



DRAFT
Minutes
PJM Interconnection
Markets and Reliability Committee
The Chase Center on the Riverfront, Wilmington, DE
July 26, 2012
August 23, 2012
9:00 a.m. – 3:30 p.m.

Chair/Secretary:

Anders	Dave	PJM Interconnection, LLC	Not Applicable
Kormos	Michael J.	PJM Interconnection, LLC	Not Applicable

Voting Members Present:

Last Name	First Name	Company	Sector
Barker	Jason	Exelon Business Services Company, LLC	Transmission Owner
Batta	Michael	Virginia Electric & Power Company	Transmission Owner
Berlinski	Michael	Beacon Power Corporation	Other Supplier
Bleiweis	Bruce	DC Energy LLC	Electric Distributor
Breidenbaugh	Aaron	EnerNOC, Inc.	Electric Distributor
Brodbeck	John	Potomac Electric Power Company	Other Supplier
Bruce	Susan	Rep.'g Air Liquide Industrial U.S., LP	End Use Customer
Bruce	Susan	Rep.'g Air Products & Chemicals, Inc.	End Use Customer
Bruce	Susan	Rep.'g Castlebridge Energy Group, LLC	Electric Distributor
Bruce	Susan	Rep.'g Gerdau Ameristeel Energy, Inc.	Electric Distributor
Bruce	Susan	Rep.'g Industrial Energy Users-Ohio	Electric Distributor
Bruce	Susan	Rep.'g Kimberly-Clark Corporation	Generation Owner
Bruce	Susan	Rep.'g Lehigh Portland Cement Company	End Use Customer
Bruce	Susan	Rep.'g Letterkenny Industrial Development Authority	Other Supplier
Bruce	Susan	Rep.'g Linde LLC	End Use Customer
Bruce	Susan	Rep.'g MeadWestvaco Corporation	End Use Customer
Bruce	Susan	Rep.'g Praxair, Inc.	End Use Customer
Bruce	Susan	Rep.'g Procter & Gamble Paper Products Company (The)	End Use Customer
Bruce	Susan	Rep.'g RG Steel Sparrows Point, LLC	End Use Customer
Bruce	Susan	Rep.'g Sunoco, Inc. (R&M)	End Use Customer
Bruce	Susan	Rep.'g Trustees of the U of PA, dba University of Pennsylvania	End Use Customer
Bruce	Susan	Rep.'g Wellsboro Electric Company (pre-2008)	Other Supplier
Campbell	Bruce	EnergyConnect, Inc.	Electric Distributor
Citrolo	John	Public Service Electric & Gas Company	Transmission Owner
Clover	Bernita	Duquesne Light Company	Transmission Owner
Coulbeck	Robert	ENBALA Power Networks Inc.	Electric Distributor
Cox	Jason	Dynegy Marketing & Trade, LLC	Generation Owner



