VanZandt

Present for the meeting, or a portion of the meeting, were the following PJM personnel:

- Stu Bresler, Sr. Vice President – Market Services
- Michael Bryson, Sr. Vice President – Operations
- Michael Coyle, Chief Diversity, Equity & Inclusion Officer
- Lisa Drauschak, Vice President, Chief Financial Officer and Treasurer
- Asim Haque, Vice President – State & Member Services
- Colleen Hicks, Managing Counsel – Office of General Counsel
- Adam Keech, Vice President – Market Design & Economics
- Tom O'Brien, Sr. Vice President and Chief Information Officer
- Chris O'Hara, Sr. Vice President, General Counsel, Secretary & Chief Compliance Officer
- Lisa Salmon, Executive Assistant to the President & PJM Board
- Kenneth Seiler, Vice President – Planning
- Nora Swimm, Sr. Vice President – Corporate Client Services
- Dionne Wright Sr. Director, People Services – People Services Center

STRATEGY SESSION:

- Stu Bresler introduced the PJM strategy topics on workforce capability included in the Board materials, reviewing the strategic pillars and road map.



- Michael Coyle reviewed the strategy materials related to PJM's diversity, equity and inclusion strategy.
- Dionne Wright reviewed the materials on PJM's workforce plan and provided an overview of PJM's efforts regarding workforce capability, including strategies to attract talent and address retirements.

The meeting adjourned at approximately 1:10 p.m.

July 12, 2023

The meeting of the PJM Board was reconvened via Teams at approximately 1:15 p.m. on July 12, 2023.

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

The following Board member was absent and excused.

- Vickie VanZandt

Present for the meeting, or a portion of the meeting, were the following PJM personnel:

- Glen Boyle, Sr. Manager – Performance Compliance
- Stu Bresler, Sr. Vice President – Market Services
- Michael Bryson, Sr. Vice President – Operations
- Rebecca Carroll, Sr. Director, Market Design – Market Design & Economics
- Carl Coscia, Vice President, Chief Risk Officer
- Mike Del Viscio, Executive Director, Regulatory Compliance Officer – Law & Compliance
- Lisa Drauschak, Vice President, Chief Financial Officer and Treasurer
- Craig Glazer, Vice President – Federal Government Policy
- Asim Haque, Vice President – State & Member Services
- Colleen Hicks, Managing Counsel – Office of General Counsel
- Alpa Jani, Manager – Operational Excellence & FERC Compliance
- Adam Keech, Vice President – Market Design & Economics
- Tom O'Brien, Sr. Vice President and Chief Information Officer
- Chris O'Hara, Sr. Vice President, General Counsel, Secretary & Chief Compliance Officer



- Ricardo Rodriguez, Executive Director – Internal Audit
- Lisa Salmon, Executive Assistant to the President & PJM Board
- Kenneth Seiler, Vice President – Planning
- Nora Swimm, Sr. Vice President – Corporate Client Services

ADMINISTRATION

Upon a motion duly made, seconded and unanimously adopted, the Board approved the minutes (including public versions) of its May 3, 2023, and May 22, 2023, meetings.

CIRCUIT BREAKER

- Rebecca Carroll and Adam Keech reviewed the materials related to PJM's circuit breaker stakeholder process, including a discussion of priorities, objectives and criteria. Carroll provided an overview of PJM's package, reviewing stakeholder feedback.
- The Board discussed the materials, filing considerations and anticipated challenges at FERC, as well as the position of OPSI. The Board expressed support for PJM's recommendation to not file a circuit breaker proposal with FERC at this time and requested that PJM prepare a draft communication to stakeholders for its review.

Glen Boyle, Michael Del Viscio and Alpa Jani joined the meeting at 2:48 pm. Carroll left the meeting at 2:50 p.m.

WINTER STORM ELLIOTT REPORT OVERVIEW

- Keech reviewed the efforts undertaken at PJM to compile a detailed report on Winter Storm Elliott (WSE) and the event's effects on the PJM region, key takeaways and recommendations.
- Alpa Jani reviewed the materials on the WSE event analyses and on the development of the recommendations.
- Glenn Boyle discussed the materials regarding the key operational, training and awareness recommendations included in the WSE report.
- The Committee discussed the report and its findings.

Boyle, Del Viscio and Jani left the meeting at 3:10 p.m.

PERFORMANCE ASSESSMENT INTERVAL COLLECTIONS EXPERIENCE

- Lisa Drauschak reviewed the materials related to the Performance Assessment Interval (PAI) charges and bonuses resulting from WSE, including Market Participants' three-month and nine-month payment elections. Drauschak further reviewed the billing and collection data to date.
- Drauschak reviewed the credit and risk mitigation actions that PJM employed with respect to the payment of PAI bonuses and credits, including specifically the holdback mechanism.

PERFORMANCE ASSESMENT INTERVAL SETTLEMENT UPDATE

2024 PRELIMINARY BUDGET TARGETS

- Drauschak reviewed the materials on the preliminary 2024 PJM budget, including the financial assumptions and key budget drivers, including compensation, benefits, technology and depreciation.
- Drauschak reviewed the budget timeline that includes reviewing the preliminary 2024 PJM budget with the Finance Committee on August 31.

