



DRAFT
Minutes
PJM Interconnection
Markets and Reliability Committee
The Chase Center on the Riverfront, Wilmington, DE
February 24, 2010
9:30 am

Members Present:

Andy Ott, Acting Chair
Susan E. Bruce Esq.
Susan E. Bruce Esq.
Craig Galligan
Jeffrey Whitehead
Susan E. Bruce Esq.
Susan E. Bruce Esq.
Jeffrey Whitehead
Jeffrey Whitehead
Rick Douglass

Stacy Harman

John Horstmann
Jeffrey Whitehead
Jeffrey Whitehead
Ronald Chu
Donald C. Miller
Susan E. Bruce Esq.
Katie Guerry
Jay Fuess
Jeffrey Whitehead
Susan E. Bruce Esq.
Chloe Cromarty
Robert O'Connell
Susan E. Bruce Esq.
Jay Fuess
Susan E. Bruce Esq.
Susan E. Bruce Esq.

Susan E. Bruce Esq.
Hal Siegrist

PJM Interconnection
Rep'g. Air Liquide Industrials U.S., L.P.
Rep'g. Air Products & Chemicals, Inc.
Allegheny Energy Supply Company, L.L.C.
Rep.g. Blue Ridge Power Agency, Inc.
Rep'g. Borough of Ephrata
Rep'g. Castlebridge Energy Group, LLC
Rep' g. Central Virginia Electric Cooperative
Rep' g. City of Dover, Delaware
Rep' g. Conectiv Energy Supply, Inc. (voting on behalf of Potomac Electric Power Company)
Rep' g/Constellation Energy Commodities Group (voting on behalf of Baltimore Gas and Electric Company)
Dayton Power & Light Company (The)
Rep'g. Delaware Municipal Electric Cooperative
Rep'g. Easton Utilities Commission
Exelon
FirstEnergy Solutions Corp.
Gerdau Ameristeel Energy, Inc.
Hess Corporation
Rep'g. Icetec.com
Rep'g. Illinois Municipal Electric Agency
Rep'g. Industrial Energy Users-Ohio (IEU-Ohio)
IPA Trading LLC
J.P. Morgan Ventures Energy 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.
Mirant Potomac River, L.L.C.



Chris Orzel
Susan E. Bruce Esq.
Dave Scarp
Frank A. Rainey
Susan E. Bruce Esq.
Jay Fuess
Susan E. Bruce Esq.

Richard Marinelli

Neal Fitch
Barry Trayers
Susan E. Bruce Esq..
Susan E. Bruce Esq.
Jeffrey Whitehead
Ann Scott
Susan E. Bruce Esq.

NextEra Energy Power Marketing, LLC
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)
Rep' g. PSEG Energy Resource & Trade, L.L.C.
(voting on behalf of Public Service Electric and
Gas Company)
RRI Energy Services, Inc.
Sempra Energy Trading, LLC
Rep'g. SeverStal Sparrows Point, L.L.C.
Rep'g Sunoco, Inc. (R&M)
Rep'g. Southern Maryland Electric Cooperative
Tenaska Power Service Company
Rep'g Wellsboro Electric Company

Members Present Via Teleconference:

Dana E. Horton
Steven Giles
Ron Ryckman
Christopher Norton
Paul Williams
George Lee
Stephen Hirsch
Stephen Hirsch
Brett Kruse
George Braulke
Stephen Hirsch
Gregory Pakela
Dale Flaherty
Mark Volpe
Jeffrey Ellis
Bruce Campbell
Kenneth Schisler
Lydia Vollmer
Mathieu Berube
Daniel Walsh
Kenneth Lotterhos
Christi Nicolay
George R. Braulke
Steven T. Jeremko
Diane Huis

AEP
Rep'g. Allegheny Electric Cooperative, Inc.
Ameren Energy Marketing Company
American Municipal Power – Ohio, Inc.
ArcelorMittal USA, Inc.
BJ energy, L.L.C.
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.
Duquesne Light Company
Dynergy Power Marketing, Inc.
Edison Mission Marketing & Trading, Inc.
EnergyConnect, Inc.
EnerNOC, Inc.
EPIC NJ/PA, L.P.
H.Q. Energy Services (U.S.), Inc.
Linden VFT LLC
Long Island Lighting company d/b/a LIPA
Macquarie Cook Power Inc.
Rep'g. NAEA Rock Springs, L.L.C.
New York State Electric & Gas Corporation
North Carolina Electric Membership Corporation



