Minutes
PJM Interconnection
Cost Development Subcommittee (267th Meeting)
PJM Service Center – S-1
Monday November 14, 2011
10:00 AM

Members in Attendance:

Zadlo, Thomas (Chair)  PJM interconnection  Not Applicable
Gomez, Luis  Exelon Generation Co., LLC  Generation Owner
Lopez, Johny  PSEG Energy Resources and Trade LLC  Generation Owner
Hauske, Thomas (Secretary)  PJM Interconnection  Not Applicable

Also in Attendance:

Bowring, Joseph  Monitoring Analytics, LLC  Not Applicable
Dugan, William  Monitoring Analytics, LLC  Not Applicable

Attended via WebEx / Teleconference:

Penwell, Julie  Appalachian Power Company  Generation Owner
Filomena, Guy  Customized Energy Solutions, Ltd.*  Not Applicable
Burner, Bob  Duke Energy Carolinas, LLC  Generation Owner
Hoag, Richard  FirstEnergy Solutions Corp.  Generation Owner
Siegrist, Hal  GenOn Energy Management, LLC  Generation Owner
Carretta, Ken  Public Service Electric & Gas Company  Transmission Owner
Fee, George  Public Service Electric & Gas Company  Not Applicable
Ciampaglio, Tony  Constellation New Energy, Inc  Transmission Owner

1. ADMINISTRATION

CDS endorsed the minutes from the 266th CDS held on 10/17/2011.
CDS endorsed the Agenda for the 267th CDS.

2. CDS STATUS UPDATE

Thomas Zadlo (Acting Chairman), PJM explained that PJM filed with FERC on October 28, 2011 to remove the 50/50 provision from Energy Market Opportunity Cost and Non Regulatory Opportunity Cost. CDS members questioned what happens if unit run out of operating hours prior to the end of a compliance period when using the Opportunity Cost Calculator. Thomas Zadlo informed them that the unit would be on a forced outage.
3. **CT AND CC OVERHAUL COST RECOVERY**

CDS reviewed Manual 15 language to remove the inclusion of overhaul and inspection costs from CTs and CCs in the variable operating and maintenance (VOM) cost aligning the treatment of these types of units with other generation types. Removal of these costs from VOM, would allow Overhaul costs for CCs and CTs to be added into ACR for the next BRA (May 2012). The CDS revised the proposed manual language and the collaborative solution matrix at the November 14, 2011 meeting but was unable to come to a consensus proposal. CDS is forwarding proposed manual language to the MRC as a Tier 2 Proposal as the proposed changes met the requirement of three voting members from two different sectors defined in Manual 34. CDS members were polled on the proposed manual language; 15 were in favor, 4 were against, and 0 abstained. CDS members were also polled on leaving the manual as is; 3 were in favor, 9 were against, and 0 abstained. The IMM opinion supported the proposed changes.

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

CDS reviewed Manual 15 language for No Load calculations, including an attachment with several examples for discussion. Tom Hauske, PJM highlighted the changes from the version reviewed at the last meeting. CDS consensus approved that No-Load cost adjustment is limited to a maximum difference of $1/MWh between the unit's first and second incremental cost offers. CDS consensus endorsed the proposed manual language changes with some clarifications. The Manual 15 language will be forwarded to MRC.

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

Tom Hauske, PJM, presented a Proposed VOM Summary from the Matrix of Maintenance that identified broad Operations and Maintenance cost categories and the expected market for recovery. CDS discussed the cost categories at length, but were unable to come to a consensus. The IMM suggested tabling the VOM discussion for the next 6 months and the CDS agreed.

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

Tom Hauske, PJM presented Manual 15 language for Solid Waste, Landfill Gas and Biomass fired units for CDS review. CDS consensus endorsed the proposed manual language. CDS will review proposed Manual 15 language changes for Wind and Run of River Hydro at the next meeting. Thomas Zadlo, PJM informed CDS that the proposed manual language changes for all Unit types not addressed by Manual 15 will be forwarded to MRC for approval as one set of changes rather than individually. CDS was also informed that an announcement will be made at the December Intermittent Resources Task Force that CDS will be discussing cost offers for wind units at the January CDS meeting.
7. **CDS WORK PLAN AND FUTURE TOPICS**

   Immature Unit Definition: [Issue Tracking]
   Combined Cycle Modeling: [Issue Tracking]
   Cyclic Peaking Factors: [Issue Tracking] (referred by MRC)

8. **PROPOSED 2012 FUTURE MEETINGS**

   CDS endorsed the following future meeting schedule:

   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

9. **FUTURE MEETINGS**

   Monday, December 12, 2011  (To be Cancelled)     PJM Interconnection Offices

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