Minutes
PJM Interconnection
Cost Development Subcommittee (262nd Meeting)
PJM Service Center – S-1
Monday May 23, 2011
10:00 AM

Members in Attendance:

Williams, Stanley (Chair)  PJM Interconnection
Ciampaglio, Tony  Constellation Energy Commodities Group, Inc.
Gomez, Luis  Exelon Generation Co., LLC
Hansel, David  Exelon Generation Co., LLC
Siegrist, Hal  GenON Potomac River, LLC
Lopez, Johny  PSEG Energy Resources and Trade LLC
Walter, Laura (Secretary)  PJM Interconnection

Also in Attendance:

Dugan, William  Monitoring Analytics, LLC
Bowring, Joe  Monitoring Analytics, LLC

Attended via WebEx / Teleconference:

Fee, George  Appalachian Power Company
Filomena, Guy  Customized Energy Solutions, Ltd.*
Lindeman, Tony  FirstEnergy Solutions Corp.
Miller, Rod  PPL Generation, LLC
LaFalce, Michael  PSEG Energy Resources and Trade LLC

1. **ADMINISTRATION**

   CDS members discussed the draft minutes from 4/25/11 and questioned the sector columns that have currently been added to the attendee list per new GAST protocol; PJM will follow up on the significance and whether the columns are mandatory.

   The Agenda for the 262nd CDS was approved

   PJM reviewed Antitrust Guidelines and Code of Conduct.
2. **CDS STATUS UPDATE**

Mr. Williams informed CDS members that the annual Handy Whitman calculation was updated and that PJM submitted updates to Manual 15, Section 9, Opportunity Costs in a May 12, 2011 informational filing. The changes above will go into Manual 15 on 6/1/11.

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

The CDS reviewed an example problem presented by PJM. CDS members had many questions about the example, and requested that PJM come to the next meeting with the following items:

- The problem statement will be updated to address how no load is entered into eMKT
- The educational document will contain more information about how eMKT takes no load offers currently
- Example will be extended to the final numbers entered into eMKT
- Manual language will be redrafted
- CDS may revisit the matrix at the next meeting

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

The CDS discussed the fundamentals of what should be recovered in the capacity market and what in the energy market. CDS requested that detailed definitions of terms to be used in the discussion be drafted prior to the next meeting. CDS also requested that PJM start to fill out the far left column to help facilitate the discussion.

<table>
<thead>
<tr>
<th>Maintenance Items/Actions to be Categorized</th>
<th>Short Run Marginal Cost (SRMC)</th>
<th>Variable Operations and Maintenance (VOM)</th>
<th>Fixed Avoidable Cost Rate (ACR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Energy</td>
<td>Energy</td>
<td>Capacity</td>
</tr>
<tr>
<td></td>
<td>Capacity</td>
<td>Capacity</td>
<td>Capacity</td>
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</tbody>
</table>
5. **INFORMATION FOR UNIT TYPES NOT ADDRESSED BY MANUAL 15:** ISSUE TRACKING
   CDS is requested to review the educational document prior to the next meeting and identify missing information.

6. **TREATMENT OF UNITS UNDER LONG TERM CONTRACTS (LEGACY ITEM)**
   Joe Bowring informed CDS that he intends to bring a proposal to the June 20, 2011 CDS meeting.

7. **CDS WORK PLAN AND FUTURE TOPICS**
   Immature Unit Definition: Issue Tracking

   Combined Cycle Modeling: Issue Tracking

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

8. **FUTURE MEETINGS**
   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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