Minutes
PJM Interconnection
Cost Development Subcommittee (266th Meeting)
PJM Service Center – S-1
Monday October 17, 2011
10:00 AM

MEMBERS IN ATTENDANCE:
Williams, Stan (Chair) PJM Interconnection Not Applicable
Ciampaglio, Tony Constellation Energy Commodities Group, Inc. Other Supplier
Gomez, Luis Exelon Generation Co., LLC Transmission Owner
Lopez, Johny PSEG Energy Resources and Trade LLC Transmission Owner
Palcic, Ron FirstEnergy Solutions Corp. Transmission Owner
Walter, Laura (Secretary) PJM Interconnection Not Applicable

ALSO IN ATTENDANCE:
Dugan, William Monitoring Analytics, LLC Not Applicable
Hauske, Tom PJM Interconnection Not Applicable
Modi, Vikram Monitoring Analytics LLC Not Applicable

IN ATTENDANCE VIA WEB EX / TELECONFERENCE:
Filomena, Guy Customized Energy Solutions, Ltd.* Not Applicable
Hoag, Richard FirstEnergy Solutions Corp. Transmission Owner
Horstmann, John Dayton Power & Light Company (The) Transmission Owner
Miller, Rod PPL Generation, LLC Transmission Owner
Schofield, Bill Customized Energy Solutions, Ltd.* Not Applicable
Siegrist, Hal GenOn Energy Management, LLC Generation Owner

1. ADMINISTRATION
CDS endorsed the minutes from the 265th CDS held on 9/12/2011.
CDS endorsed the Agenda for the 266th CDS.

2. CDS STATUS UPDATE
FERC issued an order on non-regulatory opportunity cost on October 6, 2011. Stan Williams, PJM explained that the order accepted PJM’s revisions to the QA and OATT with the exception of the 50/50 outage rule. FERC requires PJM to issue a revised filing in the next 30 days. Currently, if a unit uses the opportunity cost calculator and runs out of hours, it will be classified according to GADs whether it is forced or OMC. CDS on whole had no problem with the FERC order on the 50/50 rule, with the provision that it can be revisited later should it become problematic.
3. **VOM, ACR AND CT EXPENSES**

Hal Siegrist, GenOn, presented a problem statement and manual language. CDS discussed the problem statement, and endorsed discussing the issue at the next meeting. The Market Monitor objected based on process as this Manual language was voted down by CDS at the 1/5/2011 meeting; however the IMM does agrees with this change, but feels it is being handled in the current VOM discussion (item 6). CDS agreed that this issue should be expedited so that Overhaul costs for CCs and CTs can be added into ACR for the next BRA (May 2012). Mr. Siegrist will coordinate with PJM to bring updated manual language consistent with the current version.

4. **NON-REGULATORY OPPORTUNITY COST: MANUAL 15 LANGUAGE**

Laura Walter, PJM, presented manual language to incorporate all FERC approved methods and reasons for opportunity cost into Manual 15, Section 9. CDS endorsed this manual language with minor revisions.

5. **NO LOAD: ISSUE TRACKING LINK**

Tom Hauske, PJM, presented revised Manual 15 language for No Load calculations, including an attachment with several examples for discussion. The manual language allows two methods for calculating no load; both methods seemed to be acceptable to CDS. CDS members shall review the manual language and examples; endorsement will be sought at the November meeting. PJM staff will work with Stakeholders as needed.

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

Laura Walter, PJM, presented a white paper on Avoidable Cost Rate (ACR) timing. She explained that this was a high level view of the Reliability Pricing Model (RPM) and energy markets. CDS had questions about the Energy and Ancillary Service offset calculation, PJM will attempt to answer these questions at the November meeting. CDS then revisited the consensus matrix item number seven “Addresses Capital versus Expense accounting practices”. Some members were concerned with being able to track their costs consistently without adding a new accounting construct. New solutions were added to the matrix but no consensus was found. PJM staff will attempt to resolve the accounting practices question and bring compromise positions to the next CDS.

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

CDS prioritized the units and will address them in the following order:

1. Solid Waste or Biomass (PJM will bring manual language to the next CDS)
2. Wind
3. Hydro (Run of River)
4. Solar
5. Energy Storage Units
8. **CDS WORK PLAN AND FUTURE TOPICS**

Immature Unit Definition: [Issue Tracking](#)

Combined Cycle Modeling: [Issue Tracking](#)

Cyclic Peaking Factors: [Issue Tracking](#) (referred by MRC)

9. **PROPOSED 2012 FUTURE MEETINGS**

CDS will be asked to endorse the following schedule at the November meeting:

- **Monday, January 9, 2012** 10:00 am until 3:00 pm  
  PJM Interconnection Offices

- **Monday, February 13, 2012** 10:00 am until 3:00 pm  
  PJM Interconnection Offices

- **Monday, March 12, 2012** 10:00 am until 3:00 pm  
  PJM Interconnection Offices

- **Monday, April 9, 2012** 10:00 am until 3:00 pm  
  PJM Interconnection Offices

- **Monday, May 7, 2012** 10:00 am until 3:00 pm  
  PJM Interconnection Offices

- **Monday, June 11, 2012** 10:00 am until 3:00 pm  
  PJM Interconnection Offices

- **Monday, July 9, 2012** 10:00 am until 3:00 pm  
  PJM Interconnection Offices

- **Monday, September 10, 2012** 10:00 am until 3:00 pm  
  PJM Interconnection Offices

- **Monday, October 15, 2012** 10:00 am until 3:00 pm  
  PJM Interconnection Offices

- **Monday, November 5, 2012** 10:00 am until 3:00 pm  
  PJM Interconnection Offices

10. **FUTURE MEETINGS**

- **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

**Anti-trust:**
You may not discuss any topics that violate, or that might appear to violate, the antitrust laws including but not limited to agreements between or among competitors regarding prices, bid and offer practices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that might unreasonably restrain competition. If any of these items are discussed the chair will re-direct the conversation. If the conversation still persists, parties will be asked to leave the meeting or the meeting will be adjourned.

**Code of Conduct:**
As a mandatory condition of attendance at today's meeting, attendees agree to adhere to the PJM Code of Conduct as detailed in PJM Manual M-34 section 4.5, including, but not limited to, participants' responsibilities and rules regarding the dissemination of meeting discussion and materials.

**Public Meetings/Media Participation:**
Unless otherwise noted, PJM stakeholder meetings are open to the public and to members of the media. Members of the media are asked to announce their attendance at all PJM stakeholder meetings at the beginning of the meeting or at the point they join a meeting already in progress. Members of the Media are reminded that speakers at PJM meetings cannot be quoted without explicit permission from the speaker. PJM Members are reminded that "detailed transcriptional meeting notes" and white board notes from "brainstorming sessions" shall not be disseminated. PJM Members are also not allowed to create audio, video or online recordings of PJM meetings.

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