Esposito	Patricia	NRG Power Marketing LLC	Generation Owner
Evrard	David	Pennsylvania Office of Consumer Advocate	End Use Customer
Fitch	Neal	GenOn Energy Management, LLC	Generation Owner
Gates	Kenneth	Rep.'g Atlantic Grid Operations A, LLC	Electric Distributor
Gates	Kenneth	Rep.'g Primary Power LLC	Electric Distributor
Gil	David	NextEra Energy Power Marketing, LLC	Generation Owner
Hebert	Damase	Rep.'g Covanta Energy Group, Inc.	Generation Owner
Hebert	Damase	Rep.'g EP Rock Springs, Inc.	Transmission Owner
Hebert	Damase	Rep.'g Jersey Green Energy LLC	Electric Distributor
Hebert	Damase	Rep.'g RC Cape May Holdings, LLC	Generation Owner
Hirsch	Stephen	Downes Associates, Inc.	Electric Distributor
Hirsch	Stephen	Rep.'g Mont Alto, PA (Borough of)	Other Supplier
Hirsch	Stephen	Rep.'g Thurmont, MD (Town of)	Other Supplier
Horstmann	John	Dayton Power and Light Company (The)	Transmission Owner
Horton	Dana	Appalachian Power Company (AEP Generation)	Transmission Owner
Jablonski	James	Rep.'g Borough of Butler, Butler Electric Division	Other Supplier
Jablonski	James	Rep.'g Borough of Lavallette, New Jersey	Other Supplier
Jablonski	James	Rep.'g Borough of Madison, New Jersey	Other Supplier
Jablonski	James	Rep.'g Borough of Milltown	Other Supplier
Jablonski	James	Rep.'g Borough of Park Ridge, New Jersey	Other Supplier
Jablonski	James	Rep.'g Borough of Pemberton	Other Supplier
Jablonski	James	Rep.'g Borough of Seaside Heights, New Jersey	Other Supplier
Jablonski	James	Rep.'g Borough of South River, New Jersey	Other Supplier
Jablonski	James	Rep.'g Vineland Municipal Electric Utility	Other Supplier
Jennings	Ken	Duke Energy Business Services LLC	Generation Owner
Johnson	Carl	Long Island Lighting Company d/b/a LIPA	Electric Distributor
Lieberman	Steven	Old Dominion Electric Cooperative	Other Supplier
Long	Scott	Allegheny Electric Cooperative, Inc.	Transmission Owner
Miller	Donald	FirstEnergy Solutions Corp.	Transmission Owner
Norton	Chris	American Municipal Power, Inc.	Other Supplier
O'Connell	Robert	JPMorgan Ventures Energy Corporation	Electric Distributor
Pratzon	David	Rep.'g Calpine Energy Services, L.P.	Generation Owner
Pratzon	David	Rep.'g Liberty Electric Power, LLC	Generation Owner
Rainey	Frank	PEI Power Corporation	Generation Owner
Schofield	William	Rep.'g Blue Ridge Power Agency, Inc.	Other Supplier
Schofield	William	Rep.'g Borough of Chambersburg (DTEET)	Other Supplier
Schofield	William	Rep.'g Buckeye Power, Inc.	Other Supplier
Schofield	William	Rep.'g Central Virginia Electric Cooperative	Other Supplier
Schofield	William	Rep.'g City of Dover, Delaware	Other Supplier
Schofield	William	Rep.'g Delaware Municipal Electric Corporation	Other Supplier
Schofield	William	Rep.'g Easton Utilities Commission	Other Supplier
Schofield	William	Rep.'g Energy Cooperative Association of PA	Electric Distributor
Schofield	William	Rep.'g Hagerstown Light Department	Other Supplier
Schofield	William	Rep.'g Illinois Municipal Electric Agency	Other Supplier
Schofield	William	Rep.'g Indiana Municipal Power Agency	Generation Owner
Schofield	William	Rep.'g Madison Gas & Electric Company	Electric Distributor
Schofield	William	Rep.'g North Carolina Electric Membership Corporation	Other Supplier
Schofield	William	Rep.'g Northern Virginia Electric Cooperative (NOVEC)	Other Supplier



Schofield	William	Rep.'g Williamsport, MD (Town of)	Other Supplier
Schofield	William	Rep.'g WPPI Energy	Electric Distributor
Scoglietti	Barbara	Tangent Energy Solutions, Inc.	Electric Distributor
Sudhakara	Raghu	Rockland Electric Company	Transmission Owner
Trayers	Barry	Citigroup Energy, Inc.	Electric Distributor
Warren	Harry	Washington Gas Energy Services, Inc.	Electric Distributor
Weber	Sharon	PPL EnergyPlus, L.L.C.	Transmission Owner
Wolfe	Samuel	Viridity Energy, Inc.	Electric Distributor

Non-Voting Attendees:

