



DRAFT
Minutes
PJM Interconnection
Markets and Reliability Committee
The Chase Center on the Riverfront, Wilmington, DE
December 15, 2010
9:30 a.m. – 3:00 p.m.

Members Present:

Mike Kormos, Chair
Susan E. Bruce Esq.
Susan E. Bruce Esq.
Jeffrey Whitehead
Craig Galligan
Susan E. Bruce Esq.
James Jablonski
James Jablonski
James Jablonski
James Jablonski
John Citrolo
Jeffrey Whitehead
Jason Barker

Damase Hebert
Jeffrey Whitehead
Dale Flaherty
Jeffrey Whitehead
Bruce Campbell
Jeff Bladen
David Pratzon
Donald C. Miller
Susan E. Bruce Esq.
Jeffrey Whitehead
Jay Fuess
Jeffrey Whitehead
Susan E. Bruce Esq.
Susan E. Bruce Esq.
Jay Fuess
Susan E. Bruce Esq.
Susan E. Bruce Esq.

Susan E. Bruce Esq.

PJM Interconnection
Rep'g. Air Liquide Industrials U.S., L.P.
Rep'g. Air Products & Chemicals, Inc.
Rep'g. Allegheny Electric Cooperative, Inc.
Allegheny Energy Supply Company, L.L.C.
Rep'g. Borough of Ephrata
Rep'g. Borough of Lavallette, New Jersey
Rep'g. Borough of Park Ridge, New Jersey
Rep'g. Borough of Seaside Heights
Rep'g. Borough of South River, New Jersey
Calpine Energy Services, L.P.
Rep'g. City of Dover, Delaware
Constellation Energy Commodities Group, Inc.
(voting on behalf of Baltimore Gas and Electric Company)
Rep'g. Covanta Energy Group, Inc
Rep'g. Delaware Municipal Electric Cooperative
Duquesne Light Company
Rep'g. Easton Utilities Commission
Rep'g. EnergyConnect, Inc.
Enerwise Global Technologies, Inc.
Exelon
FirstEnergy Solutions Corp.
Rep'g. Gerdau Ameristeel Energy, Inc.
Rep'g. Hagerstown Light Department
Rep'g. Ictec.com
Rep'g. Illinois Municipal Electric Agency
Rep'g. Industrial Energy Users-Ohio (IEU-Ohio)
Rep'g. Kimberly-Clark Corporation
Rep'g. Kuehne Chemical Company, Inc.
Rep'g. Lehigh Portland Cement Company
Rep'g. Letterkenney Industrial Development Authority – PA
Rep'g. Linde, Inc.



Chris Bach
Susan E. Bruce Esq.
Hal Siegrist
Hebert Damase
Chris Orzel
Ed Tatum
Jay Fuess
Scott Razze
Frank Rainey
Susan E. Bruce Esq.
Ken Gates
Jay Fuess
Susan E. Bruce Esq.

Marjorie Philips

Damase Hebert
Neal Fitch
Susan E. Bruce Esq.
Steve McDonald
James Jablonski
Susan E. Bruce Esq.

Rep'g. Long Island Lighting Company d/b/a LIPA
Rep'g. MeadWestvaco Corporation
Mirant Energy Trading, LLC
Rep'g. NAEA Rock Springs, L.L.C.
NextEra Energy Power Marketing, LLC
Old Dominion Electric Cooperative
Rep'g. PBF Power Marketing LLC
Potomac Electric Power Company
PEI Power Corporation
Rep'g. Praxair, Inc.
Rep'g. Primary Power LLC
Rep'g. Premcor Refining Group, Inc. (The)
Rep'g. Proctor and Gamble Paper Products Company (The)
Rep'g. PSEG Energy Resource & Trade, L.L.C.
(voting on behalf of Public Service Electric and Gas Company)
Rep'g. RC Cape May Holdings, L.L.C.
RRI Energy Services, Inc.
Rep'g. SeverStal Sparrows Point, L.L.C.
Southern Maryland Electric Cooperative
Rep'g. Vineland Municipal Electric Utility
Rep'g Wellsboro Electric Company

Members Present Via Teleconference:

Dana Horton
Chris Norton
Rene Frankcoeur
Duane Dahlquist
George Owens
George Owens
John Horstmann
Bruce Bleiweis
George Owens
Gregory Pakela
Kenneth Jennings
Mark Volpe
Jeffrey Ellis
Paul Williams
Katie Guerry
Jason Minalga
Robert O'Connell
Patti Esposito
Steven T. Jeremko

