



Markets and Reliability Committee Report
PJM Interconnection
Members Committee Webinar
January 27, 2013

The Markets and Reliability Committee (MRC) met on November 21, 2013 and December 19, 2013 at the Chase Center in Wilmington, DE. The following topics were discussed at the November meeting:

Topics for Endorsement

A) PJM Manuals

1. Mr. Schmitt presented proposed revisions to Manual 15: Cost Development Guidelines.
2. Mr. Pacella presented proposed updates to the Regional Practices Document to merge the document with Manual 41: Managing Interchange Regional Practices and subsequently retiring Manual 41.
3. Mr. Pilon reviewed changes to Manual 13: Emergency Procedures.
4. Mr. Hauske reviewed the yearly day-ahead reserve requirements revisions to Manual 13: Emergency Procedures.
5. Ms. Esterly presented proposed revisions to Manual 18: PJM Capacity Market.
6. Mr. McGlynn reviewed draft changes to PJM Manual 14B: PJM Region Transmission Planning Process regarding how PJM employs commercial probability for interconnection studies.
7. Mr. McGlynn reviewed draft changes to PJM Manual 14A: Generation and Transmission Interconnection Process Attachment B regarding cost allocation to new service customers.

Following discussion, these manual revisions were endorsed by acclamation with no objections or abstentions.

B) Demand Response as an Operational Capacity Resource

Mr. Baker presented proposals developed by the Capacity Senior Task Force (CSTF) related to enhancing operational capability of DR resources. Mr. Baker discussed a proposed friendly amendment discussed at the CSTF which would remove from the main motion the stipulation that would allow resources to indicate a shorter lead time to operators within the delivery year if the capability exists for some period of time (including attendant implications for measurement and verification). There were no objections to this friendly amendment and therefore it was incorporated into the main motion. Mr. Scarpignato proposed an additional friendly amendment to allow in delivery year 2015/2016 the choice between 30 minute or 60 minute lead times (excepting resources that need longer lead times). Mr. Citrolo objected to this being friendly. Mr. Scarpignato moved that this be considered an alternate motion. Following discussion the main motion was approved in a sector-weighted vote with 3.37 in favor.

C) Replacement Capacity / Prospective Capacity Resource Incentives

Mr. Ott discussed PJM's recommendation that voting on this issue should be deferred and the issue be referred back to the CSTF for additional refinement of the proposals. Mr. Pratzon moved and Mr. Citrolo seconded that the issue be referred back to the CSTF for further refinement of proposals. Following discussion, the motion was approved by acclamation with one objection and six abstentions.



D) Price Formation and Reserve Requirements During Hot Weather Operations

Mr. Keech presented information and a proposed problem statement / issue charge related to price formation in the PJM energy market and reserve requirements during hot weather operations. Mr. Bleiweis proposed a friendly amendment to remove "to maintain reliability" from key work activity #3. There were no objections and therefore this was incorporated into the proposed problem statement. Following discussion, the problem statement / issue charge were approved by acclamation with no objections and one abstention.

E) Regulation Performance Senior Task Force (RPSTF)

Mr. Schmitt provided a final report of the RPSTF. The RPSTF was sunset by acclamation with no objections or abstentions.

F) Member Communication

Mr. Kovler reviewed Members Communication proposal packages. Mr. Pratzon moved and Mr. Tatum seconded that the agenda be amended to allow voting on this issue at its first read. This motion was approved by acclamation with no objections or abstentions. Following discussion the main motion was approved by acclamation with no objection and 21 abstentions. Mr. Kormos noted that this item would be added to the Consent Agenda for the December 9, 2013 Members Committee meeting.

First Readings

A) Energy Market Uplift Senior Task Force (EMUSTF)

Mr. Anders presented proposed revisions to the EMUSTF charter to incorporate the scope presently included in the Day Ahead Reserve and Reactive Cost Allocation issue. The committee will be asked to endorse the revisions at its next meeting.

B) RTEP/Transmission Issues – "Easily Resolved Constraints"

Mr. McGlynn explained the need to update the wording of one aspect of this previously endorsed proposal prior to filing the proposal with FERC. He indicated that the update would be reviewed with the Members Committee prior to filing.