Last Name	First Name	Company	Sector
Ainspan	Malcolm	Energy Curtailment Specialists, Inc.	Other Supplier
Bearden	Joel	Cargill Power Markets LLC	Other Supplier
Beddis	Larry	National Railroad - Amtrak	End Use Customer
Bloom	David	Baltimore Gas and Electric Company	Transmission Owner
Bowring	Joseph	Monitoring Analytics, LLC	Not Applicable
Burns	Wil	Burns Law Firm	Not Applicable
Canter	David	AEP	Transmission Owner
Carmean	Gregory	Public Service Commission of Maryland	Not Applicable
Cohen	Tristan	The Federal Energy Regulatory Commission	Not Applicable
Dean	Gary	South Jersey Energy Company	Other Supplier
De Geeter	Ralph	Public Service Commission of Maryland	Not Applicable
Dell Orto	Ken	CPV Maryland, LLC	Generation Owner
Everngam	Scott	The Federal Energy Regulatory Commission	Not Applicable
Farber	John	Delaware Public Service Commission	Not Applicable
Fernandez	Jonathan	The Federal Energy Regulatory Commission	Not Applicable
Filomena	Guy	Customized Energy Solutions, Ltd.*	Not Applicable
Freeman	Allan	Michigan Public Service Commission	Not Applicable
Gilani	Rehan	ConEdison Energy, Inc.	Other Supplier
Greening	Michele	PPL EnergyPlus, L.L.C.	Transmission Owner
Hanson	Mark	Illinois Commerce Commission	Not Applicable
Haskins	Linda	Dominion Resources	Not Applicable
Hastings	David	DhastCo, LLC	Not Applicable
Heizer	Fred	Ohio PUC	Not Applicable
Hitch	George	Virginia Electric and Power Company	Transmission Owner
Hoatson	Tom	Riverside Generating, LLC	Other Supplier
Howatt	Robert	Maryland Energy Administration	Not Applicable
Huff	Gerald	FirstEnergy Solutions Corporation	Transmission Owner
Jain	Adarsh	ConEdison Energy Inc.	Other Supplier
Jones	Robert	National Railroad - Amtrak	End Use Customer
Kuflik	Jennifer	PECO Energy Company	Transmission Owner
Lafalce	Michael	Public Service Electric & Gas Company	Transmission Owner
Liao	Huaiwei	Louis Dreyfus Energy Services, L.P.	Other Supplier
Mancuso	Marie	Baltimore Gas and Electric Company	Transmission Owner
Mariam	Yohannes	Office of the Peoples Counsel for the District of Columbia	Not Applicable
Marinelli	Richard	PSEG Energy Resources and Trade LLC	Transmission Owner
Martin	Valerie	The Federal Energy Regulatory Commission	Not Applicable



Marton	Dave	FirstEnergy Solutions Corporation	Transmission Owner
McDonald	Steve	Customized Energy Solutions, Ltd.*	Not Applicable
McNamara	Grace	Louis Dreyfus Energy Services, L.P.	Other Supplier
Merola	Becky	Noble Americas Energy Solutions LLC	Other Supplier
Miller	Jeff	XO Energy MA, LP	Other Supplier
Miller	John	Commonwealth Edison Company	Transmission Owner
Moore	John	The Sustainable FERC Project	Not Applicable
Nobile	Joseph	Richland-Stryker Generation LLC	Generation Owner
Ondayko	Brock	AEP	Transmission Owner
Orlando	Jim	Northern Indiana Public Service Company	Other Supplier
Orzel	Chris	Chris Orzel Consulting	Not Applicable
Patty	Sandra	MD DNR	Not Applicable
Perrotti	Frank	New Jersey Board of Public Utilities	Not Applicable
Rajan	Abhijit	Dominion Resources	Not Applicable
Riding	MQ	NAEA Ocean Peaking Power, LLC	Generation Owner
Scott	Charles	DC Energy, L.L.C.	Other Supplier
Shanker	Roy	H.Q. Energy Services (U.S.), Inc.	Other Supplier
Sidhom	Noha	Pierce Atwood LLP	Not Applicable
Siegrist	Hal	GenOn Energy Management, LLC	Generation Owner
Sillin	John	The Federal Energy Regulatory Commission	Not Applicable
Sullivan	Meg	Duquesne Light Company	Transmission Owner
Swalwell	Brad	Tangent Energy	Other Supplier
Thantry	Ganesh	Tenaska Power Services Co.	Generation Owner
Weaver	David	PECO Energy Company	Transmission Owner
White	John	The Federal Energy Regulatory Commission	Not Applicable
Wilson	James	Wilson Energy Economics	Not Applicable
Wisersky	Megan	Madison Gas & Electric Company	Other Supplier
Yu	Haibin	Calpine Energy Services, L.P.	Generation Owner

