



# A BRIEF HISTORY & OVERVIEW

OF THE CONSUMER  
ADVOCATES OF  
THE PJM STATES

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MARCH 17, 2019

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**Kristin Munsch**, Illinois Citizens Utility Board

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# Executive Summary

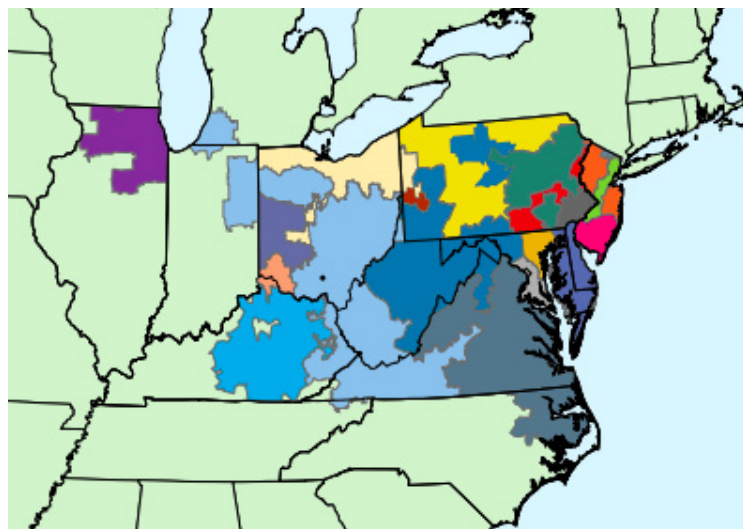
The Consumer Advocates of the PJM States, Inc. (“CAPS”) was formed to assist state utility consumer advocates in their work of representing consumers in the PJM Interconnection, LLC (“PJM”) processes. Through PJM’s stakeholder process, CAPS is directly involved in the development of policies affecting wholesale electricity market and electric transmission throughout a region that covers parts or all of 13 states and the District of Columbia and encompasses a population of 65 million.

The consumer advocate offices of all 13 states and the District of Columbia in the PJM region joined to share the goal of “ensure[ing] that the prices we pay for reliable, wholesale electricity are reasonable.” Across the region, between 50% and 70% of retail electric customers’ bills originate in PJM’s markets and reliability-related activities. In retail open access states, energy, capacity, transmission and ancillary services charges are largely passed through to retail customers by distribution utilities. This means that regulatory processes in many states cannot protect consumers from unnecessary charges. Even in traditionally regulated states, markets and electric transmission operations at PJM heavily influence electricity rates given its large geographic footprint and volume of sales:

- PJM operates and plans for a grid that exceeds 84,000 miles of transmission lines.
- Electricity sales within the region during 2017 exceed 773 Trillion kilowatt-hours or about 20% of the nation’s power consumption.
- PJM does not own generating or transmission assets but acts as the intermediary for all transactions required to deliver wholesale power. As a result, PJM’s annual billings exceed \$40 billion.

Regional electric market and transmission initiatives filed at FERC are largely shaped through the PJM stakeholder process, a time-intensive and demanding process. For example, in 2018 PJM held 498 stakeholder meetings involving 17 committees, 19 subcommittees and 11 task forces. Stakeholder meetings often have a strong technical focus,

## THE PJM REGION



### ZONE

Allegheny Power Systems	East Kentucky Power Cooperative
American Electric Power Co., Inc.	Jersey Central Power and Light Company
American Transmission Systems, Inc.	Metropolitan Edison Company
Atlantic City Electric Company	Ohio Valley Electric Corporation
Baltimore Gas and Electric Company	PPL Electric Utilities
ComEd	PECO Energy
Dayton Power and Light Company	Pennsylvania Electric Company
Delmarva Power and Light Company	Potomac Electric Power Company
Dominion	Public Service Electric and Gas Company
Duke Energy Ohio and Kentucky	Rockland Electric Company
Duquesne Light	

covering areas as disparate as finance, reliability and markets rules. Close participation requires significant financial resources, resources that are often beyond the reach of individual state offices. This was the fundamental motivation for the founding of CAPS in 2012.

CAPS engages in policy development, debate and education of CAPS members through its Executive Director with the assistance of experts at member offices. The most closely followed issues are those having the greatest impact on consumers through the costs for reliability, energy and transmission. CAPS also works actively with other stakeholder groups, particularly industrial customers, with PJM staff and with state regulators. The result is that CAPS members are now able to address policies as they develop so that retail consumers are effectively represented.