C) Special Protection Schemes (SPS)

1. Mr. Patzin discussed the Brandon Shores – Riverside SPS which is being removed in BGE zone.
2. Mr. McPherson discussed revisions to the Belmont SPS in the FirstEnergy zone.

D) PJM Manuals

1. Mr. Deloach reviewed proposed revisions to Manual 03A: Energy Management System (EMS) Model Updates and Quality Assurance (QA). The committee will be asked to endorse these changes at its next meeting.

The following topics were discussed at the December meeting:

A) Replacement Capacity

Mr. Ott discussed the timing for the completion of the stakeholder process on this issue, including PJM's recommendation that stakeholders target a FERC filing related to this issue for March, 2014. This would require consideration by the Members Committee in February, and may require additional special Markets and Reliability Committee meetings. He also indicated that absent stakeholder consensus on a proposed resolution to this issue, PJM staff would likely recommend to the Board of Managers that it file a proposed solution with the FERC in the March 2014 timeframe.



Topics for Endorsement

B) PJM Manuals

1. Mr. Deloach reviewed proposed revisions to Manual 03A: Energy Management System (EMS) Model Updates and Quality Assurance (QA).
2. Mr. McGlynn reviewed draft changes to PJM Manual 14A: Generation and Transmission Interconnection Process regarding the implementation of Joint Common Markets initiatives.
3. Ms. Suzanne Coyne, PJM, presented proposed revisions to Manual 28: Operating Agreement Accounting.

Following discussion, these manual revisions were endorsed by acclamation with no objections and one abstention.

C) Energy Market Uplift Senior Task Force (EMUSTF)

Mr. Anders presented proposed revisions to the EMUSTF charter to incorporate the scope presently included in the Day Ahead Reserve and Reactive Cost Allocation issue. Following discussion, the motion was approved by acclamation with no objections and three abstentions.

First Readings

D) QTU Deficiency Charge and Credit Rate

Ms. Durand, representing H-P Energy, presented a proposed Problem Statement / Issue Charge related to QTU Deficiency Charge and Credit Rate. The committee will be asked to approve the proposed Problem Statement / Issue Charge at its next meeting.

E) GESTF Problem Statement and Charter Revision

Mr. McNamara presented a proposed amended Problem Statement / Issue Charge and proposed GESTF Charter revision related to sharing of information between gas pipeline providers and electric transmission providers. The committee will be asked to approve the proposed Problem Statement / Issue Charge and Charter revision at its next meeting.

F) Proposed Demand Response Substitution Clarification

Mr. Langbein presented proposed manual revisions to clarify tariff provisions that allow demand response capacity product substitution during a product specific emergency demand response dispatch. The committee will be asked to endorse the manual revisions at its next meeting.

G) Export Credit Requirements

Ms. Daugherty presented an informational update on the export credit requirement issue. She discussed the evaluation of export credit requirements vis-a-vis credit requirements for the new Coordinated Transaction Schedule product, and that proposed Tariff revisions to harmonize these credit requirements would be developed for stakeholder consideration.

H) Data Miner Application

Mr. Bresler provided an informational presentation regarding the new Data Miner application. He indicated that the application was to be launched on December 19, 2013, and that additional data types would be added at stakeholder request.

I) Environmental Regulations Impacts – Generation Outages

Mr. Schweizer provided an update on generation outages related to Environmental Regulations



Impacts. He discussed the status of affected units' planned upgrades and retirements, and the impact of associated planned generation outages on reserve targets in 2014 and 2015.

J) PJM Manuals

1. Mr. McGlynn presented proposed revisions to Manual 14B: PJM Region Transmission Planning Process related to the capacity import limit calculation. The committee will be asked to endorse these changes at its next meeting.
2. Mr. Bresler reviewed conforming changes to Manual 11: Energy & Ancillary Services Market Operations needed to support FERC's final Order on Performance Based Regulation regarding the mileage ratio replacing the marginal benefits factor.

The next MRC meeting is scheduled for Thursday, January 30, 2014 at the Chase Center in Wilmington, DE.

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