



DRAFT  
Minutes  
PJM Interconnection  
Markets and Reliability Committee  
The Chase Center on the Riverfront, Wilmington, DE  
January 20, 2010  
9:30 am

Members Present:

Mike Kormos Chair	PJM Interconnection
Dana E. Horton	AEP
Susan E. Bruce Esq.	Rep'g. Air Liquide Industrials U.S., L.P.
Susan E. Bruce Esq.	Rep'g. Air Products & Chemicals, Inc.
Craig Galligan	Allegheny Energy Supply Company, L.L.C.
Jeffrey Whitehead	Rep'g. Blue Ridge Power Agency, Inc.
Susan E. Bruce Esq.	Rep'g. Borough of Ephrata
James Jablonski	Borough of Lavallette, New Jersey
James Jablonski	Borough of Park Ridge, New Jersey
James Jablonski	Borough of Seaside Heights
James Jablonski	Rep'g. Borough of South River, New Jersey
Susan E. Bruce Esq.	Rep'g. Castlebridge Energy Group, LLC
Jeffrey Whitehead	Rep'g. Central Virginia Electric Cooperative
Jeffrey Whitehead	Rep'g. City of Dover, Delaware
Gloria Godson	Conectiv Energy Supply, Inc. (voting on behalf of Potomac Electric Power Company)
Jason Barker	Constellation Energy Commodities Group (voting on behalf of Baltimore Gas and Electric Company)
John W. Horstmann	Dayton Power & Light Company (The)
Jeffrey Whitehead	Rep'g. Delaware Municipal Electric Cooperative
Michael Sheehy	Division of the Public Advocate State of
Delaware	
Dale Flaherty	Duquesne Light Company
Jeffrey Whitehead	Rep'g. Easton Utilities Commission
Reem Fahey	Edison Mission Marketing & Trading, Inc.
Bruce Campbell	EnergyConnect, Inc.
Donald C. Miller	FirstEnergy Solutions Corp.
Susan E. Bruce Esq.	Gerdau Ameristeel Energy, Inc.
Katie Guerry	Hess Corporation
Jay Fuess	Rep'g. Ictec.com
Jeffrey Whitehead	Rep'g. Illinois Municipal Electric Agency
Susan E. Bruce Esq.	Rep'g. Industrial Energy Users-Ohio (IEU-Ohio)



Robert O'Connell  
Susan E. Bruce Esq.  
Jay Fuess  
Susan E. Bruce Esq.  
Susan E. Bruce Esq.

Susan E. Bruce Esq.  
Charles Micciche  
Diane Huis  
Patricia L. Esposito  
Susan E. Bruce Esq.  
Ed Tatum  
Frank A. Rainey  
Susan E. Bruce Esq.  
Jay Fuess  
Susan E. Bruce Esq.

Marji Philips

Neal Fitch  
Susan E. Bruce Esq..  
Jeffrey Whitehead  
James Jablonski  
Susan E. Bruce Esq.  
Michael Batta

JP Morgan Ventures Corporation  
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.  
Neptune Regional Transmission System, L.L.C.  
North Carolina Electric Membership Corporation  
NRG Power Marketing, L.L.C.  
Rep'g. Occidental Power Services, Inc.  
Old Dominion Electric Cooperative  
PEI Power Corporation  
Rep'g. Praxair, Inc.  
Rep'g. Premcor Refining Group, Inc. (The)  
Rep'g. Proctor and Gamble Paper Products Company (The)  
PSEG Energy Resource & Trade, L.L.C. (voting on behalf of Public Service Electric and Gas Company)  
RRI Energy Services, Inc.  
Rep'g. SeverStal Sparrows Point, L.L.C.  
Rep'g. Southern Maryland Electric Cooperative  
Rep'g. Vineland Municipal Electric Utility  
Rep'g. Wellsboro Electric Company  
Virginia Electric and Power Company

