Members in attendance:

Williams, Stanley (Chair))  PJM Interconnection
Ciampaglio, Tony  Constellation Energy Commodities Group, Inc
Gomez, Luis  Exelon Generation Co., LLC
Walter, Laura (Secretary)  PJM Interconnection

Also in attendance:

Dugan, William  Monitoring Analytics, LLC
Modi, Vikram  Monitoring Analytics, LLC
Hauske, Thomas  PJM Interconnection
Zadlo, Thomas  PJM Interconnection

Attended via webex/teleconference:

Mount, Colin  Allegheny Energy Supply Company, L.L.C.
Fee, George  Appalachian Power Company
Filomena, Guy  Customized Energy Solutions, Ltd.*
Horstmann, John  Dayton Power & Light Company (The)
Feierabend, Rick  Dominion Energy Marketing, Inc.
Keefer, Brian  Dominion Energy Marketing, Inc.
Flaherty, Dale  Duquesne Light Company
Hansel, David  Exelon Generation Co., LLC
Hoag, Richard  FirstEnergy Solutions Corp.
Siegrist, Hal  GenOn Energy Management, LLC
Jeremko, Steven  New York State Electric & Gas Corporation
Jensen, Richard  PPL Energy Plus, LLC
Miller, Rod  PPL Generation, LLC
Lopez, Johny  PSEG Energy Resources and Trade LLC

1. ADMINISTRATION

CDS approved the minutes from the 259th CDS held on 2/28/2011

CDS approved the agenda for the 260th CDS held on 3/21/2011

PJM reviewed Antitrust Guidelines.

Future meeting dates were reviewed.
2. **CDS STATUS UPDATE**

Stan Williams gave an update on [FERC order on docket EL-08-47](#) and the upcoming March 23, 2011 [MRC Report](#).

3. **NO LOAD FUEL/COST: ISSUE TRACKING LINK**

PJM presented a [Issue Summary](#) and an updated [educational document on the Definition of No Load](#) with updated appendixes and the new examples that work together and ensure that the dispatch example curves are more representative of real units. The CDS reviewed this document and did not identify any needed improvements.

The CDS reviewed the identified interests and design criteria and ranked relative importance of each design criterion and developed options: [Collaborative Solution Development Matrix](#).

4. **VARIABLE OPERATING AND MAINTENANCE (VOM) COST DEFINITION: ISSUE TRACKING LINK**

The CDS reviewed the updated educational document on VOM, compiled interest identification and design criteria. This material will be included as part of the material for the discussion on this topic at the April meeting.

The following interests were identified:

- A clear definition should be developed to remove ambiguity of what should be included in VOM and what should not be included in VOM.
- VOM cost should be developed in a fixed versus variable cost point of view and not short versus long term costs.
- The calculation methods for VOM should be simple and repeatable.
- The definition of VOM should not include FERC accounts.
- Accounting practices of participants should not define what is included in VOM.
- A simplified calculation method should be available for determining VOM.
- Double dipping and gaming should be prevented.
- Timeline differences between VOM and RPM should be addressed.
- Overhaul costs should be recoverable in RPM or VOM.
- Life cycle and failure rates should be analyzed and boundaries that fit each item into fixed or variable based on expectations.

The following design criteria were identified:

- A clear definition of VOM of VOM should be developed.
- A preferred method for determining VOM should be adopted.
• Create a clear procedure for calculation of VOM costs.
• Ability to distinguish between fixed and variable costs.
• Addresses Capital versus Expense accounting practices.
• Determine a VOM calculation based on current and historically available expense records.
• A simple method is available as an alternative.
• Development of a clear calculation procedure so that VOM that is calculated by the MMU and by market participants should be the same number.
• Can handle units under Long Term Service Agreements
• Address capital versus expense accounting practices

5. CDS WORK PLAN AND FUTURE TOPICS

Information for Unit types not Addressed by Manual 15: Issue Tracking

Immature Unit Definition: Issue Tracking

Combined Cycle Modeling: Issue Tracking

Cyclic Peaking Factors for Combined Cycle units: Issue Tracking, (referred by MRC)

Treatment of Units under Long Term Contracts (Legacy item)

6. FUTURE MEETINGS

Monday, April 25, 2011  10:00 am until 2:00 pm   PJM Interconnection Offices
Monday, May 23, 2011  10:00 am until 2:00 pm   PJM Interconnection Offices
Monday, June 20, 2011  10:00 am until 2:00 pm   PJM Interconnection Offices
Monday, August 8, 2011  10:00 am until 2:00 pm   PJM Interconnection Offices
Monday, September 12, 2011  10:00 am until 2:00 pm   PJM Interconnection Offices
Monday, October 17, 2011  10:00 am until 2:00 pm   PJM Interconnection Offices
Monday, November 14, 2011  10:00 am until 2:00 pm   PJM Interconnection Offices
Monday, December 12, 2011  10:00 am until 2:00 pm   PJM Interconnection Offices

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