



DRAFT
PJM Interconnection
Members Committee
Minutes of the Ninety-seventh Meeting
The Westin Baltimore Washington Airport - BWI
1110 Old Elkridge Landing Road, Linthicum, MD
January 28, 2010
9:45 a.m. EPT

Members Present:

Ed Tatum, Chair	Old Dominion Electric Cooperative
Bob O'Connell, Vice-Chair	J.P. Morgan Ventures Energy Corporation
Raj Rana	AEP
David M. Kleppinger, Esq.	Rep'g. Air Liquide Industrials U.S., L.P.
David M. Kleppinger, Esq.	Rep'g. Air Products & Chemicals, Inc.
Craig Galligan	Allegheny Energy Supply Company, L.L.C.
Christopher Norton	American Municipal Power, Inc.
Paul W. Williams	ArcelorMittal USA, Inc.
Jason Barker	Baltimore Gas and Electric Company
David M. Kleppinger, Esq.	Rep'g. Borough of Ephrata
James Jablonski	Rep'g. Borough of Lavallette, New Jersey
James Jablonski	Rep'g. Borough of Park Ridge
James Jablonski	Rep'g. Borough of Seaside Heights, New Jersey
James Jablonski	Rep'g. Borough of South River, New Jersey
Brett Kruse	Calpine Energy Services, L.P.
H. Bertram Wilson	Castlebridge Energy Group, LLC
Jeffrey Whitehead	Req'g. City of Dover, Delaware
John Horstmann	Dayton Power & Light company (The)
Bruce I. Bleiweis	DC Energy LLC
Jeffrey Whitehead	Rep'g. Delaware Municipal Electric Corporation
Ron Carrier	Direct Energy Business, LLC
Jason Cox	Dynegy Power Marketing, Inc.
Jeffrey Whitehead	Rep'g. Easton Utilities Commission
Neil Fitch	Rep'g. Edison Mission Marketing and Trading, Inc.
Kenneth Schisler	EnerNOC, Inc.
Kevin Gresham	E.ON Climate & Renewables North America, Inc.
Susan O. Ivey	Exelon
Thomas Bainbridge	FirstEnergy Solutions Corporation



David M. Kleppinger, Esq.
Katie Guerry
James T. Fuess
Jeffrey Whitehead
David M. Kleppinger, Esq.
Chloe Cromarty
David M. Kleppinger, Esq.
James T. Fuess
David M. Kleppinger, Esq.
David M. Kleppinger, Esq.
David M. Kleppinger, Esq.
Kenneth Lotterhos
Hal Siegrist
Diane Huis
Bertram H. Wilson
David M. Kleppinger, Esq.
Brian Edmonds
David Scarpignato
Tsion Messick
David M. Kleppinger, Esq.
James T. Fuess
David M. Kleppinger, Esq.
Paul Napoli
Neil Fitch
David M. Kleppinger, Esq.
Jeffrey Whitehead
James Jablonski
Michael Batta
David M. Kleppinger, Esq.

Rep'g. Gerdau Ameristeel Energy, Inc.
Hess Corporation
Rep'g. Icetec.com, Inc.
Rep'g. Illinois Municipal Electric Agency
Rep'g. Industrial Energy Users-Ohio (IEU-Ohio)
IPA Trading, LLC
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.
Long Island Lighting Company dba LIPA
Mirant Potomac River, L.L.C.
North Carolina Electric Membership Corporation
Northeast Maryland Waste Disposal Authority
Rep'g. Occidental Power Services, Inc.
Office of the People's Counsel for the District of Columbia
Old Dominion Electric Cooperative
Potomac Electric Power Company
Rep'g. Praxair, Inc.
Rep'g. Premcor Refining Group, Inc. (The)
Rep'g. Proctor and Gamble Paper Products Co. (The)
Public Service Electric & Gas Company
RRI Energy Services, Inc.
SeverStal Sparrows Point, L.L.C.
Rep'g. Southern Maryland Electric Cooperative
Rep'g. Vineland Municipal Electric Utility
Virginia Electric & Power Company
Rep'g. Wellsboro Electric Company

Members Present Via Teleconference:

Steven Giles
Ron Ryckman
Stephen K. Tsingas
George R. Braulke
Ken Jennings
Megan Sullivan
Bruce Campbell
Lydia Vollmer
Sherri Brudner
William F. Fields
George Braulke
Stephen T. Jeremko

