DRAFT Minutes
PJM Interconnection
Cost Development Subcommittee (263rd Meeting)
PJM Service Center – S-1
Monday June 20, 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
Lopez, Johny PSEG Energy Resources and Trade LLC
Walter, Laura (Secretary) PJM Interconnection

Also in Attendance:

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

Attended via WebEx / Teleconference:

Fee, George Appalachian Power Company
Filomena, Guy Customized Energy Solutions, Ltd.*
Horstmann, John Dayton Power & Light Company (The)
Maucher, Andrea Division of the Public Advocate of the State of Delaware
Keefer, Brian Dominion Energy Marketing, Inc.
Plutschak, Richard Easton Utilities Commission
Hoag, Richard FirstEnergy Solutions Corp.
Palcic, Ron FirstEnergy Solutions Corp
Siegrist, Hal GenOn Energy Management, LLC
Broadbeck, John Shell Energy North America (US), LP
Varnell, John Tenaska Power Services Co.

1. **ADMINISTRATION**

CDS approved the minutes from the 262nd CDS held on 5/23/2011.
CDS approved the minutes from the 261st CDS held on 4/25/2011.
CDS approved the Agenda for the 263rd CDS.
PJM reviewed the Code of Conduct and Antitrust Statements.
CDS discussed the significance, use and appropriateness of having sector representations placed next to participant’s names. Some CDS participants objected to the sector listing as it misrepresented their affiliate’s sector by only showing the holding company sector. The Market
Monitor stated that the sector is important for both tier 2 alternative development and for showing parent company representation to upper level committees. John Horstman volunteered to raise this issue with the Governance Assessment Special Team for resolution.

2. **CDS STATUS UPDATE**

Mr. Williams informed CDS that Station Service Rates for the third quarter 2011 were updated and posted.

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

PJM presented updated example problem, problem statement, educational document, and manual language. CDS discussed whether the modification of no load to make a monotonically increasing cost offer has the potential to create a gaming opportunity. The CDS also debated whether changing no load would affect only the first incremental energy segment or all energy segments of the cost offer. The Market Monitor and PJM requested participants provide notice if they are using no load to affect anything other than the first increment of their cost offer curve and also if they had any non-monotonically increasing cost offer examples. CDS members are to send their thoughts and concerns on no load to PJM and the IMM prior to the next meeting. PJM staff will bring a combined cycle no load example to the next meeting.

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

The CDS reviewed definitions for various terms related to the variable operating and maintenance and a list of typical maintenance, repair, or replacement items and selected one of four categories for some of the tasks. The four categories were Short Run Marginal Costs (Hourly), Short Run VOM, Avoidable Cost Recovery (ACR) (Annual), and Avoidable Project Investment Recovery APIR (greater than annual). CDS members have been requested to complete the categorization of the remaining items in the matrix prior to the next meeting.

5. **INFORMATION FOR UNIT TYPES NOT ADDRESSED BY MANUAL 15: ISSUE TRACKING**

CDS did not discuss this item.

6. **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)

7. **FUTURE MEETINGS**

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday, August 8, 2011</td>
<td>10:00 am until 2:00 pm</td>
<td>PJM Interconnection Offices</td>
</tr>
<tr>
<td>Monday, September 12, 2011</td>
<td>10:00 am until 2:00 pm</td>
<td>PJM Interconnection Offices</td>
</tr>
<tr>
<td>Monday, October 17, 2011</td>
<td>10:00 am until 2:00 pm</td>
<td>PJM Interconnection Offices</td>
</tr>
<tr>
<td>Monday, November 14, 2011</td>
<td>10:00 am until 2:00 pm</td>
<td>PJM Interconnection Offices</td>
</tr>
<tr>
<td>Monday, December 12, 2011</td>
<td>10:00 am until 2:00 pm</td>
<td>PJM Interconnection Offices</td>
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