AEP
American Municipal Power, Inc.
Black Oak Energy
Blue Ridge Power Agency
Rep'g. Borough of Chambersburg
Rep'g. Borough of Mont Alto, PA
Dayton Power & Light Company (the)
DC Energy, L.L.C.
Rep'g. Downes Associates, Inc.
DTE Energy Trading, Inc.
Duke Energy Business Services, Inc.
Dynegy Power Marketing Inc.
Edison Mission Marketing & Trading
Rep'g. Energy Consulting Services LLC
Hess Corporation
Invenergy LLC
J.P. Morgan Ventures Energy Corporation
NRG Power Marketing, L.L.C.
New York State Electric & Gas Corporation



Brian Edmonds

Deepak Ramlatchan
Scott Helyer
George Owens
Richard Gill
Michael Batta

Office of the Peoples council for the District of
Columbia
Rockland Electric Company
Tenaska Power Services
Rep'g. Thurmont Municipal Light Company
UGI Utilities
Virginia Electric & Power Company

Also Present Via Teleconference:

David Canter
Colin Mount
Ron Ryckman
Eli Farrah
Mike Berlinski
Judith Judson
George Lee
Owen Kopon
Steven Schleimer
Matthew Suhr
Joel Bearden
Barry Trayers
Rehan Gilani
John Miller
David Steigerwald
Andrea Maucher
Abhijit Rajan
Bob Burner
Dale Flaherty
Douglas Biden
Ron Belbot
Aaron Breidenbaugh
Scott Everngam
Michael Isimbabi
Michael Lee
Valerie Martin
Nicholas Tackett
Jim Benchek
Jerald Huff
Michael Stansky
John McDermott
Bob Patrylo
Roy Shanker
Mark Hanson
Stuart McMenamin
Frank Monforte

AEP
Allegheny Energy Supply Company, L.L.C.
Ameren Energy Marketing
Atlantic Wind Connection
Beacon Power Corporation
Beacon Power Corporation
BJ Energy
Brookfield Burchett Stone Law Firm
Calpine Energy Services
Calpine Energy Services
Cargill
Citi Group Energy
ConEdison Energy, Inc.
ConEdison Energy, Inc.
Customized Energy Solutions
Delaware Public Service Commission
Dominion Virginia Power
Duke Energy Business Services LLC
Duquesne Light Company
Electric Power Generation Association
EnerNOC, Inc.
EnerNOC, Inc.
FERC
FERC
FERC
FERC
FERC
FirstEnergy Corporation
FirstEnergy Solutions Corp.
FirstEnergy Solutions Corp.
Hess Corporation
H-P Energy Resources, L.L.C.
Hydro Quebec
Illinois Commerce Commission
Itron, Inc.
Itron, Inc.



Elizabeth Kimmel
Ben Sung
Charles Fenner
Andrew Weisel
Cleo Zagrean
Megan Wisersky
Sandra Patty
Ralph DeGeeter
Al Freeman
Chris Shelton
Steve Huntoon
Jackie Merola
Diane Huis
Yohannes Mariam

Fred Heizer
John Levin
Alan Alesius
Sarah Eichorn
Jennifer Freeman
Craig Glacier
Alex Habre
Lynn Horning
Adam Keech
Molly Mooney
Jack O'Neill
Sandra Ritchie
John Slivka
Laura Walter
Glenn Weiss
Jeff Williams
David Withrow
Milena Kline
Kenneth Carretta
James Hebson
Stephen Wreschnig
Jason Cross
Gerald Binder
John Brodbeck
Ann Scott
Richard Gill
James Burczyk
Jason Perry
Michael Batta
Joe Zibelman
James Wilson

Kimmel Energy Associates
LS Power
MacQuarie Energy
MacQuarie Energy
MacQuarie Energy
Madison Gas & Electric
Maryland Department of Natural Resources
Maryland Public Service Commission
Michigan Public Service Commission
Millennium
NextEra Energy Power Marketing, LLC
Nobel Americas Energy Solutions
North Carolina Electric Membership Corporation
Office of The People's Counsel of District of Columbia
Ohio Public Utilities Commission
Pennsylvania Public Utility
PJM Interconnection
Platts
Public Service Electric & Gas Company
Public Service Electric & Gas Company
Public Service Electric & Gas Company
Public Utilities Commission of Ohio
Sempra
Shell Energy
Tenaska Power Services
UGI Utilities, Incorporated
Vectren
Vectren
Virginia Electric & Power Company
Viridity Energy
Wilson Energy Economics



2. SHORTAGE PRICING

Mr. Ott provided an update on implementation of shortage pricing. He reported that PJM had not yet received an order from the FERC approving the filed shortage pricing solution. He noted that PJM had requested an order by November 1, 2010 to allow all parties to prepare for implementation on May 1, 2011. Mr. Ott discussed potential implementation dates and noted that PJM would look to the fall of 2011 to avoid implementation during the summer months. Dr. Shanker requested presentation at the next MRC meeting of the major portions of the implementation so that stakeholders could begin their preparations.

