



DRAFT Meeting Minutes
PJM Interconnection
Black Start Service Working Group Meeting
Meeting / Conference Call / WEBEX
February 16, 2010
1:00 P.M. EST

Members Present:

David Pratzon	Exelon Generation Co., LLC
Jeffrey Mayes	Monitoring Analytics
Mike Bryson, Chair	PJM Interconnection
David Schweizer, Secretary	PJM Interconnection
Scott Benner	PJM Interconnection
Harry Dessender	PJM Interconnection
Rob Eckenrod	PJM Interconnection
Liem Hoang	PJM Interconnection

Members Present via Conference Call:

David Mramor	Allegheny Energy Supply Company, LLC
Bruce Fleeger	Allegheny Power
Jeff Whitehead	Customized Energy Solutions, Ltd.
Guy Filomena	Customized Energy Solutions, Ltd.
Louis Slade	Virginia Electric & Power Company
Richard Hoag	First Energy Solutions Corp.
Hal Seigrist	Mirant Potomac River, LLC
Milena Yordanova	Platts
Neal Fitch	RRI Energy Services, Inc.

1. ADMINISTRATION

- A. BSSWG approved agenda for this meeting.
- B. BSSWG approved notes from 1/19/09 meeting.



2. WORK ON REVISED CHARTER ITEMS:

A. Revised Charter (from 1/12/10 MIC):

RESPONSIBILITIES

1. *Discuss and recommend consensus solutions to MIC Assignments which include:*
 - a) *Explore proposals for unit owners to use the energy capability of units in the Formula rate*
 - b) *Explore proposals to allow for an annual Automated Formula Rate Adjustments for CONE through PJM settlements (rather than a resubmission)*
 - c) *Explore proposal to make CIP Costs – Additive to Existing rates in a matter which address FERC concerns raised in order*
 - d) *Explore proposals to review tariff language for 2 year rolling commitments and propose appropriate changes which address FERC concerns presented in order*
 - e) *Explore proposal to eliminate Accelerated CRF refund for FERC rates (which addresses FERC concerns in order)*
2. *The working group should complete a focused review of the above items by June 2010.*

B. Discussion Items:

1. Continuation of discussion on items 1a-e above.
 - a) BSSWG agreed that items "1a" and "1b" should be initiated (implemented) prior to June 2010 MIC meeting – (there is no need to complete all items 1st).
 - b) Presentation by Mirant used as guide for discussion.
2. Formula Rate (item 1a):
 - a) BSSWG discussed proposal to change Black Start Unit Capacity term to Black Start Unit Rating and define as Net MW output of the black start unit deliverable for black start service.
 - b) Further investigation needs to be done to confirm that this will not change the way we currently test and compensate – ie. what is black start service capability of unit and is the unit operating to that amount?
 - c) BSSWG in alignment with implementing this item by 6/1/10.
3. Automated Formula Rate Adjustments (item 1b):
 - a) Mr. Dessender proposed an approach to address using annual Automated Formula Rate Adjustments for CONE through PJM settlements, rather than a resubmission
 - b) PJM will develop outline and distribute to BSSWG.



- c) Mechanism will be added to PJM Manual M12.
4. CIP Costs Additive to Existing Rates (item 1c):
- a) Alternatives suggested but this item requires further discussion because FERC already advised on this issue.
 - b) Some BSSWG members stated concerns that for older, highly depreciated units it may be difficult to build costs for recovery, but easy to build CIP costs data, and that BSSWG expected that CIP costs would be additive, but OATT language did not reflect this.
 - c) PJM added perspective that the filed approach reflected a compromise for those stakeholders who pushed a “z factor includes the CIP costs” approach. Also, PJM reminded BSSWG that a more compelling case will need to be made since FERC already provided direction on this.
 - d) Alternative suggestion was made to make the distinction based on unit age. This would determine whether CIP costs would be additive or required to use capital recovery in accordance with current OATT.
 - e) Reliant and Mirant offered to develop some costs to demonstrate the difficulty associated with attempting to quantify costs required in re-filing for existing capital costs.
5. 2 year rolling commitments (item 1d):
- a) BSSWG discussed proposal to restore the 2 year commitment period for all black start units being compensated under BSSC, CRF, or FERC approved recovery rates.
 - b) Issue tabled for further discussion to look for additional compelling cases.
6. Eliminate Accelerated CRF refund for FERC rates (item 1e):
- a) Recommendation for FERC to evaluate the CRF rate structure filing based on the black start rules which apply 2 year rolling commitment.
 - b) Mirant base concern – this could discourage asset owners from making significant capital investments.
 - c) Issue tabled for further discussion to look for additional compelling cases.



7. Develop CRF rate tables specific for CIP compliance costs –

- a) Discussion that CIP type costs may be inappropriate for generation asset CRF recovery - Final tariff language filed with FERC wraps traditional black start costs with CIP costs vs. dividing the two components.
- b) This is a component of revised charter item "1c".
- c) BSSWG will look at an approach to make this change in the manuals or tariff.

3. FUTURE MEETINGS:

- A. BSSWG will meet monthly to achieve completion of revised charter by June, 2010, and target 7/22/10 MIC to review results.
- B. Next meeting – Wednesday 3/24/10 (9am-11:30am)
- C. Subsequent meetings:
 - 4/20/10 (after OC Meeting)
 - 5/18/10 (after OC Meeting)
 - 6/15/10 (after OC Meeting)

<http://www.pjm.com/committees/meeting-advisor.html>

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