**Members Present Via Teleconference:**

Steven Giles  
Christopher Norton  
Paul Williams  
Madelon Kuchera  
Jeffrey Bassett  
Stephen Hirsch  
Stephen Hirsch  
Brett Kruse  
George Braulke  
Stephen Hirsch  
Gregory Pakela  
Kenneth Jennings  
Mark Volpe  
Lydia Vollmer  
Chloe Cromarty  
Kenneth Lotterhos  
George R. Braulke

Rep'g. Allegheny Electric Cooperative, Inc.  
American Municipal Power – Ohio, Inc.  
ArcelorMittal USA, Inc.  
Blue Star Energy Services, Inc.  
BP Energy Company  
Rep'g. Borough of Chambersburg  
Rep'g. Borough of Mont Alto, PA  
Calpine Energy Services, L.P.  
Rep'g Covanta Energy Group, Inc  
Downes Associates, Inc.  
DTE Energy Trading, Inc.  
Duke Energy Business Services LLC  
Dynergy Power Marketing, Inc.  
EPIC NJ/PA, L.P.  
IPA Trading LLC  
Long Island Lighting company d/b/a LIPA  
Rep'g. NAEA Rock Springs, L.L.C.



Steven T. Jeremko  
David Applebaum  
Brian Edmonds

David Evrard  
Thomas W. Hyzinski  
George Braulke  
Deepak Ramlatchan  
Barry Trayers  
Scott Helyer  
Stephen Hirsch

New York State Electric & Gas Corporation  
NextEra Energy Power Marketing, LLC  
Office of the People's Counsel for the District of Columbia  
Pennsylvania Office of Consumer Advocate  
PPL EnergyPlus, L.L.C.  
Rep'g RC Cape May Holdings, L.L.C.  
Rockland Electric Company  
Sempra Energy Trading, LLC  
Tenaska Power Services Company  
Rep'g. Thurmont Municipal Light Company

**Also Present Via Teleconference:**

Brock Ondayko  
Larry Conley  
Colin Mount  
Ashley Pizzutelli  
Ron Ryckman  
David Bloom  
Stacey Harman  
Joel Bearden  
Rick Douglass  
Marj Garbini  
Rehan Gilani  
Guy Filomena  
Jonathan Halpert  
Andrea Maucher  
Courtney Stewart  
Safaraliev Mehrubon  
Chris Simms  
Bob Burner  
Bernita Clover  
Douglas Biden  
Kenneth Schisler  
David Pratzon  
James Brennan  
Carlos Clay  
Scott Everngam  
Michael Lenoff  
Anne Lindner  
Valerie Martin  
Jim Benchek  
Bob Patrylo  
Roy Shanker  
Mark Hanson

AEP  
Allegheny Energy Supply Company, L.L.C.  
Allegheny Energy Supply Company, L.L.C.  
Allegheny Power  
Ameren Energy Marketing Company  
Baltimore Gas & Electric Company  
Baltimore Gas & Electric Company  
Cargill Power Markets, L.L.C.  
Conectiv Energy Supply, Inc.  
Conectiv Energy Supply, Inc.  
ConEdison Energy, Inc.  
Customized Energy Solutions, Ltd.  
DC Energy LLC  
Delaware Public Service Commission  
Delaware Public Service Commission  
Dominion  
Downes Associates, Inc.  
Duke Energy Business Services LLC  
Duquesne Light Company  
Electric Power Generation Association  
EnerNOC, Inc.  
Exelon  
FERC  
FERC  
FERC  
FERC  
FERC  
FERC  
FirstEnergy Solutions Corp.  
HP Energy Resources  
Hydro Quebec  
Illinois Commerce Commission



Megan Wisersky  
Robert Howatt  
Michael Lee  
Anne Lindner  
Miles Mitchell  
Al Freeman  
Melanie Mancuso