Patricia L. Esposito
Brian Edmonds

David Evrard
George Braulke
Deepak Ramlatchan
John Brodbeck
Louis DeCicco
Stephen Hirsch
Richard Gill
Michael Batta

NRG Power Marketing, L.L.C.
Office of the People's Counsel for the District of
Columbia
Pennsylvania Office of Consumer Advocate
Rep'g RC Cape May Holdings, L.L.C.
Rockland Electric Company
Shell Energy North America (US), LP
South Jersey Energy Company
Rep'g. Thurmont Municipal Light Company
UGI Utilities, Inc.
Virginia Electric and Power Company

Also Present Via Teleconference:

Larry Conley
Colin Mount
David Bloom
Judith Judson
Owen Kopon
Joel Bearden
Marj Garbini
Gloria Godson
John Miller
Rehan Gilani
Stephen Wemple
Courtney Stewart
Brian Keefer
Bob Burner
Douglas Biden
David Pratzon
Scott Everngam
Eric Icart
Valerie Martin
Jim Benchek
Michael Stansky
Bob Patrylo
Roy Shanker
Mark Hanson
Alice Schum
David Johnston
Elizabeth Kimmel
John Higgins
Huawei Liao
Megan Wisersky
Miles Mitchell
Al Freeman

Allegheny Energy Supply Company, L.L.C.
Allegheny Energy Supply Company, L.L.C.
Baltimore Gas & Electric Company
Beacon Power Corporation
Brookfield Burchett Stone Law Firm
Cargill Power Markets, L.L.C.
Conectiv Energy Supply, Inc.
Conectiv Energy Supply, Inc.
Conectiv Energy Supply, Inc.
ConEdison Energy, Inc.
ConEdison Energy, Inc.
Delaware Public Service Commission
Dominion Energy Marketing, Inc.
Duke Energy Business Services LLC
Electric Power Generation Association
Exelon
FERC
FERC
FERC
FirstEnergy Solutions Corp.
FirstEnergy Solutions Corp.
HP Energy Resources
Hydro Quebec
Illinois Commerce Commission
Illinois Municipal Electric Agency
Indiana Utility Regulatory Commission
Kimmel Energy Association
Downes Associates, Inc.
Louis Dreyfus Highbridge Energy
Madison Gas & Electric Company
Maryland Public Service Commission
Michigan Public Service Commission



Sunny Jansen
William Dugan
Vikram Modi
John Tighe
Stephen Huntoon
Mariam Yohannes

Fred Heizer
Carolyn Moses
Jeff Bastian
Helen Burnley
Suzanne Coyne
Harry Dessender
Sarah Eichorn
Dean Hartung
Lynn Horning
Chuck Liebold
Harold Loomis
Jeanine Schleiden
Ken Schuyler
Mike Sitarchyk
Simon Tam
Laura Walter
Jeff Williams
David Withrow
Leslie Yeager
Thomas Zadlo
Milena Kline
Michele Greening
James Hebson
Ralph Degeeter
Tom Hoatson
Gerry Binder
Bill O'Hern
Lawander Bradley-Bey
Wes Walker
Beth Martin

Also Present:

Steve McDonald
Richard Kafka
Scott Rasse
Guy Filomena
David Steigerwald
Kenneth Jennings

MidAmerican Energy Company
Monitoring Analytics
Monitoring Analytics
New York State Electric & Gas Corporation
NextEra Energy Power Marketing, LLC
Office of the People's Counsel for the District of
Columbia
Ohio Public Utilities Commission
PEPCO Energy Services, Inc.
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Platts
PPL Energy Plus, LLC
PSEG Energy Resource & Trade
Public Service Commission of Maryland
Riverside Generating LLC
Sempra Energy Trading, L.L.C.
SeverStal Sparrows Point, L.L.C.
Sun Coke Company
Virginia Electric and Power Company
Wisconsin Electric Power Company

Aces Power Marketing
Conectiv Energy Supply, Inc.
Conectiv Energy Supply, Inc.
Customized Energy Solutions, Ltd.
Customized Energy Solutions, Ltd.
Duke energy Business Services LLC



William Berg
Herbert Yan
Michael Krauthamer
Joseph Bowring
Ed Tatum
Raj Barua
Alan Alesius
Stu Bresler
Suzanne Daugherty
Sheila Foley
Kevin Gresh
Frank Koza
Evelyn Manion
Paul McGlynn
Megan McLaverty
Steve Pincus
Paul Sotkiewicz
Stan Williams
Richard Kafka
Barry Spector
Dave Anders, Secretary

Exelon
J.P. Morgan Ventures Energy Corporation
Maryland Public Service Commission
Monitoring Analytics, LLC
Old Dominion Electric Cooperative
Organization of PJM States, Inc. (OPSI)
PJM Interconnection
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PJM Interconnection
Potomac Electric Power Company
Wright & Talisman, P.C.
PJM Interconnection

1. ADMINISTRATION

Minutes of the January 20, 2010 Markets and Reliability Committee (MRC) meeting were approved by acclamation without objection or abstention.