## PJM Overview

PJM originated from a shared reliability system established by three Pennsylvania and New Jersey electric utility companies in 1927. Today, 21 separate transmission systems are integrated under PJM's authority.

Grid operations were managed by the member utilities until 1997 when PJM became an independent LLC. Currently, there are over one thousand members of PJM LLC. With membership open to market participants, as well as transmission owners, a broad range of interests is now represented in drafting system-wide standards. Many of these standards are subject to FERC approval.

The establishment of centralized responsibility for reliability in the region, including planning and operations, led to uniform standards across disparate utility transmission systems. This step has substantially improved efficiency and cost-effectiveness. Coupled with PJM's FERC-regulated market systems — energy, capacity and ancillary services — centralized reliability management provides reliability at reasonable costs to consumers.

### THE REGION

The PJM region expanded from a Pennsylvania/New Jersey base in 1927 to integrate transmission-owning utilities covering all or parts of 13 states and the District of Columbia. With a population of 65 million and an annual billing exceeding \$40 Billion, PJM's markets and operations have a major economic impact.

### PLANNING

The transmission system encompasses over 84,000 miles of lines and other critical infrastructure. Over the ensuing 90 years, a number of transmission-owning companies joined to create the current, PJM-operated transmission system that continues to evolve.

### OPERATIONS

Through continuous management of the grid, PJM ensures that the lights remain on throughout the region. Flows across the transmission system are

monitored so that operational management can keep supply matched to demand. Ancillary services — voltage support, frequency regulation and reserves — are also coordinated across thousands of potential supply sources. These are necessary lest the quality of electric service in the grid fall below required tolerances. “Black start” service encompasses generating resources that make commitments to provide the initial energy needed to bring the grid back on line in the event of a blackout.

### SECURITY

Physical and electronic security are also coordinated through PJM. In cooperation with transmission owners, PJM works to ensure that the grid, communications as well as infrastructure, is protected from damage. The electric industry has become painfully aware that the Internet has made the grid vulnerable. In response, PJM has joined with the Department of Energy, NERC, FERC, transmission owners and market participants, to establish rules and practices related to cyber-security. Security issues will remain an ongoing challenge to the grid operator.

### MARKETS

For decades preceding the opening of competitive markets, PJM's system functioned to mitigate retail energy prices. “Shared savings” permitted lower-cost energy from one utility generator to substitute for higher-cost energy from another generator. The two split the difference with the lower-priced producer receiving some compensation for its excess and the receiving utility providing its customers with lower priced energy. This was not how most energy was provided under vertically integrated utility service but it presaged the current system of marginal cost pricing.

### WHY MARKETS MATTER TO CONSUMERS

The consumer benefits of a marginally priced wholesale market can be seen in energy prices that, despite volatility, have risen no higher today than fifteen years ago. This price pressure has driven old, inefficient generation out while new, more efficient and often more reasonably priced resources enter the market. In the process, the reliability and diversity

of the generating fleet in PJM has improved. PJM markets are able to provide reliable supply at the least cost to consumers.

It is critical to note, however, that with pricing applying across the entire region, the potential negative economic impact of mispricing on consumers is enormous. In 2017, PJM's grid delivered 773 trillion KWH. An overall pricing error of \$.001/kwh (a tenth of a cent) in that year would have had an impact exceeding \$700 million. Clearly, getting pricing rules right is critical for the region's economic well-being and is a major focus for CAPS.

### **ENERGY MARKET**

PJM opened its energy market in 1997, inaugurating a system that provided access to the reasonably priced energy in the region. Subject to reliability constraints and available transmission capability, the lowest priced generating resource available at any time is directed to run. A system of marginal cost pricing, in which the market prices are set economically, ensures the most expensive plants operate last and allows lower cost producers to make a profit. For example, a unit operating at \$30/MWH (Megawatt-hour) would be paid \$50/MWH if that were the marginal price in any given hour.

PJM administers two energy markets. The day-ahead energy market joins projected demand bids with available supply across many market participants within the region. The integration of supply and demand across this specific market gives PJM operators the ability to make additional commitments so that reliability is protected. Finally, a real-time or balancing market runs for every five-minute period to ensure that unanticipated fluctuations in supply and demand are matched to protect system security.

Buyers within PJM have options for securing their energy requirements through bilateral contracts, self-supply and directly through the markets. Bi-lateral transactions permit one seller and one buyer to arrange for specific levels of supply. Self-supply enables a load serving entity to provide energy using its own supply. PJM acts as the counterparty for all market transactions.

