



Organization of PJM States, Inc.

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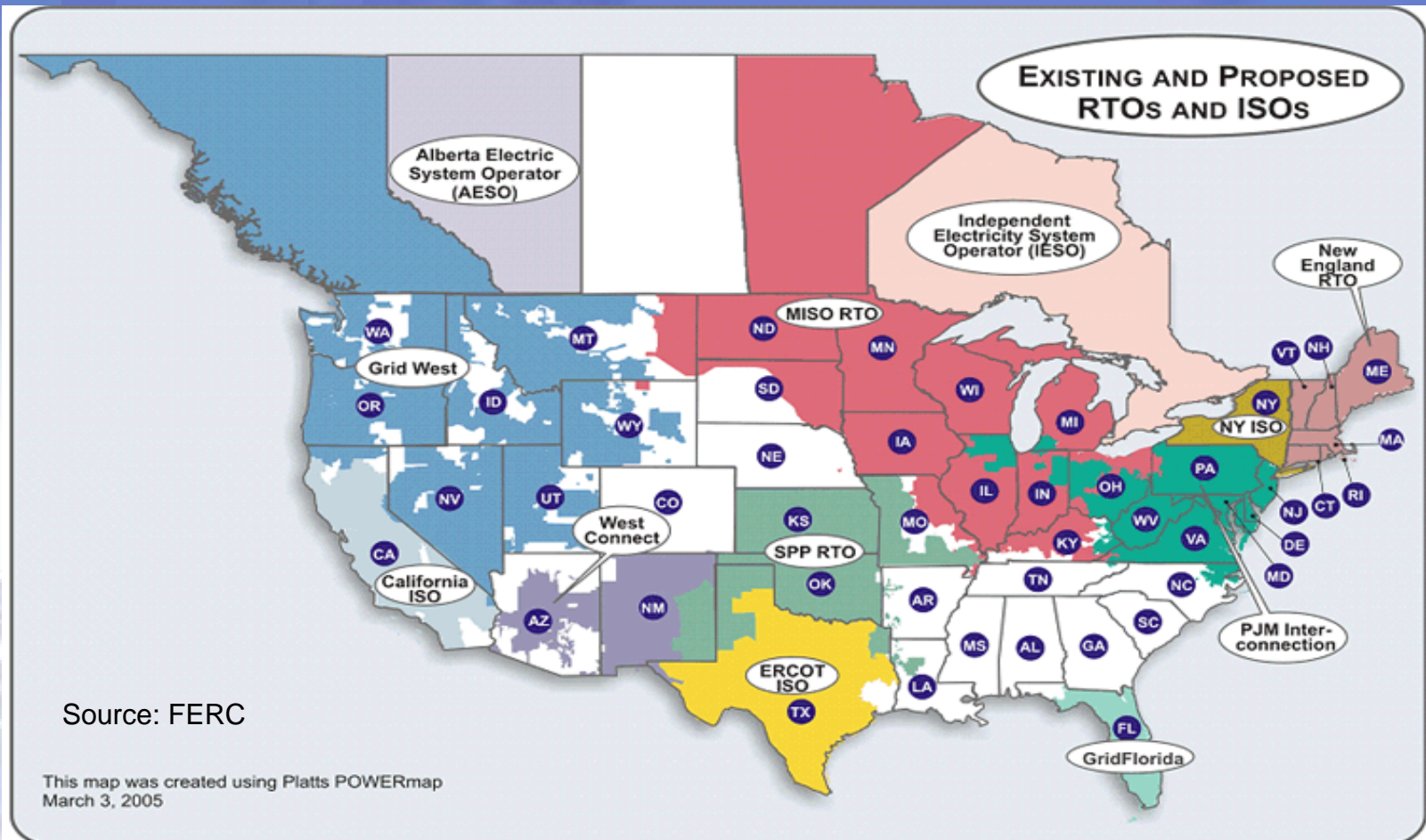
North American Electric Reliability Councils



Source: NERC



Regional Transmission Organizations





PJM Service Territory



All or parts of
Delaware,
Illinois, Indiana,
Kentucky, Maryland,
Michigan,
New Jersey,
North Carolina, Ohio,
Pennsylvania,
Tennessee, Virginia,
West Virginia, and
the District of
Columbia.



PJM: Regional Electricity Market



- **Population - 51 million**
- **Generating sources - 1,082 with diverse fuel types**
- **Generating capacity - 163,806 MW**
- **Peak demand - 131,330 MW**
- **Annual energy delivery - 700 million MW-hours**
- **Transmission lines - 56,070 miles**
- **Members/customers - more than 350**
- **Cumulative billing - \$28 billion since 1997**
- **PJM, acting neutrally and independently, operates the largest wholesale electricity market in the world.**



Activity in States within PJM



- Almost all of the states in the PJM region have restructured their electricity utility industry and deregulated generation.
- This means that, within certain regulations, generation can be built anywhere by anybody in these states.
- The energy output is sold either as a bilateral contract or in PJM's open market.
- The States' responsibility of retail rates are still in effect, and retail rates eventually are dependent on wholesale market prices.



State Relationship With PJM



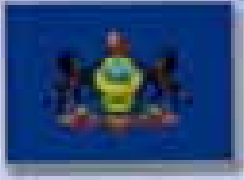
- In 1998, PJM and state utility commissions in the PJM region signed a Memorandum of Understanding (MOU) to create a State Commission Liaison Committee.
- The State Committee is a direct channel of communication between PJM's Board of Managers and all state commissioners in the PJM region.
- With the current expansion of PJM, a new Organization of PJM States, Inc. (OPSI) has been formed that includes all 14 jurisdictions.



OPSI



- Board of Directors (BOD) = 14
(1 commissioner from each state)
- Executive Committee (7) from BOD
 - President: Chairman Wendell F. Holland of PA PUC
 - Vice President: Commissioner Laura Chappelle of MI PSC
 - Secretary: Chairman Mark Goss of KY PSC
 - Treasurer: Commissioner Allen Friefeld of MD PSC
 - 3 representatives from Mid-Atlantic, South, and Midwest sub-regions
- Staff from all states participate based on issues



OPSI Staff



- Currently in the process of hiring a full-time Executive Director (ED)
- ED will set up office
- Later hire an administrative secretary
- Current annual budget of about \$425000
- Funded by a PJM tariff as a small charge on per MWh basis as approved by the FERC



Activities



- Monthly teleconference among Board and Staff
- Monthly teleconference between Board and PJM's chief executives
- Monthly working group teleconference between PJM staff and staff from all states
- Annual Retreat
- Other meetings during NARUC meetings