2. COUNTERPARTY CLARIFICATION INITIATIVE

Ms. Daugherty presented proposed Tariff and Operating Agreement revisions related to the counterparty clarification initiative. Mr. Marinelli moved to table a vote on the proposed revisions, and the required four additional Members seconded the motion. Following discussion of potential paths forward for the initiative, one of the seconding Members withdrew support for the motion to table, and therefore the motion to table was withdrawn. The Members present endorsed the proposed Tariff and Operating Agreement revisions in a sector-weighted vote with 4.75 in favor.



3. ENERGY STORAGE RESOURCES – STATION POWER TARIFF DEFINITION

Mr. Pincus presented proposed revisions to the definition of Station Power in the Tariff to clarify that energy storage resources are not subject to the station power accounting procedures (similar to pumped hydro storage). Several Members discussed potential enhancements to the proposed revisions to more distinctly clarify application of the proposed provisions to potential emerging resources. Mr. Ott noted that the issue will be returned to the Intermittent Resources Working Group (IRWG) for final updates before being brought back to the MRC for endorsement.

4. OASIS ENHANCEMENT

Mr. Gresh presented a proposal to limit the frequency of requests that customers can make on the OASIS. Following discussion, the members present approved the proposal by acclamation with one objection and no abstentions.

5. PEAK MARKET ACTIVITY CREDIT REQUIREMENT

Ms. Daugherty presented a proposal for a stakeholder-requested change to the Peak Market Activity (3-week) credit requirement. She noted that the MRC would be requested to endorse the proposal at its next meeting.

6. PJM MANUALS

A. 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. Following discussion, the Members present endorsed the proposed revisions by acclamation with no objections or abstentions.



- Mr. Ott noted that this package of proposed revisions would be placed on the Consent Agenda for the March 25, 2010 Members Committee (MC) meeting.
- B. Ms. Horning presented draft revisions to Manual 18: PJM Capacity Market to incorporate conforming and clarifying revisions for recently approved FERC orders. The Members present endorsed the proposed revisions by acclamation with no objections or abstentions.
 - C. Mr. Dessender presented draft revisions to Manual 27: Open Access Transmission Tariff Accounting to replace the Expansion Cost Recovery rates with a link to the PJM Guide to Billing on the pjm.com website and added the new RPM Load Management Test Failure Charge/Credit billing line items. He noted that the MRC would be requested to approve these proposed revisions at its next meeting. There were no questions.
 - D. Mr. Dessender presented draft revisions to Manual 28: Operating Agreement Accounting to incorporate changes to Section 11: Meter Reconciliation Accounting as approved by FERC on January 22, 2010 (Docket No. ER10-320). He noted that the MRC would be requested to approve these proposed revisions at its next meeting. There were no questions.
 - E. Ms. Burnley presented draft revisions to Manual 33: Administrative Services for the PJM Interconnection Operating Agreement to incorporate changes to Section 2 – Qualifications of PJM Membership and Section 5 – Dispute Resolution. The Members discussed additional clarifications necessary, and Mr. Ott noted that the proposed draft would be updated and brought back to the MRC for approval at a future meeting.



7. MARGINAL LOSSES USER GROUP

Mr. Bresler presented the background potential resolution of concerns raised by the Marginal Losses User Group, including proposed manual revisions to implement resolution. He referred to detailed analyses performed by PJM and presented to the Market Implementation Committee (MIC). He noted that there is a disagreement among some stakeholders regarding the appropriate effective date for implementation of the potential resolution. He also noted that PJM believes that the potential resolution is the most appropriate path forward and that PJM was in a position to make the necessary system changes to support a June 1, 2011 implementation date. Mr. Ott noted that some stakeholders had requested additional analysis of the potential resolution, which will be provided to the MIC. He also noted that a vote on the potential resolution would be requested at the next MRC meeting.

8. MARKET PRICE REPOSTING PROCESS

Mr. Bresler presented the proposed market price reposting process. He noted alternatives considered and that draft Tariff revisions would be presented to the MIC, MRC and MC at their respective March 2010 meetings for endorsement.