### **CAPACITY MARKET**

Prior to the competitive markets, each utility that operated under PJM was required to maintain a Megawatt ("MW") of generation equal to its PJM-assigned reliability requirement. Utilities that failed to maintain sufficient generation capacity were subject to penalties spread across PJM utilities with excess capacity. The logic of required capacity commitments remains but applies across all market participants purchasing electricity from PJM for delivery at retail and not simply the utilities.

For a number of years, significant interests argued unsuccessfully that an energy-only market, as exists in Texas, was a better model. The counter argument was a capacity market based on modeling was better able to ensure future reliability needs. Also, it was asserted that capacity market pricing should be integrated with the energy market to moderate costs.

With the advent of competition, the PJM capacity market was not a significant focus. Market participants delivering at retail were required to purchase capacity but the price was very low, often only a few dollars/MW-day.<sup>1</sup>

This market has continued to evolve over the past 12 years, beginning with the creation of the initial Reliability Pricing Model (RPM). Since then, PJM has continually assessed the roles of new technologies, pricing models, performance, and other capacity construct elements. Further revision of market rules continues to be put forward by PJM and generation owners. Load interests including consumer advocates express reservations about increasingly restrictive market rules arguing that it has the potential to push prices upward unnecessarily. The cost of capacity in the past was controlled by the reliability requirement. Over time, the former cost capping function of the reliability requirement has been drastically weakened as that requirement has switched from a ceiling to a floor. As a result, capacity reserves routinely exceed the requirement.

# About CAPS

## ORIGINS

CAPS was both a need and a concept long before its founding in 2013.

Early in the spread of retail competition across a number of states in the mid-Atlantic region, the importance of reliable, reasonably priced wholesale power supply became obvious. The potential shape of this new market was unclear until negotiations focused on what is now the regional model. Skepticism by some state utility advocates was offset by the recognition that a marginal, cost-based pricing system would avoid a worse option, a system in which there would be winners and losers under opaque bilateral transactions. The risk that residential and other small consumers might be the losers led to a system in which all buyers have an equal opportunity to purchase power and where pricing is at the lowest marginal cost. In its early years, PJM gave a voice only to market participants. Yet, early on, PJM and stakeholders recognized the extraordinary role of state consumer advocates through a special category of membership. This guarantees CAPS members full rights within the stakeholder process.

The PJM consumer advocates identified the necessity of direct representation and involvement in the stakeholder process early in the initiation of the PJM energy market. Membership in PJM provided an opportunity, but rarely the reality, of meaningful stakeholder process representation. Funding constraints made active participation challenging at best and impossible in many cases.<sup>2</sup>

The founding by state public utility commissions of the Organization of PJM States (“OPSI”) provided both a model and an incentive for the PJM consumer advocates. Approved by FERC in Docket No. ER06-78, OPSI was formally recognized and received ongoing funding under the PJM Tariff. This pointed to a possible avenue for consumer representation. Further direction was provided by the National Association of State Utility Consumer Advocates report, “Model Corporate Governance for Regional Transmission Organizations and Independent System Operators.”<sup>3</sup> This report

Without proper representation of consumers’ interests in RTO governance, consumers have only one recourse: litigation at FERC. This presents a lose-lose scenario. Consumer advocates’ funding limitations restricts effective participation at FERC. Funding restrictions also prevent effective participation within the RTO stakeholder process. The combination results in inadequate representation of consumer interests.

– *Model Corporate Governance for Regional Transmission Organizations and Independent System Operators, National Association of State Utility Consumer Advocates Report January 2009*

examined the influence of the expanding system of ISO/RTOs and concluded that consumer advocate representation or, at least, consumer expertise was needed on ISO/RTO Boards of Directors in order for consumer needs to be heard. NASUCA adopted a Resolution authorizing its Executive Committee to take steps consistent with the report.<sup>4</sup>

FERC, sensitive to the need for better regulatory standards for ISO/RTOs, initiated a proceeding to address concerns about certain operations of these organizations.<sup>5</sup> This Notice of Proposed Rulemaking focused, among other things, on “the responsiveness of regional transmission organizations (RTOs) and independent system operators (ISOs) to their customers and other stakeholders, and ultimately to the consumers who benefit from and pay for electricity services.” In this area, the Commission reflected two concerns:

- that there had been a failure of ISO/RTO Boards to be responsive to consumer concerns and
- that mechanisms were needed for direct consumer access to ISO/RTO governance

A Final Order on October 12, 2008, Order 719, established four principles that should inform RTO

governance: Inclusiveness, Fairness in Balancing Diverse Interests, Representation of Minority Positions and Ongoing Responsiveness.<sup>6</sup> These principles established a potential role for the consumer advocates that went beyond individual action.

