Meeting Notes
PJM Interconnection
Cost Development Subcommittee (274th Meeting)
PJM Conference & Training Center
Monday August 13, 2012
10:00 AM

Members in Attendance

<table>
<thead>
<tr>
<th>Name</th>
<th>Company/Position</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schmitt, Jeffrey</td>
<td>PJM Interconnection, LLC</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Gomez, Luis</td>
<td>Exelon Generation Co., LLC (Power Team)</td>
<td>Transmission Owner</td>
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<tr>
<td>Brodbeck, John</td>
<td>Potomac Electric Power Company</td>
<td>Electric Distributor</td>
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<tr>
<td>Scoglietti, Barbara</td>
<td>Tangent Energy Solutions, Inc.</td>
<td>Other Supplier</td>
</tr>
<tr>
<td>Walter, Laura</td>
<td>PJM Interconnection, LLC</td>
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<tr>
<td>Hauske, Thomas</td>
<td>PJM Interconnection, LLC</td>
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Also in Attendance

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<thead>
<tr>
<th>Name</th>
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<th>Attendance</th>
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<tbody>
<tr>
<td>Dugan, William</td>
<td>Monitoring Analytics, LLC</td>
<td>Not Applicable</td>
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<tr>
<td>Covino, Susan</td>
<td>PJM Interconnection, LLC</td>
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<tr>
<td>Ford, Adrien</td>
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<td>Gerber, Rebecca</td>
<td>PJM Interconnection, LLC</td>
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<td>Ogburn, Ruston</td>
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<tr>
<td>Zadlo, Thomas</td>
<td>PJM Interconnection, LLC</td>
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Attended via WebEx / Teleconference

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<tr>
<th>Name</th>
<th>Company/Position</th>
<th>Attendance</th>
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</thead>
<tbody>
<tr>
<td>Ondayko, Brock</td>
<td>AEP</td>
<td>Transmission Owner</td>
</tr>
<tr>
<td>Hoag, Richard</td>
<td>Allegheny Power (Warrior Run)</td>
<td>Not Applicable</td>
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<tr>
<td>DeMoen, Susan</td>
<td>Appalachian Power Company (AEP Generation)</td>
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<tr>
<td>Gilani, Rehan</td>
<td>ConEdison Energy, Inc.</td>
<td>Other Supplier</td>
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<td>Filomena, Guy</td>
<td>Customized Energy Solutions, Ltd.*</td>
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<td>Horstmann, John</td>
<td>Dayton Power &amp; Light Company (The)</td>
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<tr>
<td>Wilmoth, Emily</td>
<td>Dominion Virginia Power</td>
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<td>Consoli, Dannine</td>
<td>Energy Curtailment Specialists, Inc.</td>
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<td>Griffiths, Daniel</td>
<td>Enerwise Global Technologies, Inc.</td>
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<td>Stadelmeyer, Rebecca</td>
<td>Exelon Generation Co., LLC</td>
<td>Transmission Owner</td>
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<tr>
<td>Palcic, Ronald</td>
<td>FirstEnergy Solutions Corp.</td>
<td>Transmission Owner</td>
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<td>Siegrist, Hal</td>
<td>GenOn Energy Management, LLC</td>
<td>Generation Owner</td>
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<tr>
<td>Pratzon, David</td>
<td>GT Power Group</td>
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<tr>
<td>Seymour, Melissa</td>
<td>IBERDROLA RENEWABLES, Inc.</td>
<td>Generation Owner</td>
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<tr>
<td>Mabry, David</td>
<td>McNees Wallace &amp; Nurick LLC</td>
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<tr>
<td>Freeman, Al</td>
<td>Michigan Public Service Commission</td>
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<tr>
<td>Vinder, Jerry</td>
<td>PEPCO Energy Services, Inc.</td>
<td>Electric Distributor</td>
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<td>Shadle, David</td>
<td>Power Advance</td>
<td>Other Supplier</td>
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<tr>
<td>Sandherr, Robert</td>
<td>PPL EnergyPlus, L.L.C.</td>
<td>Transmission Owner</td>
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<tr>
<td>Lopez, Johny</td>
<td>Public Service Electric &amp; Gas Company</td>
<td>Transmission Owner</td>
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<tr>
<td>Slade, Louis</td>
<td>Virginia Electric and Power Company</td>
<td>Transmission Owner</td>
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1. **ADMINISTRATION**

   Mr. Schmitt reviewed the Antitrust, Code of Conduct, Media Participation Policy and Roll Call.
   CDS endorsed the minutes from the 273rd CDS held on June 11, 2012.
   CDS endorsed the Agenda for the 274th CDS.

2. **CDS UPDATE**

   Mr. Schmitt updated CDS on the status of Immature Units and CT & CC Overhaul Cost Recovery that was approved at the last Markets and Reliability and will be taken to the PJM Board on October 16, 2012.

3. **DEMAND RESPONSE (DR) SHUTDOWN COSTS: ISSUE TRACKING**

   Mr. Hauske, PJM, reviewed educational materials explaining how resources are selected in the current synchronous reserve market and how startup and shutdown costs are used in dispatch and settlements. Ms. Covino, PJM, reviewed educational materials related to dispatch, settlement and shutdown cost for DSR in the Synchronous Reserve and Energy market. CDS began interest identification.

4. **WIND COST OFFERS: UNITS NOT ADDRESSED IN MANUAL 15: ISSUE TRACKING**

   Ms. Gerber, PJM, gave an educational presentation on how wind is dispatched in PJM. Mr. Zadlo, PJM reviewed his white paper on how wind has never been cost capped and is highly unlikely to happen. Mr. Ma, PJM, reviewed new LOC calculations for wind. Mr. Hauske, PJM presented how negative costs are used for waste energy unit.
   CDS discussed the educational documents and determined that no other information is needed. There was some confusion of the different CDS will continue to discuss solution packages developed at the last meeting; PJM staff will reformat the three packages for better clarity and understanding.

5. **REGULATION PERFORMANCE SENIOR TASK FORCE (RPSTF) REPORT**

   Mr. Ogburn, PJM, asked to incorporate variable costs for Performance Based Regulation into Manual 15. CDS requested that the Market Monitor present the issue at a future Cost Development Subcommittee.

6. **CYCLIC PEAKING FACTORS: ISSUE TRACKING**

   PJM and the MMU recommended that cyclic peaking and starting factors should be deleted from the manual as of June 1, 2015. A few members of CDS objected to this so PJM will return with an updated educational document to include Peaking and Starting Factors for new units, Original Equipment Manufacturer (OEM) recommendations, Long Term Service Agreement (LTSA) values and a numerical example on how starting and peaking factors can impact the cost offer.

7. **FUTURE TOPICS**

   Coordinating the pending Manual 15 language for units not included in Manual 15 related to storage with the Performance Based Regulation Senior Task Force initiative.
8. **FUTURE MEETINGS**

   Monday, September 10, 2012  10:00 am until 3:00 pm   PJM CTC  
   Monday, October 15, 2012  10:00 am until 3:00 pm   PJM CTC  
   Monday, November 5, 2012  10:00 am until 3:00 pm   PJM CTC  

   **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.

   Author: Laura Walter  
   Typist: Laura Walter  
   DMS Document number: 711004