PJM Attendees:

Last Name	First Name	Company	Sector
Austin	Larry	PJM Interconnection, LLC	Not Applicable
Baker	Scott	PJM Interconnection, LLC	Not Applicable
Bastian	Jeff	PJM Interconnection, LLC	Not Applicable
Boyle	Stephen	PJM Interconnection, LLC	Not Applicable
Braptis	Brat	PJM Interconnection, LLC	Not Applicable
Bresler	Stu	PJM Interconnection, LLC	Not Applicable
Burlew	Sarah	PJM Interconnection, LLC	Not Applicable
Dillon	Lisa	PJM Interconnection, LLC	Not Applicable
Dirani	Rami	PJM Interconnection, LLC	Not Applicable
Egan	Amanda	PJM Interconnection, LLC	Not Applicable
Eichorn	Sarah	PJM Interconnection, LLC	Not Applicable
Ennis	Brad	PJM Interconnection, LLC	Not Applicable
Falin	Thomas	PJM Interconnection, LLC	Not Applicable
Foley	Pauline	PJM Interconnection, LLC	Not Applicable
Foley	Sheila	PJM Interconnection, LLC	Not Applicable



Foster	Denise	PJM Interconnection, LLC	Not Applicable
Hendrzak	Chantal	PJM Interconnection, LLC	Not Applicable
Herling	Steven	PJM Interconnection, LLC	Not Applicable
Horning	Lynn	PJM Interconnection, LLC	Not Applicable
Hugee	Jacquelynn	PJM Interconnection, LLC	Not Applicable
Keech	Adam	PJM Interconnection, LLC	Not Applicable
Kelley	Michael	PJM Interconnection, LLC	Not Applicable
Kendall	Ross	PJM Interconnection, LLC	Not Applicable
Kormos	Michael J.	PJM Interconnection, LLC	Not Applicable
Manion	Evelyn	PJM Interconnection, LLC	Not Applicable
McGlynn	Paul	PJM Interconnection, LLC	Not Applicable
McNamara	Sean	PJM Interconnection, LLC	Not Applicable
Morelli	Lisa	PJM Interconnection, LLC	Not Applicable
Ogburn	Ruston	PJM Interconnection, LLC	Not Applicable
Ott	Andrew L.	PJM Interconnection, LLC	Not Applicable
Sechrist	Erin	PJM Interconnection, LLC	Not Applicable
Ulmer	David	PJM Interconnection, LLC	Not Applicable
Walter	Laura	PJM Interconnection, LLC	Not Applicable
Weiss	Glenn	PJM Interconnection, LLC	Not Applicable
Williams	Stan	PJM Interconnection, LLC	Not Applicable
Withrow	David	PJM Interconnection, LLC	Not Applicable
Zadlo	Thomas	PJM Interconnection, LLC	Not Applicable

ADMINISTRATION

Welcome, announcements and Anti-trust and Code of Conduct announcement – Mr. Anders

ENDORSEMENTS/APPROVALS

1. ADMINISTRATION

Minutes of the July 26, 2012 Markets and Reliability Committee (MRC) meeting were **approved** by acclamation with no objections or abstentions.

2. PJM MANUALS

- A. Ms. Eichorn reviewed proposed revisions to the Manual 12 – Balancing Operations, Manual 11 – Energy and Ancillary Services Markets Operations, and Manual 28 – Operating Agreement Accounting, which include both Regulation Performance Senior Task Force endorsed and proposed language in support of the implementation of performance based regulation. Dr. Bowring suggested a friendly amendment to Manual 11 on p.77, section 3.2.7 regarding application of the Three Pivotal Supplier test to remove the word “highest”. There was no objection to this being considered friendly.
- B. Mr. Sims reviewed proposed changes to Manual 14A – Generation and Transmission Interconnection Process regarding reactive deficiencies for generation interconnection requests of less than 20 MW.

Following discussion, the MRC **endorsed** the proposed revisions in items 2A and 2B by acclamation with no objections and two abstentions.