3. ANNUAL LOAD MANAGEMENT (ILR/DR) PERFORMANCE REPORT

Mr. Langbein reviewed Load Management (ILR/DR) emergency event and test performance from the 2010 summer season. Mr. Koza noted that most events were the result of local issues related to transmission outages, some of which were related to transmission upgrades.

4. CREDIT SUBCOMMITTEE UPDATE

Ms. Daugherty and Mr. Ott discussed implementation of the central counterparty initiative. Specifically they discussed impacts to members of the planned implementation of PJM Settlement, Inc. as the counterparty to all pool transactions from January 1, 2011 forward. Ms. Daugherty noted two important clarifications:

1. Existing letters of credit provided to PJM Interconnection, LLC for purposes of complying with Credit Policy requirements do not need to be revised or reissued with the January 1, 2011 implementation of PJM Settlement, Inc. as counterparty to all pool transactions. The same is true for existing parental guaranties. They do not need to be revised or reissued. In both cases of the letters of credit and parental guaranties, members need only have them written to the benefit of PJM Settlement, Inc. when established from January 1, 2011 forward.



2. PJM Settlement, Inc. will settle the cash and manage the collateral related to amounts included in the weekly and month-end billing statements. All other cash activity will remain with PJM Interconnection, LLC. Examples of such cash/collateral activity that will remain with PJM Interconnection, LLC are:

- a. Transmission Planning/Generation Interconnection
- b. Eastern Interconnection Planning Collaborative grant
- c. SynchroPhasor grant
- d. Miscellaneous services, such as member-specific training requests

5. COST DEVELOPMENT TASK FORCE (CDTF)

A. Mr. Williams provided an informational update on recent activities of the CDTF. He reported on development of the proposed re-write of Manual M-15, and presentation of the updated stakeholder process developed by the Governance Assessment Special Team and approved by the Members Committee. The CDTF will be renamed the Cost Development Subcommittee.

B. Mr. Williams presented a proposed re-write of Manual M-15. Following discussion, the Members endorsed the proposed re-write by acclamation with no objections or abstentions

6. LOAD FORECAST RECOMMENDATIONS

Mr. Ott reviewed feedback from the Planning Committee and Load Analysis Subcommittee on the recommendations from an independent consultant on the PJM load forecast model. Mr. Falin reviewed the consultant's recommendations and the results of the Planning Committee voting on each regarding recommending to the PJM Board whether any of the recommendations should be implemented for the impending forecast. He noted that initial review of the recommendations



indicated that the recommendations had merit, but that additional study should be performed. Mr. Ott discussed experience in 2009 regarding implementation of updates to the forecast methodology just prior to issuance of the forecast. Mr. Tatum moved and Mr. Whitehead seconded that the MRC recommend to the PJM Board that consultant recommendation 1 be implemented for the 2011 forecast. The motion **failed** in a sector-weighted vote with 2.75 in favor.

7. PROPOSAL FOR REVISIONS TO DEFERRED SECURITY

Ms. Tribulski presented updated proposed Tariff revisions required to support a modification to deferred security. The committee **endorsed** the proposed revisions by acclamation with no objections or abstentions. Mr. Ott noted that this item would be placed on the consent agenda for the next Members Committee meeting.

8. INCREMENTAL ARR'S ASSOCIATED WITH RTEP PROJECTS

Mr. Horger presented proposed agreement language changes associated with the timing for calculation of IARRs associated with RTEP projects. He noted that the MIC had reviewed the proposed revisions at its December 7, 2010 meeting. The Committee will be asked to vote on the proposed revisions at its next meeting.