Another obstacle was funding and a solution to this appeared in 2009 when FERC undertook a confidential investigation of Constellation Energy Commodities Group (“Constellation”) for significant manipulation of the energy market. Constellation settled with FERC and agreed to pay \$245,000,000 in penalties and disgorgement of profits.<sup>7</sup> Disgorgements totaling \$110,000,000 were returned to the states in proportion to the harm to customers. As a result, \$6,000,000 came to the PJM states. FERC ordered that:

c. any requests for apportionment of the monies in the Fund by the affected states within the NYISO, ISO-NE and PJM may only be made by the appropriate state agency or agencies of those respective states, including, for example, state public service commissions, state attorneys general, or *state consumer advocates*, for the benefit of electric energy consumers;

Several consumer advocates identified this as an opportunity to secure funding for CAPS. Following a series of motions and orders, consumer advocate offices in a number of PJM states and the District of Columbia were designated as eligible to receive funds under the settlement. A number of state utility regulators filed jointly with their consumer advocates to allocate to CAPS what ultimately reached about 20% of the PJM states’ share of Constellation settlement funds. Other states agreed to the allocation of 20% of the Constellation funds to CAPS but did not actively endorse the CAPS proposal. The CAPS proposal was accepted by FERC, which held that:

The CAPS proposal appears to be transparent, fair, reasonable, and not discriminatory; accordingly, to the extent that all the eligible state agencies within a particular state have expressly supported the CAPS Proposal, the CAPS Proposal will be adopted for those states.<sup>8</sup>

Between the filing of the consumer advocates’ proposal and the final Order, CAPS was incorporated

under Maryland law on October 2, 2012.<sup>9</sup> This created the entity that could receive settlement funds. The funds from the various states were then provided to CAPS and active operation of the organization commenced on September 1, 2013.

## CAPS RECEIVES PERMANENT FUNDING

The conclusion of activities in the Constellation matter, as discussed above, made initial funding available in early 2013. Having secured approximately \$1,200,000, CAPS was able to commit to full-time operations. Constellation settlement funds supported operations from 2013 through 2017. Additional funding, under the Exelon – PHI merger settlement in Delaware, supported operations through 2018. {FN Merger Docs}

Going forward, CAPS needed a permanent funding source. Several unsuccessful attempts had been made in the past.

For example, contributions from each state office were initially considered but this quickly proved infeasible. First, as state-authorized organizations, individual offices must emphasize in-state activities. Second, most offices are subject to substantial budget uncertainty. It is common for state offices to have budgets that remain unchanged over years even as costs increase. This means that there is never sufficient surplus across the state offices to support joint activities at PJM. These factors, the necessity of focusing first on state regulation, the unpredictability of that work and often extremely tight state funding made it impossible to provide the money needed to get CAPS into operation.

In addition, a group of the PJM advocates sought to secure a funding stream through a proposal to the PJM stakeholders in August 2010. This proposal received a majority of member votes but not the supermajority (2/3 of those voting) required to establish the requested Tariff provision. CAPS then approached the PJM Board in November 2010. The Board, while having the authority to establish CAPS funding within the Tariff, declined to do so. Frustrated in securing funding, the CAPS concept was set aside in favor of continued, ad hoc action by some offices on a limited set of issues.

Finally, with the momentum of the funding from settlements, CAPS was able to gain stakeholder and PJM Board support for permanent funding. In 2016, the substance of CAPS' 2010 proposal was accepted by the PJM members with funding through the PJM Tariff established.<sup>10</sup> This is equivalent to a few cents per year from residential customers throughout the region. CAPS is proud that its prudent operations and careful financial management have avoided drawing on consumer funding for over five years.

## STRUCTURE AND GOVERNANCE

CAPS is a voluntary membership organization open only to state-approved utility consumer advocates within the PJM region. (Bylaws, Article II) The basic mission of advocacy unifies CAPS' member offices for retail electric consumers. Each state has a single membership in PJM.

CAPS' governing Bylaws deal with the operation and governance of the organization. The Board of Directors is made up of one designated Board member from each member office. CAPS annually elects officers (president, vice-president, secretary and treasurer), establishes a budget and holds meetings for its member offices. The officers, a few other members and the immediate past president form the Executive Committee. Along with the Executive Director, this committee is responsible for implementing Board-approved initiatives and for formulating proposals to be brought to quarterly Board meetings.