Stephen Huntoon  
Mark Gilrain  
Mariam Yohannes

Fred Heizer  
Carolyn Moses  
Ak Spanos  
Mike Bryson  
Sarah Eichorn  
Matthew LaRocque  
Sandra Ritchie  
Mike Sitarchyk  
Laura Walter  
Jeff Williams  
David Withrow  
Leslie Yeager  
Milena Kline  
Michele Greening  
April Shinn  
Mike Prendergast  
Richard Marinelli  
Tom Hoatson  
Gerry Binder  
Andy Peebles  
Sunny Nettles  
Tim Pearce  
Ayana Wood  
James Wilson  
Beth Martin

**Also Present:**

Steve McDonald  
John Verderame  
Richard Kafka  
Scott Razzo  
Kenneth Schisler  
Ron Chu

Madison Gas & Electric Company  
Maryland Energy Administration  
Maryland Public Service Commission  
Maryland Public Service Commission  
Maryland Public Service Commission  
Michigan Public Service Commission  
Monongahela Power Company d/b/a Allegheny Power  
NextEra Energy Power Marketing, LLC  
NRG Power Marketing, L.L.C.  
Office of the People's Counsel for the District of Columbia  
Ohio BUP  
PEPCO Energy Services, Inc.  
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Platts  
PPL Energy Plus, LLC  
Progress Energy  
PSEG Energy Resource & Trade  
Public Service Electric & Gas Company  
Riverside Generating LLC  
Sempra Energy Trading, L.L.C.  
Shell Energy North America (US), LP  
Tenaska Power Services  
Tenaska Power Services  
UGI Utilities, Inc.  
Wilson Energy Economics  
Wisconsin Electric Power Company

Aces Power Marketing  
Carolina Power & Light Company  
Conectiv Energy Supply, Inc.  
Conectiv Energy Supply, Inc.  
EnerNOC, Inc.  
Exelon



Joseph Bowring  
Lopa Parikh  
Dave Scarp  
Raj Barua  
Alan Alesius  
Stu Bresler  
Suzanne Daugherty  
Harry Dessender  
Robert V. Eckenrod  
Pauline Foley  
Sheila Foley  
Denise Foster  
Kevin Gresh  
Steve Herling  
Timothy Horger  
Frank Koza  
Evelyn Manion  
Paul McGlynn  
Megan McLaverty  
Andy Ott  
Paul Sotkiewicz  
Carolyn Strickland  
Stan Williams  
Tom Zadlo  
Paul Napoli

Alexa Rager  
Adarsh Jain  
Chris Bursaw  
David Anders, Secretary

Monitoring Analytics, LLC  
Old Dominion Electric Cooperative  
Old Dominion Electric Cooperative  
Organization of PJM States, Inc. (OPSI)  
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PSEG Energy Resource & Trade, L.L.C. (voting on behalf of Public Service Electric and Gas Company)  
Rager Energy Consulting  
Rockland Electric Company  
Seguin Capital, LLC  
PJM Interconnection

**1. ADMINISTRATION**

Minutes of the November 11, 2009 and November 30, 2009 meetings were **approved** by acclamation without objection or abstention.

**2. HOLISTIC REVIEW OF GENERATOR COST AND COMPENSATION**

Mr. Ott provided a review of the Holistic Review of Generator Cost and Compensation. He noted the initial request for the Market Monitor (MMU) and PJM to perform the analysis. He explained



that the posted report provided detailed analysis of eight PJM markets, and that it contained an evaluation of the Frequently Mitigated Units (FMU) adder. The report concluded that the FMU adder was not redundant with any other revenue stream, but that the magnitude of the adder should be evaluated. Dr. Bowring noted that the MMUs report would be issued in concert with the State of the Market report in early March 2010.

### 3. COUNTERPARTY CLARIFICATION INITIATIVE

Ms. Daugherty reviewed the counterparty clarification initiative. She noted that votes on the proposed Tariff and Operating Agreement revisions had been moved to the February 24, 2010 Markets and Reliability Committee (MRC) meeting and the March 25, 2010 Members Committee (MC) meeting to allow additional time for stakeholders to conclude their internal reviews. She also noted the potential for separate votes regarding potential agreement revisions related to eRPM.

