



**MINUTES**  
**Day-Ahead Reliability and Reactive Cost Allocation (9<sup>th</sup> Meeting)**  
**Conference Call**  
**October 17, 2013**  
**3:00 PM – 5:00 PM**

**IN ATTENDANCE**

Anders, David	PJM Interconnection, LLC	Not Applicable
Ciabattoni, Joe	PJM Interconnection, LLC	Not Applicable
Coyne, Suzanne	PJM Interconnection, LLC	Not Applicable
Fabiano, Janell	PJM Interconnection, LLC	Not Applicable
Hauske, Thomas	PJM Interconnection, LLC	Not Applicable
Luna, Joel	Monitoring Analytics	Not Applicable
Stotesbury, Christina (Secretary)	PJM Interconnection, LLC	Not Applicable
Walter, Laura (Facilitator)	PJM Interconnection, LLC	Not Applicable

**ATTENDED VIA PHONE**

Citrolo, John	PSEG Energy Resources and Trade LLC	Transmission Owner
Dean, Kevin	McNees Wallace & Nurick LLC	Not Applicable
Dessender, Harry	Customized Energy Solutions, Ltd.*	Not Applicable
Dugan, Bill	Customized Energy Solutions, Ltd.*	Not Applicable
Filomena, Guy	Customized Energy Solutions, Ltd.*	Not Applicable
Flaherty, Dale	Duquesne Light Company	Transmission Owner
Hastings, David	DhastCo, LLC	Not Applicable
Hoatson, Tom	Riverside Generating, LLC	Other Supplier
Horstmann, John	Dayton Power & Light Company (The)	Transmission Owner
Hyzinski, Tom	PPL EnergyPlus, L.L.C.	Transmission Owner
Johnson, Carl	Long Island Lighting Company	Other Supplier
Johnson, Robert	Edison Mission marketing	Generation Owner
O'Connell, Robert	JPMorgan Ventures Energy	Other Supplier
Ondayko, Brock	Appalachian Power Company	Transmission Owner
Philips, Marjorie	Hess Corporation	Other Supplier
Pratzon, David	GT Power Group	Not Applicable
Slade Jr., Louis	Virginia Electric & Power Company	Transmission Owner
Stadelmeyer, Rebecca	Exelon Business Services	Transmission Owner
Sudhakara, Raghu	Rockland Electric Company	Transmission Owner
Thompson, Matt	North America Power Partners LLC	Other Supplier
Treadwell, Albert	Allegheny Electric Cooperative	Electric Distributor

**1. Administration**

Ms. Walter, PJM, reviewed the Anti-Trust Policy, Code of Conduct and Media Participation Policy. Roll call was performed and Minutes from the August 19, 2013 meeting were approved by acclamation.

## 2. Review Goals & History

Ms. Walter reviewed the problem statement and purpose of the group, the snake diagram, work plan and education documents previously provided. The group originally formed to review the allocation of Day-Ahead reactive power and determine if the November filing with FERC is still valid. Ms. Walter reminded the group that if a generator is called on in the Day-Ahead Market, make whole for start and no load cost are allocated to Real-Time Load in the zones; however if called on in Real-Time, start and no load make whole costs are allocated according to the Balancing Operating Reserves Cost Allocation determination. The goal for the meeting was get a clear picture where the group stands regarding these two issues. The group requested to review results from the survey distributed on Friday, September 6.

[Item 2A - Problem Statement](#)

[Item 2B - Snake Diagram](#)

[Item 2C - Work Plan](#)

[Item 2D - Education History](#)

Ms. Walter reviewed the survey questions and discussed responses with the group.

Q1. Which area should pay for start and no load costs for units called on for reactive service in real time?

- A1. A. 44% BORCA (East, West, or RTO – Status Quo)
- B. 52% Zones that benefit or RTO if transmission line > 345 kV
- C. 4% Other

Q2. Who should be the final payer of the start and no load costs for units called on for reactive service in real time?

- A2. A. 67% BORCA (RT Deviations or RT Load + Exports – Status Quo)
- B. 33 % Real Time Load + Exports
- C. 0% Other

Q3. How should make whole payments for units called on in real-time for reactive service be calculated?

- A3. A. 60% Use only the incremental point on the curve – Status Quo
- B. 38% BOR Method – use the full offer curve
- C. 2% Other

Q4. How should make whole payments for units called on in real-time for reactive service be calculated?

- A4. A. 35% Hourly Make Whole
- B. BOR Method – Segmented make whole (segments of hours)
- C. 0% Other

## 3. Matrix Development



The group returned to discussing the matrix in an attempt to come to consensus. At the last meeting, stakeholders agreed that the uplift costs for units called on for Reactive Service and Reactive Interface Control in the Day Ahead should be allocated to the Zone(s) that benefit as filed by PJM December 1, 2012. Stakeholders also agreed that the final payers of these costs should be Real-time load plus exports; currently status quo only allocates these costs to real time load. In an internal post-meeting PJM reviewed how to implement this solution and came up with two options:

1. Allocate to RT load + exports for greater than 345 kV in the RTO; allocate to RT load in the zones that benefit for less than 345 kV
2. Allocate like schedule 2, for less than 345 kV to the zones that benefit and greater than 345 kV to all zones.

Ms. Walter highlighted the current proposals and asked if there are any additional packages for consideration.

Stakeholders felt there is no single answer to this problem and would prefer to have Energy Market Uplift Senior Task Force (EMUSTF) absorb this problem statement as combining these similar issues seems a better use of time. Ms. Walter stated the next EMUSTF Meeting is on October 31 and she is already on the agenda. It will be up to the larger committee if this problem statement is accepted into EMUSTF, which currently specifically excludes the DARRCA problem statement. Additionally the MIC would be required to bless the absorption of DARRCA into EMUSTF. A stakeholder requested a final summary of education, and solution packages already created so EMUSTF will have a better understanding where DARRCA left off. Majority of stakeholders agreed. With no further comments or questions, the meeting was adjourned.

#### 4. Future meeting dates

Currently there are no future meetings scheduled. Ms. Walter is taking the DARRCA issue to the next EMUSTF meeting on 10/31 and will report thereafter.

Author: Christina Stotesbury  
DM #: 769568, v2