Since CAPS was founded to assist consumer advocate offices with participation on the PJM processes while respecting the independence of individual offices, the unanimous consent of all members is necessary for CAPS as an organization to support a policy position.<sup>11</sup> Frequently, CAPS member offices work as part of coalitions with other CAPS members, PJM stakeholders, and others in advancing proposals in the stakeholder process. The information and perspectives developed through the stakeholder process enables groups of members to develop positions, often joint positions, at PJM.

All stakeholders in the RTO are bound to benefit from a more effective representation of the residential consumer class because this assists in adopting more transparent and effective cost control measures, enhances the linkages between the wholesale and retail markets, increases the participation of demand side resources, and could play a non-adversarial role in generation and transmission siting.

— *Model Corporate Governance for Regional Transmission Organizations and Independent System Operators, Nasuca Report January 2009*

## STAKEHOLDER PROCESS

PJM policy initiatives are developed almost exclusively through the stakeholder process. All of PJM's more than 1,000 members may participate as problems are identified and solutions developed. The execution of CAPS' basic mission is through dozens of PJM stakeholder groups. These groups consider operational and organizational problems, identify possible solutions and refine policies that are ultimately reviewed by the members at large. These policies, many of which are ultimately approved by FERC, govern activities as broad as how the transmission system is operated and expanded, what the markets rules will be and how reliability is protected.

Stakeholders work on two levels of policy. The top level addresses PJM's fundamental, FERC-approved documents — the Open Access Transmission Tariff ("OATT"), the Operating Agreement ("OA"), and the Reliability Assurance Agreement ("RAA").<sup>12</sup> The OATT governs markets and operations. The OA deals with the operations of the LLC. The RAA speaks to the obligations of market participants regarding reliability. At the lower level lie the changes to PJM's existing Manuals. These provide implementation detail for the requirements set forth in the fundamental documents.

The PJM stakeholder process is organized under the PJM OA. The process is designed to give all

stakeholders an equal opportunity to participate in the making of the rules under which PJM operates. The creation of the process was originally a concession for some members and a prerequisite for others. It exists as one of a number of compromises needed to get the independent LLC off the ground.

The process centers around the hierarchy of committees, subcommittees and task forces with final decision-making lodged at the Markets and Reliability Committee (“MRC”) for changes to PJM Manuals, and the Members Committee (“MC”) for changes to the Tariff, Operating Agreement and Reliability Assurance Agreement — initiatives requiring FERC approval.

Voting at the senior standing PJM Committees is by Sector.<sup>13</sup> Each PJM member belongs to one of five “sectors.” These are: Transmission Owners, Generation Owners, Electric Distributors, Other Suppliers, and End-Use Customers. Almost exclusively, CAPS and PJMICC occupy the End-Use Customer Sector and sector-based activities such as membership on the Finance and Nominating Committees, the Sector Whip function, and Liaison Committee representation are shared between the two groups.

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## How CAPS Works

### INTERNAL BRIEFINGS

CAPS ensures that members are thoroughly informed on pending and anticipated issues. Members receive a report prior to the MC and MRC. This report reviews each issue scheduled for voting as well as other issues of significant importance. This is followed by a conference call that provides an opportunity for members to discuss upcoming issues and voting strategies. CAPS members then determine whether and how to vote on agenda items for their individual office. Finally, CAPS members receive a detailed monthly briefing on evolving issues. These resources are then available

### CAPS PARTICIPATION IN THE STAKEHOLDER PROCESS

The scope of the PJM stakeholder process is substantial and its organization is complicated. From the beginnings of PJM as an independent organization, every stakeholder needed significant resources to participate in the process or risk falling short in understanding and debating the issues. This dynamic made the creation of CAPS imperative for effective consumer participation.

Under the PJM OA, each state consumer advocate acts as a member of PJM within the End-Use customer sector.<sup>14</sup> However, no state may have more than one representative voting in the senior standing committees. For states where more than one office is authorized to represent consumers, such as Illinois, North Carolina and Pennsylvania, the Operating Agreement leaves it to that state’s offices to determine how to cast that vote. PJM leaves it to each state to work this out. Only Illinois has two CAPS members, with one of these, the Citizens Utility Board, holding the PJM membership.

Logically, CAPS member participation is greater as initiatives approach a final vote. PJM retains voting records only for the MRC and MC where a majority of CAPS members routinely vote.

to CAPS members who choose to intervene in PJM filings related to the fundamental documents at FERC. However, CAPS itself may not use Tariff-sourced funding to contest these filings at FERC.

