



PJM Interconnection, LLC
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December 20, 2023

Re: Other Supplier Sector Meeting

Dear Members,

As you may be aware, the PJM Board has agreed to conduct closed session meetings between representatives of the PJM Board and each individual sector in an effort to foster elevated and strategic communications. To this end, at 3 p.m. on November 30, 2023, independent PJM Board members Margo Loebel, Vickie VanZandt, Jeanine Johnson (remote), Mark Takahashi, and President and CEO Manu Asthana met with executive leadership and other representatives from the Other Supplier Sector. See Attachment A (the "Participants"). PJM Director of Stakeholder Affairs, David Anders, was permitted to attend remotely.

At the outset of the meeting, PJM's General Counsel Chris O'Hara reminded attendees of the following principles governing the meeting:

1. The meeting is conducted in accordance with PJM's Antitrust Policy and Codes of Conduct, including specifically the Addendum to the Board Code of Conduct;
2. The purpose of the meeting is for the Board representatives to listen to comments from the sector;
3. Discussions will be confined to the agenda and remain at a strategic and educational level, and shall not address matters pending before the Board; and
4. The meeting is ex parte, and PJM will disclose briefly, by public posting on its website, the agenda and topics discussed promptly following the meeting.

Meeting Agenda Topics and Summary of Discussion:

1. Future of Markets – The Participants expressed concerns regarding PJM's market design changes and the impact of such changes on their assets and portfolios. The Participants shared that higher capital market costs have increased project financing costs, and the current environment makes it challenging to develop projects and, thus, diminished market participants' ability to hedge and transact on a forward basis. The uncertainty of market rules, coupled with impediments to new entry and other regulatory uncertainty driven by environmental changes in law and state public policy, are having a significant detrimental impact on the bilateral and standard offer service markets, even in advance of supply problems materializing. Competitive retail providers' ability to hedge is similarly being limited. According to the Participants, now is the time to discuss markets of the future, which should include significant improved scenario analyses in order to ensure sufficient market liquidity and to minimize the need for Reliability Must Run (RMR) agreements, which are also an impediment to hedging as those costs are unknown. The Participants called for a simplified and more transparent capacity market, including the development of a greater forward trading

mechanism within the capacity market construct due to the timeline for project development. The Participants stated that, as the industry evolves, PJM should be open to developing new products and markets, but changes should occur incrementally and at a reasonable pace to provide certainty and facilitate long-term planning. The Participants also voiced concern about the length of the interconnection queue and the need for a more holistic planning approach that includes incentives for timely project development. The Participants shared their view that the cost of energy storage, the lack of price signals and the number of energy storage projects in the interconnection queue do not support the development of hybrid resources. The Participants stated that PJM markets pose a challenge for investors who seek stability, certainty and consistency because PJM market rules, particularly capacity market rules, appear to be in a regular state of change. The Participants expressed concern regarding the Independent Market Monitor's performance on topics like the challenges to Critical Issue Fast Path (CIFP) results.

2. Transparency – The Participants discussed the need for improvements to the transparency of markets generally and requested that much more information be made available, including scenarios, especially at the time of market rule changes. For example, on the recent CIFP and related accreditation, market participants lack the necessary information to effectively project market outcomes. In PJM's Financial Transmission Rights (FTR) auctions, some improvements have been made, but additional opportunities remain both with respect to the FTR market and transactions outside of the FTR market.
3. Holistic Planning – The Participants encouraged PJM to pursue a holistic planning approach. According to the Participants, PJM should consider how it can get in front of generation retirements. The Participants also asked PJM to consider whether non-reliability-related considerations should be taken into account in the planning process as a way to avoid RMR agreements.

The meeting concluded approximately 1.5 hours after its start.

Sincerely,

/s/ Vasiliki Karandrikas

Vasiliki ("Vicki") Karandrikas
Assistant Secretary

Attachment A

Organization	Attendee
DC Energy	Bruce Bleiweiss, Director, Regulatory Affairs (remote)
Enel North America	Molly Jerard, Head of Demand Response for U.S. and Canada
	Manuel Esquivel, Manager, Regulatory Affairs
Greenex Solar	Ken Foladare, Consultant
	Steve Hazel, Vice President – Development
H-P Energy Resources	Steve Huntoon, Counsel (remote)
New York Power Authority	George Kogut, Senior Energy Market Advisor (remote)
NextEra Energy Resources	Steve Kirk, Senior Director, Regulatory Affairs
Saracen	Allison Duensing, General Counsel (remote)
Shell Energy	Sean Chang, Director, Regulatory Affairs
	Matt Picardi, Vice President, Regulatory Affairs
	Carolyn Comer, President & CEO (remote)
Vibrus Fund	Noha Sidhom, Executive Director, Energy Trading Institute, CIO