MINUTES
COST DEVELOPMENT SUBCOMMITTEE (279TH MEETING)
PJM CTC
FEBRUARY 8, 2013 9:00AM

Members Present:

Schmitt, Jeffrey (Chair)  PJM Interconnection, LLC  Not Applicable
Ciampaglio, Anthony  Constellation Energy Commodities Group, Inc.  Other Supplier
Walter, Laura (Secretary)  PJM Interconnection, LLC  Not Applicable

Also in Attendance:

Pratzon, David  GT Power Group  Not Applicable
Dugan, William  Monitoring Analytics, LLC  Not Applicable
Burlew, Sarah  PJM Interconnection, LLC  Not Applicable
Hauske, Thomas  PJM Interconnection, LLC  Not Applicable
Ogburn, Ruston  PJM Interconnection, LLC  Not Applicable
Puchyr, Lindsey  PJM Interconnection, LLC  Not Applicable

Attended via Teleconference / WebEx:

Jacobson, Casey  AES Energy Storage LLC  Generation Owner
Hoag, Richard  Allegheny Power  Not Applicable
Celestine, Kizi  Appalachian Power Company (AEP Generation)  Transmission Owner
Berlinski, Michael  Beacon Power Corporation  Other Supplier
Filomena, Guy  Customized Energy Solutions, Ltd.*  Not Applicable
McQueeney, Judith J.  Customized Energy Solutions, Ltd.*  Not Applicable
Horstmann, John  Dayton Power & Light Company (The)  Transmission Owner
Riding, MQ  Essential Power, LLC  Generation Owner
Stadelmeyer, Rebecca  Exelon Business Services Company, LLC  Transmission Owner
Huffman, Dan  FirstEnergy Solutions Corp.  Transmission Owner
O’Connell, Robert  J.P. Morgan Ventures Energy Corporation  Other Supplier
Brodbeck, John  Pepco Energy Services Inc  Electric Distributor
Miller, Rod  PPL EnergyPlus, L.L.C.  Transmission Owner

1. Administration

Mr. Schmitt, PJM, reviewed the Antitrust, Code of Conduct, Media Participation Policy and roll call.

CDS endorsed the minutes from the 278th CDS held on January 8, 2013 and the Agenda.

Mr. Schmitt, PJM, reviewed the status of Unit Types not Addressed in Manual 15 and DSR shut down costs, which were reviewed by the board and will become effective on April 1st, 2013.
Mr. Schmitt, PJM, requested hibernating the Cost Development Subcommittee given the level of work and attendance in recent meetings. There were no objections to this as long as current work is completed.

2. Regulation Market Cost-Based Offers Issue Tracking

CDS reviewed the consensus based resolution matrix developed that received unanimous agreement at the previous CDS. CDS discussed the allocation of Non Steady State Heat Rate Degradation and a member proposed that this component be moved to the Performance offer. The IMM objected to moving Non Steady State Heat Degradation to the Performance offer. PJM proposed a poll before the next CDS to help decide with which package to move forward.

3. Cyclic Peaking Factors Issue Tracking

Mr. Hauske, PJM, reviewed the consensus based resolution matrix with the group. CDS discussed the changes that were made in moving overhaul and major inspection cost to the RPM market and the difference between starting and peaking factors. Stakeholders also expressed concern that removing the peaking factors would cause units to be over dispatched in the peaking range. PJM will send out the revised matrix post meeting. PJM will develop language around areas where we currently have a consensus. CDS will attempt to develop a consensus solution at the next meeting; participants are requested to be ready for final decision at the next CDS. Participants are encouraged to email waltel@pjm.com if they would like anything additional added to the matrix.

4. Future Agenda Items

Unrecovered Fuel Cost: ISSUE TRACKING

No additional item(s) were added to future agendas.

5. Future meeting dates

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Location</th>
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<tbody>
<tr>
<td>Monday, March 4, 2013</td>
<td>10:00 am until 3:00 pm</td>
<td>PJM CTC</td>
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<tr>
<td>Monday, April 1, 2013</td>
<td>10:00 am until 3:00 pm</td>
<td>PJM CTC</td>
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<tr>
<td>Monday, May 6, 2013</td>
<td>10:00 am until 3:00 pm</td>
<td>PJM CTC</td>
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<td>Monday, June 3, 2013</td>
<td>10:00 am until 3:00 pm</td>
<td>PJM CTC</td>
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<td>Monday, July 15, 2013</td>
<td>10:00 am until 3:00 pm</td>
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<td>Monday, September 9, 2013</td>
<td>10:00 am until 3:00 pm</td>
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<tr>
<td>Monday, October 7, 2013</td>
<td>10:00 am until 3:00 pm</td>
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<tr>
<td>Monday, November 4, 2013</td>
<td>10:00 am until 3:00 pm</td>
<td>PJM CTC</td>
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Author: Lindsey Puchyr
DM #: 739148 v2