### 4. MARKET-TO-MARKET SETTLEMENT DISCUSSIONS

Mr. Bresler provided an update on the status of resolution of the error in historic market-to-market settlement calculations. He noted that discussions at the FERC continue; the last discussions at FERC were held December 10-11, 2009 and the next would be held February 25-26, 2010. He reminded stakeholders of an [available](#) MSRS report ~~available which shows~~ [detailing the potential, account-specific the potential total impacts should PJM's current estimate of the impact be allocated as a](#) billing adjustment. Finally, he noted a plan to convene a call of the PJM participants in [the](#) FERC proceeding in early February 2010.

### 5. FERC ORDER 719

Mr. Ott discussed the process for obtaining stakeholder feedback on the compliance requirements contained in the FERC's recent order related to Order 719. He noted that PJM had received an order from the FERC on December 18, 2009 in response to PJM's filing related to Order 719. He



discussed the various aspects of the recent FERC order. He noted that PJM had filed an additional extension request regarding the Shortage Pricing portions of PJM's filing and the FERC had granted the extension until June 18, 2010. He also noted that a compliance filing was due on March 18, 2010 regarding certain Demand Response and Market Monitoring portions of the order. It was expected that the contents of this compliance filing would be vetted with the stakeholders at the February Markets Implementation Committee (MIC) and MRC meetings, and the March MIC meeting. Finally, he noted that certain items will be put on a longer timetable as noted in the FERC order, and that a table of the components of the compliance filing and longer timetable items would be reviewed at the February MIC meeting.

## 6. COST DEVELOPMENT TASK FORCE (CDTF)

A. Mr. Williams provided an update on recent CDTF activities. The method approved by Stakeholders and the PJM Board for opportunity cost calculator for energy and environmentally limited units was under development and would be incorporated into eMarket. FERC approval allowing generation owners' opportunity costs for energy and environmentally limited units had not yet been received. He noted that the CDTF continued to work on the development of additional opportunity cost proposals, and was on track to meet its objective of providing its recommendations to the MRC at the March 17, 2010 meeting. Approvals by the MRC, MC and PJM Board of Managers were required to be obtained by June 1, 2010 and the subsequent compliance filing was due on July 1, 2010. Finally, he noted that significant enhancements to the opportunity cost methodology proposed by the PJM Independent Market Monitor were voted down by the Cost Development Task Force at the December 12, 2009 meeting. Members expressed a desire to gain experience with the approved version prior to implementing additional significant changes



B. Dr. Bowring presented proposed revisions to treatment of opportunity cost provisions contained in Manual M-15. Dr. Bowring asserted that the current Manual M-15 does not establish a method for the calculation of opportunity cost that is as accurate as it could be. He noted that the MMU had recommended specific changes to the manual in order to improve the method and make it more accurate, and that the CDTF had reviewed the MMU's proposed changes in detail, and voted them down. Mr. Tatum moved and Mr. Whitehead seconded that the MRC direct the CDTF to delineate the pros and cons of each of the specific points in Dr. Bowring's presentation and provide a detailed report back to the MRC. There were no Members opposed to this motion.

## 7. FTR MISCELLANEOUS CHANGES

Mr. Horger presented FTR changes related to credit requirements for FTR trading and FTR available bidding points. He noted that there was no opposition to the proposal at the Markets Implementation Committee. Following brief discussion, the Members present endorsed the proposals by acclamation with no objections or abstentions.

## 8. SHORTAGE PRICING WORKING GROUP

Dr. Sotkiewicz provided an update of Shortage Pricing Working Group (SPWG) activities and revisions to the charter. Mr. Whitehead offered a friendly amendment to charter item 5 to change reference to the Market Implementation Committee (MIC) to the MRC, and to add "or operating criteria and accuracy". Mr. Berg offered a friendly amendment to charter item 4 to add the word "alternative" to mechanisms. There was no opposition to either of these friendly amendments. Following brief discussion, the Members present approved the proposed charter revision by acclamation with no objections or abstentions.