### COLLABORATION, COOPERATION AND NEGOTIATION

Many initiatives at PJM involve conflicting interests. CAPS has been a vehicle for its members efforts to build alliances and bridge gaps dividing load interests from generators and transmission owners. In markets, load interests seek to moderate prices while supply interests seek to maximize profits.



Transmission owners seek to maximize system expansion within the limits of their financial capacity, while buyers seek to ensure that system expansion projects are efficient. Still, PJM stakeholders are unified by an interest in reliability. Keeping the lights on is a necessity for consumers, while transmission owners and generation owners make no money if the grid fails.

It is not easy to categorize stakeholders as falling only into one interest. Cooperatives and Municipal Electric Companies often own generation and transmission assets as well as having a core load-serving mission. Generation owners have several different interests with traditional sources such as coal and nuclear owners approaching issues differently than owners of new gas generation. Unsubsidized resources have an interest in the impact on market opportunities of renewable and other resources that receive one or another financial incentive from their home states. Electric distribution companies that do not have generation-owning affiliates often make common cause with CAPS, Cooperatives and industrial customers.

These differences among sometimes shifting stakeholder groups require that CAPS members approach each major policy issue with a fresh eye. CAPS alliance with the PJM Industrial Customer Coalition (“PJMICC”) has endured almost without interruption. Freed of the retail rate structure issues that so often divide customers in state regulatory proceedings, CAPS and PJMICC normally share a strong value in markets that are not heavily laden with financial cushions for generation owners. Nevertheless, CAPS routinely reaches out to representatives of each sector to seek common understanding and, at times, common ground on subjects of importance.

CAPS does not take action at FERC on matters filed by PJM. Nevertheless, CAPS as the unified organization for PJM consumer advocates has better enabled the members to act on their own. The resources brought together by CAPS throughout the stakeholder process substantially improve the members’ ability to pursue action at FERC on their individual interests. There has never been a FERC filing in which all CAPS members participated but there have been frequent filings by individuals and

groups of members often under the Joint Consumer Advocates heading.

## **OUTREACH, INFORMATION AND EDUCATION**

The creation of CAPS broadened consumer advocate contacts with all stakeholder process participants, with PJM’s Board and staff and with the IMM. Funds became available to substantially supplement state office travel budgets. The result is much more frequent meetings and informal interactions. Information flows in both directions with the result being a higher quality of participation for all parties.

## **EDUCATING FERC COMMISSIONERS AND STAFF**

CAPS actively educates and informs FERC Commissioners and Staff. Seeing other stakeholders and groups educating regulators on their perspectives and needs, CAPS learned to reach out to commissioners and staff to explain the effects on consumers of PJM rules and activities as well as FERC’s initiatives. This has built personal relationships at FERC and better establishes CAPS as a reasoned source of information.

## **TRAINING CAPS MEMBERS**

Ongoing funding of CAPS makes possible routine participation in the stakeholder process through the Executive Director. This has substantially increased the flow of information to the CAPS members. Even so, the complexity and speed with which policy issues evolve make necessary several approaches to ensure that member offices have the needed understanding of the issues. CAPS pursues two methods for providing information. Opportunities for dialogue are created throughout stakeholder processing of policy initiatives. These include periodic meetings to discuss pressing issues and to hear from PJM and other stakeholders. CAPS has sponsored meetings with generation owners, financial participants and transmission owners. In addition, shared expertise is available from CAPS members that have the resources to assign staff to specific PJM issues. The result of these combined approaches is to make CAPS members far better able to effectively participate in decision-making at PJM and, when necessary, to make effective filings at FERC.

## RELATIONS WITH STATE REGULATORY ORGANIZATIONS

CAPS maintains relationships with three regulatory organizations, namely, the National Association of Regulatory Utility Commissions (“NARUC”), the Mid-Atlantic Council of Regulatory Utility Commissions (“MACRUC”) and the Organization of PJM States (“OPSI”).

- NARUC — The large attendance at the major NARUC national meetings testifies to the unique opportunities for establishing and building relationships. CAPS staff and representatives from member offices have participated in these meetings.
- MACRUC — To the extent that MACRUC deals with electricity issues, there is substantial shared concern with CAPS. CAPS members and the Executive Director attend these meetings to create opportunities for discussion and coordination.
- OPSI — CAPS’ closest regulatory connection is to OPSI, which represents state regulators in each of the PJM jurisdictions. There is a natural joint interest as both regulators and advocates must deal with state-level impacts. Through an organization similar to CAPS, OPSI closely monitors the PJM stakeholder process to inform its members about the substance and progress of policy initiatives. OPSI has also been active in forthrightly sharing its perspectives on PJM policy initiatives. Those active engagements create a strong basis for CAPS to share its concerns and policy preferences. As a result of this engagement, CAPS members and staff are frequently included on OPSI conference panels, enabling consumer advocates to reach regulators throughout the region. In exchange, OPSI member staff and CAPS members often consult with one another on major policy issues.