9. ADDITIONAL FERC FILINGS

- A. Ms. Hugee discussed a filing to remove Schedule 9B from the OA as Schedule 9B is no longer applicable as it applies to the PJM South RAA. She reported that the filing was expected to be made in mid-December 2010.
- B. Ms. Hugee also discussed a filing of errata to revise Section 3.2.3(p)(ii)(A) of the Operating Agreement and Attachment K-Appendix of the Tariff consistent with the previously approved



revisions to Section 3.2.3(b)(ii)(A) of the same. She reported that this filing was also expected to be made in mid-December 2010.

10. REGIONAL PLANNING PROCESS WORKING GROUP (RPPWG)

Mr. Herling provided an update on recent activities of the RPPWG. He reported that the RPPWG had reviewed its work plan and initially will move forward with those issues that are beneficial, less controversial and building blocks for the larger issues, including the 24 month planning process (and associated manual 14 changes), a proposal for how projects are proposed, and scope of additional analysis on renewables to be performed in 2011.

11. BROADER REGIONAL MARKETS SOLUTIONS TO LOOP FLOW

Mr. Williams presented an update on the ongoing efforts related to NYISO Lake Erie loop flows. Mr. Ott noted that PJM will provide additional information to stakeholders about relevant NAESB action going forward. Mr. Williams noted that there was no firm date yet established for operation of the PARs. He also noted the expected development in 2011 of a NYISO initiative to move away from pricing based on schedules toward basing on flows.

12. EASTERN INTERCONNECTION PLANNING COLLABORATIVE (EIPC)

Mr. Glazer provided an update on activities related to EIPC, including the development of the EIPC stakeholder process. In response to questions he noted that none of the interregional plans developed through EIPC would be binding upon PJM's planning process, and that the EIPC would not address cost allocation.

13. RPM ISSUES

Ms. Philips requested that the MRC undertake a new issue related to issues associated with then current proceedings in New Jersey addressing concerns over the pace of construction of new



generation and the relationship between RPM and the RTEP. Several stakeholders noted the need to tightly bound the scope of this new issue, if undertaken by the MRC. Mr. Ott requested that Ms. Philips develop a problem statement for presentation to the MRC at its next meeting specifically describing the scope and its limits. The MRC will review the problem statement and then decide whether to undertake the issue.

14. INTEGRATION REPORTS

Mr. Koza provided an update on the integration of American Transmission System, Inc. (ATSI) and Duke Energy systems. He reported that the ATSI system model had been incorporated into operations, that ATSI facilities were being monitored by PJM, and that NERC certification was expected in April 2011. Modeling of the Duke system was in progress and training activities were planned.

15. OPERATING COMMITTEE (OC) REPORT

Mr. Koza reported that the OC had not met since the last meeting of the MRC. He reported the PJM had experienced a new December peak load of 115723 MW on December 14, 2010.

16. MARKET IMPLEMENTATION (MIC) REPORT

Mr. Dessender provided an update on the committee's activities including consideration of allocation of excess commitment credits, an IRWG charter update, endorsement of proceeding with initial portions of the wind integration study, an update on FTR adequacy, incremental IARRs for RTEP upgrades, a presentation by the Market Monitor regarding not willing to pay congestion transactions, discussion of inefficient use of spot-in at NYISO interface, an a NAESB update.



17. TRANSMISSION EXPANSION PROJECTS

Mr. McGlynn noted that there were no significant changes to the status of any of the major transmission expansion projects since the November 2010 MRC meeting.

18. PLANNING COMMITTEE (PC) REPORT

Mr. McGlynn provided an update on recent PC activities. He reported that the PC had: approved its 2011 Annual Plan; reviewed the 2011 Load Forecast; reviewed sectionalizing schemes proposed by UGI; reviewed deferred security provisions related to interconnection projects; considered revisions to Manual 14 B proposed by the Reactive Power Working Group; reviewed background on CETO analyses, and considered potential methodologies for operation during light load periods.

19. FUTURE AGENDA ITEMS

No future agenda items were identified.

20. FUTURE MEETINGS

2011

January 19, 2011	9:30 AM	Wilmington, DE
February 16, 2011	9:30 AM	Wilmington, DE
March 23, 2011	9:30 AM	Wilmington, DE
April 27, 2011	9:30 AM	Wilmington, DE
June 22, 2011	9:30 AM	Wilmington, DE
July 20, 2011	9:30 AM	Wilmington, DE
August 17, 2011	9:30 AM	Wilmington, DE
September 15, 2011	9:30 AM	Wilmington, DE
October 12, 2011	9:30 AM	Wilmington, DE
November 16, 2011	9:30 AM	Wilmington, DE
December 22, 2011	9:30 AM	Wilmington, DE