## 9. MARKET PRICE REPORTING PROCESS

Mr. Bresler presented a proposed ~~revisions to the~~ market price reposting process, developed in response to a Market Monitoring Unit recommendation in the 2008 State of the Market Report.

He noted that PJM had presented an initial proposal, and an alternative preferred by the MIC had been presented by a stakeholder. The committee will be asked to endorse the alternative proposed revisions at its next meeting, and the MC would be asked to endorse the associated Tariff proposed revisions at its March 2010 meeting.

## 10. TARIFF CLEAN-UP

Mr. Eckenrod presented proposed draft Tariff and Operating Agreement revisions to make certain typographical corrections and remove obsolete references. He reviewed a matrix of the revisions, and noted that the proposed revisions had been reviewed with the MRC at its November 2009 meeting. Following brief discussion, the Members present endorsed the proposed revisions by acclamation with no objections or abstentions. The Members had no objection to placing this item on the Consent Agenda at the January 21, 2010 MC meeting.

## 11. JOINT AND COMMON MARKET

Mr. Bresler reviewed the previously approved joint and common market common ramp portal initiative. He noted information system and manpower constraints that challenge implementation in 2010, and indicated that the MIC had recommended that implementation be tabled until at least 2011. Following brief discussion, there was no objection to tabling implementation for 2010.

## 12. OASIS ENHANCEMENT

Mr. Gresh presented a proposal to limit the frequency of requests that customers may make on the OASIS. There were no objections to the proposal. Mr. Gresh noted that the proposal would be



reviewed again at the February MIC and MRC meetings, and that no agreement revisions were required.

### 13. PJM MANUALS

- A. Mr. McGlynn will review proposed revisions to Manual 14B, PJM Region Transmission Planning Process, to include updated language related use of energy efficiency and demand response in PJM deliverability testing. Ms. Philips proposed a friendly amendment to remove all bracketed text referring to Price Responsive Demand, as it had not yet been vetted and was not ready for implementation. There was no objection to the friendly amendment. The Members present approved the proposed Manual revisions by acclamation (including the friendly amendment) with one objection and 3 abstentions.
  
- B. Mr. Dessender presented draft manual revisions to Manual 28, Operating Agreement Accounting to incorporate the changes to Section 8 as ordered by FERC on September 17, 2009 (Docket No. EL08-14-002) and to incorporate a clarifying item in Section 5. Following brief discussion, the Members present approved the proposed Manual revisions by acclamation with two objections and two abstentions.
  
- C. Mr. Williams presented three draft manual revisions to Manual 15, Cost Development Guidelines. The draft manual revisions make a minor mathematical revision to the approved Opportunity Cost Calculator; provide generation owners with the option of either a 10-year or 20-year maintenance period historical basis and a change to the additional maintenance adder to account for significant unit configuration changes. The MRC will be asked to endorse the proposed revisions at its next meeting.
  
- D. Mr. Bryson presented the following draft manual revisions:



1. Manual 01 – Control Center Requirements changes to include the new definition of a PJM Directive
2. Manual 03 – Transmission Operations
3. Manual 10 – Pre-Scheduling Operations
4. Manual 13 – Emergency Operations changes to include the 2010 Day Ahead Scheduling Reserve Requirement
5. Manual 14D - Generator Operational Requirements
6. Manual 21 – Rules and Procedures for Determination of Generating Capability “Green Book” changes to the Winter Net Capability Testing Program.
7. Manual 36 - System Restoration
8. Manual 37 - Reliability Coordination
9. Manual 40 – Certification and Training Requirements

Following brief discussion, the Members present approved the proposed Manual revisions by acclamation with no objections or abstentions.

#### 14. DOMINION SECTIONALIZING SCHEMES

Mr. Koza presented six proposed sectionalizing schemes within the Dominion transmission zone.