Allegheny Electric Cooperative, Inc.
Ameren Energy Marketing Company
City Power Marketing, LLC
Rep'g. Covanta Energy Group, Inc.
Duke Energy Business Services LLC
Duquesne Light Company
EnergyConnect, Inc.
EPIC NJ/PA, L.P.
Macquarie Cook Power Inc.
Maryland Office of People's Counsel
Rep'g. NAEA Rock Springs, LLC
New York State Electric & Gas Corporation



David Applebaum
Stacia Harper
David Evard
Thomas W. Hyzinski
George R. Braulke
Richard Miller
Barry Trayers
Louis A. DeCicco
Ann M. Scott
Frederick J. Kunkel

Nextera Energy Power Marketing, LLC
Ohio Consumers' Counsel
Pennsylvania Office of Consumer Advocate
PPL Energy Plus, LLC
Rep'g. RC Cape May Holding, LLC
Rockland Electric Company
Sempra Energy Trading Corp.
South Jersey Energy Company
Tenaska Power Services Co.
Wabash Valley Power Association, Inc.

Also Present Via Teleconference:

Dana E. Horton
Steve McDonald
Larry Conley
George Lee
Joel Bearden
John Verderame
Lisa Yo
Gloria Godson
John Miller
Rehan Gilani
Guy Filomena
Andrea Maucher
Courtney Stewart
Bob Burner
William Berg
Regina Carrado
Valerie Martin
Donald Miller
Dennis Sobieski
Bob Patrylo
Amanuel, Assefa
Megan Wisersky
Anne Lindner
Stephen Kampilla
John Tighe
Brendan Donovan
Jody Kyler
Fred Heizer
Raj Barua
Carolyn Moses
Robert Eckenrod

AEP
Aces Power Marketing
Allegheny Energy Supply Company, L.L.C.
BJ Energy, LLC
Cargill Power Markets LLC
Carolina Power & Light Company
Citigroup Energy
Conectiv Energy Supply, Inc.
Conectiv Energy Supply, Inc.
ConEdison Energy, Inc.
Customized Energy Solutions
Delaware Public Service Commission
Delaware Public Service Commission
Duke Energy Business Services LLC
Exelon
Exelon
FERC
FirstEnergy Solutions Corp.
Hess Corporation
H-P Energy Resources LLC
J. Aron & Company
Madison Gas & Electric Company
Maryland Public Service Commission
NAEA Rock Springs, LLC
New York State Electric & Gas Corporation
Northern Indiana Public Service Company
Ohio Consumers' Counsel
Ohio PUC
Organization of PJM States, Inc. (OPSI)
PEPCO Energy Company, Inc.
PJM Interconnection



Terry Williamson
David Withrow
David A. Anders, Secretary

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1. **ADMINISTRATION**

A. Mr. Anders announced the following new member companies approved for PJM membership since the last meeting, bringing the total membership to 577:

- Energy Plus Holdings LLC selected the Other Supplier sector
- Viridian Energy PA LLC selected the Other Supplier sector
- Vette Energy, LLC selected the Other Supplier sector
- North American Natural Resources - SBL, L.L.C. selected the Generation Owner sector
- CornerStone Power Development, LLC selected the Generation Owner sector
- Whiteside Energy Fund LP selected the Other Supplier sector
- Public Power & Utility of Pennsylvania, LLC selected the Other Supplier sector

B. Mr. Anders confirmed the presence of a quorum.

2. **CONSENT AGENDA**

The Members present **approved/endorsed** the following Consent Agenda items, with no objections or abstentions:

- A. **Approve** draft minutes of the November 19, 2009 meeting
- B. **Approve** draft minutes of the November 30, 2009 meeting (including two minor edits related to the TEAC User Group and Marginal Losses User Group items)



- C. **Endorse** proposed Tariff revisions and **approve** proposed Operating Agreement revisions to make certain typographical corrections and remove obsolete references

3. **FTR MISCELLANEOUS CHANGES**

Mr. Bresler presented proposed Tariff and Operating Agreement (OA) revisions related to credit requirements for FTR trading and FTR available bidding points. Following brief discussion, the Members present **endorsed** the proposed Tariff revisions and **approved** the proposed OA revisions by acclamation with no objections or abstentions.

