

**Markets and Reliability Committee**  
**The Chase Center on the Riverfront, Wilmington, DE**  
**February 23, 2017**  
**9:00 a.m. – 12:20 p.m. EPT**

## Administration

Ms. Daugherty and Mr. Anders welcomed the participants, and provided the announcements and antitrust and code of conduct announcements.

## Endorsements/Approvals

### 1. Draft Minutes

Minutes of the January 26, 2017 meeting of the Markets and Reliability Committee (MRC) were **approved** by acclamation with no objections or abstentions.

### 2. PJM Manuals

- A. Mr. Jerry Bell presented administrative updates to Manual 22: Generator Resource Performance Indices.
- B. Mr. Jim Benchek, FirstEnergy, presented proposed conforming revisions to Manual 13: Emergency Operations and Manual 27: Open Access Transmission Tariff Accounting related to FERC's recent approval of the Mid-Atlantic Interstate Transmission Company as a Transmission Owner in PJM region.

Following discussion, items 2.A and 2.B were **endorsed** by acclamation with no objections or abstentions.

### 3. FERC Order 825 – Shortage Pricing

Mr. Adam Keech reviewed the proposed Shortage Pricing / Operating Reserve Demand Curve solution and associated manual and Operating Agreement (OA) revisions. Following discussion, Mr. Bob O'Connell moved and Ms. Susan Bruce seconded that voting on this proposal be deferred until the committee's next meeting to allow stakeholders to complete evaluation of the sensitivity analysis. This motion was **approved** by acclamation with two objections and no abstentions.

### 4. Transmission Substation Equipment in FERC Order 1000

Mr. Mark Sims discussed Regional Transmission Expansion Plan (RTEP) process enhancements related to the treatment of transmission substation equipment in PJM FERC Order 1000 Proposal Windows and associated OA revisions. Following discussion, the committee **endorsed** the proposed problem OA and manual revisions by acclamation with no objections or abstentions.

### 5. Draft Pseudo-Tie Agreements

Ms. Jacqui Huges reviewed proposed pseudo-tie agreements and Tariff and OA revisions shown

below.

- Pro forma pseudo-tie agreement
- Pseudo-tie reimbursement agreement for pseudo-tie into PJM
- Associated Tariff and OA revisions

Ms. Huges indicated that several stakeholders had requested updates to these proposed documents and requested additional time to complete review and editing. The committee will be asked to vote on these proposed documents at a future meeting.

## 6. Replacement Capacity

Mr. Bob O'Connell, Panda Power Funds, presented a proposed problem statement/issue charge regarding procurement of replacement capacity in RPM Incremental Auctions. Mr. O'Connell moved and Mr. Dave Scarpignato seconded that the committee be asked to approve the proposed documents at their first read. Mr. Bruce Campbell moved and Mr. Tom Rutigliano seconded that the vote on the documents be postponed to the committee's next meeting. The motion to postpone **failed** in a sector-weighted vote with 3.30 in favor. Mr. Barry Trayers proposed a friendly amendment to add another Key Work Activity to "identify opportunities to streamline the replacement process and remove as much discretion as possible". Mr. O'Connell and Mr. Scarpignato accepted this as friendly and therefore it was incorporated into the motion. Mr. Rutigliano proposed several additional friendly amendments of which Mr. O'Connell and Mr. Scarpignato accepted only the addition of "if necessary" at the end of Key Work Activity 3. Mr. O'Connell agreed that education regarding how physical resources have historically bid to replace capacity commitments would be considered in the scope of the Key Work Activities. Following discussion, the proposed problem statement / issue charge **failed** in a sector-weighted vote with 2.02 in favor.

## First Readings

### 7. Cost Development Manual Revisions

Dr. Joe Bowring notified the Members that PJM had requested certain generator offer data that had been identified as confidential, and that the Independent Market Monitor intended to comply with PJM's request.

Mr. Jeff Schmitt presented proposed revisions to Manual 15: Cost Development Guidelines and associated OA revisions regarding hourly offers. The committee will be asked to endorse the proposed revisions at its next meeting.

### 8. Opportunity Cost Calculation

Mr. Bob O'Connell presented a proposed problem statement / issue charge regarding calculation of opportunity cost for units with less than three years of historical LMPs, and to address Capacity Performance non-performance charges. The committee will be asked to approve the proposed problem statement / issue charge at its next meeting.

## 9. Transmission Replacement Process Sr. Task Force (TRPSTF)

Mr. Fran Barrett discussed the activities of the TRPSTF, including the hiatus of activities related to the FERC Show Cause Order in Docket EL-16-71-000. The MRC voted at its September 2016 meeting to place these related activities into hiatus and to resume upon the earlier of issuance of a related FERC order or March 2017. Given the current lack of a quorum at the FERC, Mr. Barrett sought guidance from the MRC regarding when Show Cause related TRPSTF activities should resume. Ms. Gloria Godson moved and Ms. Susan Bruce seconded that the existing topical TRPSTF hiatus be extended an additional three months. Mr. Ed Tatum proposed a friendly amendment to provide a status update to the MRC at the end of the three month extension. Ms. Godson and Ms. Bruce accepted this proposal as friendly and therefore it was incorporated into the motion. Following discussion, this motion was **approved** by acclamation with no objections and one abstention. Mr. Barrett will provide an update to the MRC on remaining TRPSTF activities not subject to this hiatus at its next meeting.

## 10. Modelling Generation Sr. Task Force (MGSTF)

Mr. Stan Williams presented the draft charter for the MGSTF. The committee will be asked to approve the draft charter at its next meeting.

## 11. Incremental Auction Sr. Task Force (IASTF)

Mr. Brian Chmielewski presented the draft charter for the IASTF. The committee will be asked to approve the draft charter at its next meeting.

## 12. PJM Manuals

- A. Mr. Chris Pilog reviewed proposed changes to Manual 13: Emergency Operations. The committee will be asked to endorse the proposed revisions at its next meeting.
- B. Mr. Chris Pilog presented proposed revisions to Manual 37: Reliability Coordination. The committee will be asked to endorse the proposed revisions at its next meeting.

## Informational Updates

### 13. PPL SPS Removal

Mr. Paul Santarelli, PPL, presented the removal of the Jenkins SPS (Special Protection Scheme).

## Future Agenda Items

No new future agenda items were identified.

## Future Meeting Dates

March 23, 2017	9:00 a.m.	Wilmington, DE
April 27, 2017	9:00 a.m.	Wilmington, DE
May 25, 2017	9:30 a.m.	Wilmington, DE
June 22, 2017	9:00 a.m.	Wilmington, DE
July 27, 2017	9:00 a.m.	Wilmington, DE



# Minutes

August 24, 2017	9:30 a.m.	Wilmington, DE
September 28, 2017	9:00 a.m.	Wilmington, DE
October 26, 2017	9:00 a.m.	Wilmington, DE
November 30, 2017	9:00 a.m.	Wilmington, DE
December 21, 2017	9:30 a.m.	Wilmington, DE

Author: D. A. Anders