#### 15. BROADER REGIONAL MARKETS SOLUTIONS TO LOOP FLOW

Mr. Williams presented an update on the activities associated with the NYISO Lake Erie loop flow compliance filing. He noted that the FERC had issued NYISO an order on July 16, 2009 requiring a compliance filing in mid January 2010. FERC issued an additional clarification order on September 14, 2009 requiring the resulting filing to include consideration of all solutions to loop



flow, physical, operational and market solutions. Mr. Kormos noted that any changes to PJM processes or practices would require stakeholder process review prior to implementation.

**16. MERCHANT TRANSMISSION COST ALLOCATION**

Mr. McGlynn reviewed the requirements of a compliance filing regarding merchant transmission cost allocation in response to FERC Opinion No. 503. He noted the provisions for both 500 kV and above versus under 500 kV, along with the schedule for filing.

**17. LONG TERM CAPACITY ISSUES SYMPOSIUM**

Mr. Anders reviewed plans for the Long Term Capacity Issues Symposium to be held January 26-27, 2010. He noted the agenda, panel topics and keynote speakers.

**18. AMERICAN TRANSMISSION SYSTEMS INC. (ATSI) INTEGRATION**

Mr. Koza provided an update on activities related to the integration of ATSI into PJM. He noted the December 2009 FERC order authorizing the integration of ATSI into PJM, that ATSI had become a signatory to the Reliability Assurance Agreement and the Transmission Owners' Agreement, and that PJM was proceeding with preparations for the integration. He also noted the upcoming auctions related to the integration.

**19. EASTERN INTERCONNECTION PLANNING COLLABORATIVE (EIPC)**

Mr. Kormos provided an update on activities related to EIPC. He noted that the Department of Energy had announced on December 18, 2009 that the EIPC's bid had been successful. Contract negotiations were to begin on January 21, 2010, with a contract to be executed in approximately two weeks. He also noted that a stakeholder process for the planning collaborative had yet to be determined.



**20. MARKET IMPLEMENTATION (MIC) REPORT**

Mr. Dessender provided an update on the committee's activities. He noted that in addition to many of the items on the MRC's agenda, the MIC was considering a revision to the Black Start Services Working Group's charter, proposals to revise the Peak Market Activity (3-week) credit requirement, PJM's additional analysis of potential revisions to treatment of marginal losses, and a straw proposal for integrating price responsive demand in RPM.

**21. OPERATING COMMITTEE (OC) REPORT**

Mr. Koza provided an update on recent OC activities. In particular, he reported that the OC was reviewing remaining actions to be taken to comply with NUC-001 by April 1, 2010.

**22. PLANNING COMMITTEE (PC) REPORT**

Mr. McGlynn provided an update on recent PC activities, including updating the RTEP assumptions, work of the reactive power focus group, development of boundary definitions for new LDAs, and solicitation of input on sensitivity studies for RTEP.

**23. TRANSMISSION EXPANSION PROJECTS**

Mr. McGlynn provided an update on the status of transmission expansion projects. He noted that there were no changes with respect to the TrAIL line, that the New Jersey proceedings with respect to the Susquehanna/Roseland line were in process completed and that a decision from the NJBPU was expected in February, and that the PATH and MAPP lines' CPCN proceeding-s had been suspended was scheduled to begin shortly in Virginia.

**24. FUTURE AGENDA ITEMS**

No additional future agenda items were identified.



## 25. FUTURE MEETINGS

### 2010

February 24, 2010	9:30 AM	Wilmington, DE
March 17, 2010	9:30 AM	Wilmington, DE
April 21, 2010	9:30 AM	Wilmington, DE
June 23, 2010	9:30 AM	Wilmington, DE
August 4, 2010	9:30 AM	Wilmington, DE
September 22, 2010	9:30 AM	Wilmington, DE
October 20, 2010	9:30 AM	Wilmington, DE
November 17, 2010	9:30 AM	Wilmington, DE
December 15, 2010	9:30 AM	Wilmington, DE

Author: D.A. Anders  
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