4. **PEAK MARKET ACTIVITY CREDIT REQUIREMENT**

Ms. Daugherty presented a proposal for a stakeholder-requested change to the Peak Market Activity (3-week) credit requirement. This item will be presented and voted upon at the Markets Implementation Committee (MIC) and Markets and Reliability Committee (MRC) prior to being brought back to the Members Committee (MC) for approval/endorsement at the March 2010 MC meeting.

5. **MERCHANT TRANSMISSION COST ALLOCATION**

Mr. McGlynn reviewed requirements of the Merchant Transmission Cost Allocation compliance directive. He noted that the FERC had issued Opinion No. 503 regarding allocation of costs of transmission upgrades approved as part of PJM's RTEP, largely affirming the Administrative Law Judge's Initial Decision dated September 18, 2008. He reviewed the content of PJM's planned compliance filing.



6. **MEMBERS COMMITTEE MEETING QUORUM REQUIREMENT**

Mr. Horstmann reviewed proposed revisions to the Operating Agreement regarding MC meeting quorum requirements. Ms. Walker noted proposed enhancements to the revisions to remove potential internal conflicts in the wording and to offer greater clarity. Mr. Horstmann noted no objection to the proposed enhancements and that the revised proposal would be brought to the March 2010 MC meeting for approval.

7. **STATE ACTIVITIES**

Dr. Barua provided a report on recent OPSI activities. He commented on the recent Long Term Capacity Issues Symposium, noting that over 30 OPSI representatives were in attendance. He noted recent changes in OPSI leadership as follows: President – Commissioner McKinney of West Virginia, Vice President – Commissioner Winslow of Delaware, Secretary – Commissioner Centolella of Ohio, Treasurer – Commissioner Morgan of Washington DC, and Immediate Past President – Chairman Nazarian of Maryland. He noted that the OPSI Spring Meeting would be held in Charleston, WV and that the meeting would be a closed meeting, and that the OPSI Annual Meeting was scheduled for Dearborn, MI and that all details for the meeting would be posted on the OPSI website. He noted that the OPSI leadership was considering methods of interaction and coordination with the Organization of MISO States. He reminded the Members that OPSI has Friday calls set aside for discussions on issues that stakeholders may want to inform OPSI members. Finally, he noted that some OPSI members may meet informally with some PJM Board members during the February NARUC meeting in Washington DC.



8. **MARKET MONITORING REPORT**

Dr. Bowring provided the report of the Market Monitor. He discussed Total price per MWh: January through November 2009, PJM real-time average load: Calendar years 2000 through November 2009, PJM real-time average load: Calendar years 2008 through November 2009, PJM real-time, annual, load-weighted, average LMP: Calendar years 2000 through November 2009, PJM real-time, monthly, load-weighted, average LMP: Calendar years 2005 through November 2009, Day-Ahead and Real-Time, simple average LMP: January through November 2009, Day-Ahead and Real-Time, simple average LMP: Calendar years 2000 through November 2009, Average hourly real-time generation of wind units in PJM, January through November 2009, Total annual PJM congestion: Calendar years 2003 to November 2009, Total annual PJM congestion costs by category: January through November 2008 and 2009.

9. **MANAGEMENT REPORTS**

- A. Mr. Bresler provided the report on market operations, noting Average Daily Balancing Operating Reserves Rates, FTR Payout Ratio, and Price Posting Suspensions and Reruns.
- B. Mr. Kormos provided the report on system operations, noting Load Forecasting Error, Reactive Off-Cost Operations, the monthly BAAL Performance Score, and Perfect Dispatch Performance.
- C. Mr. Duane noted the published report on regulatory activities.
- D. Ms. Wesley reported on NAESB activities. She provided a brief review of NAESB standards activities, topics covered by business practice standards, and standards development work related to demand response and the smart grid.



E. Mr. Koza reported on the American Transmission Systems Inc. (ATSI) integration, noting the recent FERC Order permitting ATSI asset integration as well as preparations for the upcoming auctions to support the integration.

10. **FERC ISO/RTO METRICS INITIATIVE**

Ms. Daugherty reported on the ISO/RTO Metrics Initiative. She reviewed the September 2008 report of the Government Accountability Office and the FERC FY 2009-2014 Strategic Plan elements related to ISO/RTO Metrics development. She discussed the anticipated nature, frequency and timing of metrics reporting, as well as the element of the current draft metrics report.

