



DRAFT Notes
PJM Interconnection
Cost Development Subcommittee (268th Meeting)
PJM Service Center – S-1
Monday January 9, 2012
10:00 AM

Members in Attendance:

Williams, Stanley (Chair)	PJM Interconnection	Not Applicable
Ciampaglio, Tony	Constellation Energy Commodities Group, Inc.	Generation Owner
Scarpignato, David	Direct Energy Business, LLC	Other Supplier
Gomez, Luis	Exelon Generation Co., LLC	Transmission Owner
Siegrist, Hal	GenOn Energy Management, LLC	Generation Owner
Diamant, Martin	PSEG Energy Resources and Trade LLC	Transmission Owner
Lopez, Johnny	PSEG Energy Resources and Trade LLC	Transmission Owner
Hauske, Thomas (Secretary)	PJM Interconnection	Not Applicable

Also in Attendance:

Dugan, William	Monitoring Analytics	Not Applicable
Zadlo, Thomas	PJM Interconnection	Not Applicable

Attendance via Telephone / WebEx:

Bassett, Jeffrey	BP Energy Company	Other Supplier
Gilani, Rehan	ConEdison Energy, Inc.	Other Supplier
Filomena, Guy	Customized Energy Solutions, Ltd.*	Not Applicable
Horstmann, John	Dayton Power & Light Company (The)	Transmission Owner
Jennings, Ken	Duke Energy Business	Generation Owner
Ellis, Jeff	Edison Mission Marketing and Trading, Inc.	Generation Owner
Hoag, Richard	FirstEnergy Solutions Corp.	Transmission Owner
Lindeman, Tony	FirstEnergy Solutions Corp.	Transmission Owner
Palcic, Ron	FirstEnergy Solutions Corp.	Transmission Owner
Esposito, Patricia	Green Mountain Energy	Other Supplier
Freeman, Al	Michigan Public Service Commission	Not Applicable
Walter, Laura	PJM Interconnection	Not Applicable
Sandherr, Bob	PPL Energy Plus, LLC	Generation Owner
LaFalce, Michael	PSEG Energy Resources and Trade LLC	Transmission Owner
Hoatson, Tom	Riverside Generating, LLC	Generation Owner
Slade, Louis	Virginia Electric & Power Company	Transmission Owner

1. ADMINISTRATION

CDS endorsed the minutes from the 267th CDS held on 11/14/2011 as amended.

CDS endorsed the Agenda for the 268th CDS.



2. **CDS STATUS UPDATE**

Stan Williams PJM updated CDS on the status of the FERC filings and proposals at the higher committees:

- FERC accepted PJM's compliance filing on Non-Regulatory opportunity cost on December 28, 2011.
- PJM filed with FERC on December 30, 2011 to inform them that the new calculator for Energy Market Opportunity Cost and Non Regulatory Opportunity Cost would be delayed until on or about January 31, 2012.
- At the Markets and Reliability Committee meeting on December 21, 2011, the two consensus proposals on Non-Regulatory and Energy Market Opportunity Cost and No Load Cost Definition passed by acclamation. There was considerable discussion, on the proposal for inclusion of CTs and CCs Overhaul Cost Recovery being moved from VOM to ACR. A sector weighted vote was taken on this item which passed.

All three items will be placed on the January 2012 Members Committee consent agenda.

3. **INFORMATION FOR UNIT TYPES NOT ADDRESSED BY MANUAL 15: [ISSUE TRACKING](#)**

PJM presented draft Manual 15 language for Run of River Hydro and Wind Units for CDS review. CDS wanted additional time to review the proposed manual changes internally. CDS asked PJM to review the impact of a floor of \$0 on unit cost offers. PJM will bring the results of its review and proposed Manual 15 language for Solar Units, Batteries, and Flywheels to the next meeting.

4. **IMMATURE UNIT DEFINITION: [ISSUE TRACKING](#)**

CDS reviewed and discussed the education document for Immature Unit Definition. Currently Manual 15 identifies an Immature Unit as one that has less than 7 years of maintenance history. The Market Monitor can negotiate VOM for an Immature Unit, but would like the definition changed to a unit with less than 10 years of maintenance history. CDS decided to proceed with defining what constitutes an Immature Unit and develop additional guidance in the manual on how to treat and Immature Unit. CDs completed Interest Identification and will start development of a Collaborative Solution Matrix at the next meeting.

5. **COMBINED CYCLE MODELING: [ISSUE TRACKING](#)**

CDS reviewed and discussed the education document for Combined Cycle Modeling. In 2005, PJM developed functionality to model Combined Cycle units in eMKT. This functionality was never used by participants. Currently, the functionality would need to be turned on and may not work with the current unit commitment program. During its initial review of the Combined Cycle Modeling Problem Statement, CDS stipulated that altering the dispatch methodology of combined cycles was out of scope as it is beyond the charge and charter for the CDS. However, during discussions at the January 9, 2012 CDS meeting, CDS participants realized that changes to Manual 15 Cost



Development Guidelines for combined cycle units may require modifications to the way in which participants offer bids and the way PJM dispatches least cost generation. CDS will likely need to address the implications on combined cycle cost offers and may recommend changes to the offer requirements, components, methodology, and dispatch algorithm to align with the new cost offer development guidelines. Stan Williams will request direction from the MRC on whether CDS should proceed on the combined cycle cost offer review as a standalone effort with the offer requirements and dispatch impacts being addressed by another committee or should the scope of the problem statement be expanded for this effort to cover cost offer development along with possible offer requirement and changes to the dispatch algorithm.

6. CDS WORK PLAN AND FUTURE TOPICS

Cyclic Peaking Factors: [Issue Tracking](#) (referred by MRC)

7. 2012 FUTURE MEETINGS

CDS endorsed the following future meeting schedule:

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

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