9. FERC ORDER 719 COMPLIANCE REQUIREMENTS

Mr. Bresler discussed follow-up items from the January 20, 2010 MRC meeting related to the FERC's recent order regarding PJM's filing in response to Order 719. Mr. Ott noted that the filing in this matter is due on March 18, 2010 and will be a filing compliance filing and that as such PJM was not seeking stakeholder approval of the material presented; however, the material would be reviewed for stakeholder input at the MIC and MRC at their next respective meetings.



10. COST DEVELOPMENT TASK FORCE – OPPORTUNITY COST METHODOLOGY

Mr. Williams presented the posted Opportunity Cost Methodology Comparison document requested by the MRC at its January 20, 2010 meeting which contained a table outlining the various aspects of the proposals considered by the Cost Development Task Force (CDTF). Mr. Williams noted that the CDTF has endorsed three of the six proposals. Dr. Bowring presented the views of the Market Monitor with respect to these proposals. Mr. Ott noted that the MRC would be asked to vote on the three proposals endorsed by the CDTF at its next meeting. Additionally, Dr. Bowring would provide detailed Manual M15 draft revisions addressing the remaining three proposals considered by the CDTF for review and potential vote at the next MRC meeting.

11. SHORTAGE PRICING WORKING GROUP (SPWG)

Mr. Ott provided an update of SPWG activities. He summarized the history of the issue and reviewed the SPWG work plan. He noted that the MRC will receive a report on the substance of the proposals at its April 2010 meeting, and that a special meeting of the MRC may be called for the purpose of voting on the proposal during May 2010.

12. BROADER REGIONAL MARKETS SOLUTIONS TO LOOP FLOW

Mr. Williams presented an update on the ongoing efforts related to NYISO Lake Erie loop flows. The members discussed potential new or revised agreements that may become necessary to implement any associated enhancements. Mr. Ott noted that any such new or revised agreements would be reviewed with the Members prior to implementation.

13. HOLISTIC REVIEW OF GENERATOR COST AND COMENSATION

Dr. Sotkiewicz presented minor updates to the Review of Generator Costs and Compensation report clarifying that investment cost plus a rate of return are included in fixed, going-forward costs for the purposes of the report.



14. DEFAULT AVOIDABLE COST RATE (ACR) ADJUSTMENT CALCULATION

Dr. Bowring discussed proposed revisions to the calculation of the Handy-Whitman adjustment to the default ACRs. Mr. Ott expressed that the specifics of this issue may in fact be a one-time situation, and that the issue may be best included in any effort to result from the Long Term Capacity Issues Symposium. He noted that the Members will be asked to consider the results of the Symposium and a potential path forward beginning at the MRC's next meeting.

15. AMERICAN TRANSMISSION SYSTEMS INC. (ATSI) INTEGRATION

Mr. Koza provided an update on activities related to the integration of ATSI into PJM. He noted the upcoming auction, as well as additional stakeholder meetings to discuss auction implementation details.

16. EASTERN INTERCONNECTION PLANNING COLLABORATIVE (EIPC)

Mr. Liebold provided an update on activities related to EIPC. He discussed the January 2010 Department of Energy Conference with awardees, the contract development process, expenditures to-date and stakeholder process activities.

17. MARKET IMPLEMENTATION (MIC) REPORT

Mr. Dessender provided an update on the committee's activities. He noted the items that the MIC had reviewed that were also on the MRC's agenda. He also noted the following MIC activities: Energy Efficiency Task Force charter revisions, the RPM auction data request process, and a report on Balancing Operating Reserves changes.



18. OPERATING COMMITTEE (OC) REPORT

Mr. Koza provided an update on recent OC activities. In addition to items otherwise captured on the MRC's agenda, he noted that the System Operations Subcommittee, OC and IRWG were vetting operational models for wind farms.

19. PLANNING COMMITTEE (PC) REPORT

Mr. McGlynn provided an update on recent PC activities. In addition he discussed sensitivity studies to be included in the 2010 Regional Transmission Expansion Plan.

20. TRANSMISSION EXPANSION PROJECTS

Mr. McGlynn provided an update on recent developments regarding transmission expansion projects. He noted that there was no change in status for any of the projects with the exception of the Susquehanna-Roseland project, which had received approval from the New Jersey Board of Public Utilities. He also noted the ongoing permitting activity for the project with the National park Service.

21. FUTURE AGENDA ITEMS

No additional future agenda items were identified.

22. FUTURE MEETINGS

2010

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