COMPETITIVE MARKETS COMMITTEE (CMC) REPORT

- David Mills reported on the CMC meeting held on July 11, 2023, and the materials presented therein.
- Mills sought approval of changes to the Manual 15: Cost Development Guidelines to clarify the heat rate input curves and the opportunity cost calendar.

Upon a motion duly made, and seconded, the Board unanimously approved the updates to Manual 15: Cost Development Guidelines concerning heat rate input curves and the opportunity cost calendar (Attachment A).

- Mills further reported that the CMC received reports on:
 - The IMM's capacity market proposal in the CIFP stakeholder process
 - PJM's current capacity market proposal in the CIFP stakeholder process
 - Opportunities to enhance PJM's energy and reserve markets
 - Stakeholder discussions on reforming the regulation market and the key components of PJM's proposal

RELIABILITY & SECURITY COMMITTEE (RSC) REPORT

- Dean Oskvig reported on the RSC meeting held on July 11, 2023, and the materials presented therein.

Upon a motion duly made, and seconded, the Board unanimously approved the revisions to the 2022 RTEP relating to the addition of new baseline projects and the cancellation of existing baseline projects (Attachment B).

- Oskvig further reported that the RSC received reports on:
 - The upgrade of PJM's Energy Management System
 - PJM's preparations for summer operations

- Lessons learned from WSE focused on natural gas-fired generator scheduling challenges and reserve availability
- Reserve market performance follow-up with generators
- The RSC also reviewed the Cybersecurity Dashboard, threat landscape, business continuity planning and cybersecurity of Monitoring Analytics.

REGULATORY COMMITTEE (RC) REPORT

- Paula Conboy reported on the RC meeting held on July 12, 2023, and the materials presented therein.
- Conboy reported that the RC received reports on:
 - Federal regulatory and legislative updates, including a discussion of Order 2023 on interconnection
 - State legislative, regulatory and policy solution updates
 - A review of other PJM regulatory activity, including comments on the US EPA's Greenhouse Gas rulemaking addressing new standards to further reduce air pollutant emissions from fossil generating stations

FINANCE COMMITTEE (FC) REPORT

- Jeanine Johnson reported on the Finance Committee Meeting held on May 9, 2023. The FC received reports on:
 - New Member representatives on the FC
 - OPSI and IMM's 2023 budgets
 - PJM's first-quarter 2023 financial review of operating expenses, service category charges and capital spending for the quarter ending March 31, 2023

Stu Bresler, Michael Bryson, Drauschak, Glazer, Haque, Colleen Hicks, Keech, Tom O'Brien, O'Hara, Ricardo Rodriguez, Lisa Salmon, Kenneth Seiler and Nora Swimm exited the meeting at 5:47 p.m.

The Board adjourned at approximately 6:15 p.m.

Resolution for the Meeting of the PJM Board of Managers

Approval of Revisions to PJM Manual 15

WHEREAS, PJM Manual 15: Cost Development Guidelines details the method of developing heat input curves and using the Market Monitor's Opportunity Cost Calculator;

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

WHEREAS, PJM is proposing to update PJM Manual 15 to make revisions to clarify the heat input curve methodology for units with multiple boilers and combined cycle units. Additionally, PJM is also proposing updates in PJM Manual 15 which will better align the actual commitment and dispatch of units used in the Market Monitor's methodology for calculating Opportunity Cost;

WHEREAS, the PJM Markets and Reliability Committee endorsed the proposed revisions to PJM Manual 15 relating to the method of developing heat input curves and the Market Monitor's Opportunity Cost Calculator by acclamation with no objection and one abstention on May 31, 2023, while the PJM Member's Committee reviewed and endorsed the proposed revisions to PJM Manual 15 relating to the method of developing heat input curves and the Market Monitor's Opportunity Cost Calculator on June 22, 2023, by acclamation with no objection or abstention;

WHEREAS, PJM management recommends the revisions to PJM Manual 15 to the full Board for approval effective August 1, 2023; and

WHEREAS, the Board, through the Competitive Markets Committee, has been provided with summary presentation materials, and has reviewed the relevant revisions;

NOW, THEREFORE, BE IT RESOLVED, that the Board, having reviewed the proposed revisions to PJM Manual 15, hereby approves the proposed revisions to PJM Manual 15 to be effective August 1, 2023.

Resolution for the Meeting of the Board of Managers

2022 Regional Transmission Expansion Plan

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 shall approve additions and changes to the Regional Transmission Expansion Plan (RTEP), in accordance with the requirements of Operating Agreement, Schedule 6 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 2022 RTEP; and

WHEREAS, the Board of Managers has reviewed the RTEP material developed by PJM in consultation with the TEAC, including the proposed transmission expansions and enhancements and cost allocations related to the proposed additions and changes to the 2022 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 additions and changes to the 2022 RTEP resulting in an overall net increase of approximately \$925.02 million, and associated cost allocations in accordance with Tariff, Schedule 12, as such may be modified by the Federal Energy Regulatory Commission (FERC) resulting from:

- (a) New baseline projects totaling approximately \$795.61 million comprised of PJM reliability criteria expansions and enhancements;
- (b) Scope and cost changes to four (4) existing approved RTEP baseline projects totaling a \$134.1 million net increase; and
- (c) Cancellation of an existing approved RTEP baseline project totaling a \$4.69 million net decrease.

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