## Conclusion

The creation of CAPS was the culmination of years of effort by state consumer advocates, and reflects the credibility of the consumer voice. A common mission unifies CAPS members and meets a common need to enable effective representation at PJM regardless of limits on their state appropriated funding. CAPS is now an established organization and its members can expect to be thoroughly informed so that they can effectively represent their consumers.

CAPS was founded to bring a consumer voice into the decision-making process at PJM. It found its place through active participation in the stakeholder process but also through extensive contacts with individual members and groups of interests including generation and transmission owners. Regulatory contacts ensure that the state and federal officials responsible for final decisions on policy and process understand CAPS members’ perspectives.



## Appendix 1: Members

### DELAWARE

#### RUTH PRICE

Division of the Public Advocate  
Carvel State Office Building  
820 N. French Street, 4th Floor  
Wilmington, DE 19801  
(302)  
RUTH@state.de.us  
www.state.de.us/publicadvocate

### DISTRICT OF COLUMBIA

#### ERIK HEINLE

Office of the People's Counsel  
1133 15th Street, N.W., Suite 500  
Washington, DC, 20005  
(202)  
fheinle@opc-dc.org  
www.opc-dc.gov

### ILLINOIS

#### KRISTIN MUNSCH

Citizens Utility Board  
309 West Washington Street, Suite 800  
Chicago, IL 60606  
(312) 263-4282  
kmunsch@citizensutilityboard.org  
www.citizensutilityboard.org

#### JANICE DALE

Office of the Illinois Attorney General  
100 West Randolph Street, 11th Floor  
Chicago, IL 60601  
(312) 814-3736  
jdale@atg.state.il.us  
www.ag.state.il.us

### INDIANA

#### ROBERT MORK

Office of Utility Consumer Counselor  
National City Center  
115 West Washington Street, Suite 1500  
South Indianapolis, IN 46204  
(317) 232-2494  
rmork@oucc.in.gov  
www.in.gov/oucc

### KENTUCKY

#### KENT CHANDLER

Office of Rate Intervention  
Office of the Attorney General  
700 Capital Avenue, Suite 20  
Frankfort, KY 40601-8204  
(502) 696-5453  
kent.chandler@ky.gov  
ag.ky.gov/civil/rate/pages/default.aspx

### MARYLAND

#### WILLIAM FIELDS

Office of People's Counsel  
6 St. Paul Street, Suite 2102  
Baltimore, MD 21202  
(410) 767-8150  
william.fields@maryland.gov  
www.opc.state.md.us

### MICHIGAN

#### JOEL KING

Michigan Department of Attorney General  
P.O.Box 30755  
Lansing, MI 48909  
(517) 373-7540  
kingj38@michigan.gov  
www.ag.state.mi.us

### NEW JERSEY

#### BRIAN LIPMAN

Division of Rate Counsel  
140 East Front Street, 4th Floor  
Trenton, NJ 08608  
(609) 984-1460  
blipman@rpa.state.nj.us  
www.state.nj.us/rpa

### NORTH CAROLINA

#### PEGGY FORCE

Office of Attorney General  
Utilities Section  
P.O. Box 629  
Raleigh, NC 27602  
(919) 716-6053  
pforce@ncdoj.gov

**NORTH CAROLINA**

**CHRISTOPHER J. AYERS**

Public Staff - North Carolina Utilities Commission  
Department of Commerce  
4326 MSC  
Raleigh, NC 27699-4326  
(919) 733-2435  
chris.ayers@psncuc.nc.gov  
www.pubstaff.commerce.state.nc.us

**OHIO**

**DAN SHIELDS**

Office of the Ohio Consumers' Counsel  
10 W. Broad Street, Suite 1800  
Columbus, OH 43215-3485  
(614) 466-8574  
daniel.shields@occ.ohio.gov  
www.occ.ohio.gov

**PENNSYLVANIA**

**DAVID EVRARD**

Office of Consumer Advocate  
555 Walnut Street, 5th Floor Forum Place  
Harrisburg, PA 17101-1923  
(717) 783-5048  
devrard@paoca.org  
www.oca.state.pa.us