11. **GOVERNANCE ASSESSMENT SPECIAL TEAM (GAST)**

Mr. Horstmann provided update of recent GAST activities. He noted the intensive meeting schedule of the group, provided an overview of the process used to develop and vet proposed stakeholder process enhancements, and discussed the current status of the various aspects of the group's work.

12. **NOTICE OF PROPOSED RULEMAKING (NOPR) REGARDING CREDIT ISSUES**

Ms. Daugherty discussed the pending FERC Credit NOPR. She noted the expected release and comment dates, and that due to the short amount of time between the release and comment dates, it was not expected that PJM would be in a position to discuss its comments with the Members prior to filing.



13. **COUNTERPARTY CLARIFICATION INITIATIVE**

Mr. Duane provided an update on the counterparty clarification initiative. He noted the expected imminent release of the FERC Credit NOPR, and that the Members would be requested to vote on the proposal at the February 2010 MRC and March 2010 MC meetings.

14. **MC VICE CHAIR REPORT**

A. Mr. O'Connell provided an update on the 2010 Members Committee Annual Plan.

Clarifications were noted on the following items: Cost Development Task Force (CDTF) consideration of Opportunity Cost, Governance Assessment Special Team consideration of a mechanism for integration of Strategic Plan elements into the Annual Plan, and the implementation date for ATSI integration.

B. Mr. O'Connell discussed potential topics for March 24, 2010 Liaison Committee meeting with the PJM Board of managers and reviewed the schedule for developing and posting the agenda for the meeting.

C. Mr. O'Connell discussed development of the May 5, 2010 General Session and requested that Members identify potential topics for the General Session panels.

15. **MARKETS AND RELIABILITY COMMITTEE (MRC)**

Mr. Kormos reported on recent activities of the MRC. He noted the release of the requested Holistic Review of Generator Cost and Compensation, consideration of opportunity cost provisions developed at the CDTF, a revision to the charter for the Shortage Pricing Working Group, a proposal for market reposting, consideration of a proposal regarding Joint and Common Market ramp, and approval of several manual revisions.



16. **FUTURE AGENDA ITEMS**

Mr. Lotterhaus requested that the following statement be added to the minutes. He did not request any future MC action. Mr. Tatum thanked Mr. Lotterhaus. He also noted that similar statements not related to an agenda item or a request for future MC action would not be included in the minutes in the future.

At the November 18, 2009 and January 13, 2010 TEAC meetings PJM introduced three projects in the PSEG zone, totaling \$337 million dollars, as RTEP baseline projects qualifying for Schedule 12 cost allocation. PJM further indicated that these projects were required pursuant to Transmission Owner criteria and that the cost allocation would be 100% to the PSEG Zone. At the January TEAC meeting, LIPA objected to the categorization, but not the allocation percentage, of these projects as baseline projects allocable under Schedule 12 stating that these projects should be classified as supplemental projects since they are not required by PJM criteria and therefore not subject to Schedule 12 allocation.

LIPA also notes that FERC, in response to a PSEG protest (Docket No. OA08-32-000 – Order issued May 15, 2008, P 143), stated that the determination of whether a project met the definition of a Supplemental Project was a factual question. LIPA believes PJM has not provided a detailed explanation of the specific factors in determining that the PSEG project are or are not Supplemental Projects. For that factual finding to be appropriate, LIPA believes that PJM must find that it is resolving a "regional criteria" or at least a local reliability criteria that has clear regional benefits. This would be in line with the original



PSEG protest that argued that the presumption is that local projects are paid for by local customers and that the threshold should remain that incorporation of a TO criteria into this framework is only appropriate where it has a "regional criteria" character.

17. **FUTURE MEETINGS**

2010

March 25, 2010	9: 45 AM	Wilmington, DE
May 6, 2010	9: 45 AM	White Sulphur Springs, WV
June 3, 2010	9: 45 AM	Wilmington, DE
August 12, 2010	9: 45 AM	Wilmington, DE
September 23, 2010	9: 45 AM	Philadelphia, PA
November 18, 2010	9: 45 AM	Wilmington, DE

Author:
Docs #:

D. A. Anders
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