**TENNESSEE**

**DAVID DITTEMORE**

Consumer Advocate & Protection Division  
Office of the Attorney General  
P.O. Box 20207  
Nashville, TN 37202-0207  
(615) 741-8733  
david.dittemore@ag.tn.gov  
www.tn.gov/attorneygeneral/utility/utility.html

**VIRGINIA**

**MEADE BROWDER**

Office of Attorney General  
Insurance & Utilities Regulatory Section  
900 E. Main Street  
Richmond, VA 23219  
(804) 786-2071  
mbrowder@oag.state.va.us  
www.oag.state.va.us

**WEST VIRGINIA**

**JACQUELINE LAKE ROBERTS**

Consumer Advocate Division  
700 Union Building  
723 Kanawha Boulevard East  
Charlestown, WV 25301  
(304) 558-0526  
jroberts@cad.state.wv.us  
www.cad.state.wv.us

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## Appendix 2: Board of Directors

President, **Kristin Munsch**, Illinois Citizens Utility Board

Vice President, **Ruth Ann Price**, Delaware Division of the Public Advocate

Secretary, **William F. Fields**, Maryland Office of Peoples Counsel

Treasurer, **Meade Browder**, Insurance & Utilities Regulatory Section Virginia Office of Attorney General

**Erik Heinle**, DC Office of the People's Counsel

**Janice Dale**, Office of the Illinois Attorney General

**Robert G. Mork**, Office of Utility Consumer Counsel

**Rebecca Goodman**, Office of Rate Intervention, Kentucky Office of Attorney General

**Joel King**, Michigan Department of Attorney General

**Brian Lipma**, New Jersey Division of Rate Counsel

**Christopher Ayers**, Public Staff - North Carolina Utilities Commission

**Peggy Force**, Office of North Carolina Attorney General, Utilities Section

**Dan Shields**, Office of Ohio Consumers' Counsel

**David Evrard**, Pennsylvania Office of Consumer Advocate

**David Dittmore**, Consumer Advocate & Protection Division Tennessee Office of the Attorney General

**Jacqueline Lake Roberts**, West Virginia Consumer Advocate Division

## ENDNOTES

- 1 This was the case until the infamous “Entity One” scandal in early 2001 where one utility was able to gain control of the necessary marginal capacity thereby monopolistically driving the capacity price into the stratosphere. Other market participants were driven out of the market but no rule had been violated. This exposed the need for action. The fundamental role of capacity in reliability and the need to avoid price volatility sparked a permanent shift in the focus of market rules.
- 2 All of the CAPS member offices are either state agencies or nonprofit organizations.
- 3 <http://nasuca.org/model-corporate-governance-rto-iso-document/>
- 4 <http://nasuca.org/nasuca-model-rto-resolution-2010-09/>
- 5 Wholesale Competition in Regions with Organized Electric Markets, February 22, 2008. Docket Nos. RM07-19 and AD07-7.
- 6 125 FERC ¶ 61,071, Paras. 447 – 566.
  - Inclusiveness – The business practices and procedures must ensure that any customer or other stakeholder affected by the operation of the RTO or ISO, or its representative, is permitted to communicate its views to the RTO’s or ISO’s board of directors.
  - Fairness in Balancing Diverse Interests – The business practices and procedures must ensure that the interests of customers or other stakeholders are equitably considered and that deliberation and consideration of RTO and ISO issues are not dominated by any single stakeholder category.
  - Representation of Minority Positions – The business practices and procedures must ensure that, in instances where stakeholders are not in total agreement on a particular issue, minority positions are communicated to the RTO’s or ISO’s board of directors at the same time as majority positions.
  - Ongoing Responsiveness – The business practices and procedures must provide for stakeholder input into the RTO’s or ISO’s decisions as well as mechanisms to provide feedback to stakeholders to ensure that information exchange and communication continue over time. (Para. 482)
- 7 Docket No. IN-12-7-000. <https://ferc.gov/EventCalendar/Files/20120309175525-IN12-7-000.pdf>
- 8 IN12-7, October 12, 2012 Order.
- 9 [https://0201.nccdn.net/1\\_2/000/000/19a/652/CAPS-Articles.pdf](https://0201.nccdn.net/1_2/000/000/19a/652/CAPS-Articles.pdf)
- 10 Docket No. ER16-561
- 11 In practice, CAPS has rarely taken a position.
- 12 All are available in the PJM library: <https://www.pjm.com/library.aspx>
- 13 The PJM Operating Agreement, Section 8 defines sectors, voting and senior standing committees. <https://www.pjm.com/directory/merged-tariffs/oa.pdf>
- 14 OA, §8.2.3
- 15 In practice, CAPS has rarely taken a position.