3. QUALITY PROJECT PROCESS IMPROVEMENTS



Mr. Ott and Dr. Bowring discussed proposed Operating Agreement (OA) revisions identified through PJM's Quality Project related to process improvements in the flow of information between Members, the Independent Market Monitor and PJM. They explained that proposed OA revisions are associated only with item 10, determination of frequently mitigated units, and item 11, parameter limited schedules. Following discussion, the committee **endorsed** the proposed Operating Agreement revisions by acclamation with no objection one abstention. Mr. Ott and Dr. Bowring discussed proposed revisions to the Tariff regarding additional data submittal requirements. They requested stakeholder comments and noted areas of continuing discussion regarding ACR data submission timelines. Mr. Ott noted that the Tariff revisions would again be reviewed with stakeholders at the September Members Committee meeting, and that stakeholder endorsement of these Tariff revisions would not be requested prior to filing.

FIRST READINGS

4. INTER-REGIONAL COORDINATION UPDATE

Mr. Williams provided an informational update on inter-regional coordination efforts related to NYISO, MISO and the Michigan-Ontario PARs. He reviewed progress with market-to-market implementation with NYISO. He discussed 2011 and 2012 historical performance of the Michigan-Ontario PARs, as well as IESO-MISO Inadvertent Interchange during recent hot weather days. Finally, he discussed the status of the MISO/PJM Joint and Common Market process, including the plans for the August 24, 2012 meeting.

5. RELIABILITY PLANNING PROCESS TASK FORCE (RPPTF)

Mr. Herling discussed the elements of the planned compliance filing related to FERC Order 1000 which has been developed by the RPPTF. He noted the compliance requirement dates of October 11, 2012 for the Regional Planning Process, Planning for Public Policies, the Right of First Refusal and Cost allocation portions of the Order, and April 11, 2013 for the Interregional Planning requirements. He discussed the individual elements of the portions of the Order that are required for the October filing, and the plans for development of the Interregional Process aspects.

6. RPM SCENARIO ANALYSIS

Mr. Bastian discussed plans for performing RPM scenario analyses, including stakeholder requests for specific scenarios. He noted that over 100 individual requests had been received, and that upon review, accounting for duplication of requests and the need maintain confidentiality of market sensitive data, PJM intended to perform analysis 16 specific scenarios. He requested stakeholder feedback on these planned scenarios. Mr. Bastian explained that these studies would be performed after completion of the next Incremental Auction.

7. DEFAULT ACR TARIFF REVIEW

Ms. Walter discussed the process used for the recent review of the default ACR values. She explained that additional discussion of the specific results will be held at the September Market Implementation Committee.

8. FINANCE COMMITTEE UPDATE

- A. Ms. Daugherty reviewed the second quarter 2012 financial reports. She reviewed balance sheet highlights, changes in the Deferred Regulatory Liability, income statement highlights, statement of cash flows highlights, and key financial disclosures.
- B. Ms. Daugherty discussed the 2013 preliminary PJM capital and expense budgets. She reviewed the Financial Reporting and Communications Protocol, key budget assumptions, composite expense rate trends and projections, member of the Finance Committee who had been involved in the 2013 budget review, and the programs and major projects in the 2013 capital budget.

9. PJM MANUALS

- A. Mr. Langbein reviewed conforming changes to Manual 11 – Energy and Ancillary Service Market Operations and



Manual 28 – Operating Agreement Accounting. These revisions support changes implemented in response to FERC Order 745 and the recent demand response regulation FERC order. Mr. Campbell discussed concerns recently raised regarding section 10.2 of the proposed revisions. The Demand Response Subcommittee will review these concerns prior to the next MRC meeting. The Committee will be asked to endorse the changes at its next meeting.

- B. Ms. Horning presented Price Responsive Demand related revisions to Manual 11 - Energy & Ancillary Services Market Operations, Manual 18 - PJM Capacity Market and Manual 19 – Load Forecasting and Analysis. Comments on the draft manual revisions were invited. The Committee will be asked to endorse the changes at its next meeting.
- C. Mr. Keech reviewed changes to Manual 37 – Reliability Coordination. The Committee will be asked to endorse the changes at its next meeting.
- D. Mr. Ogburn reviewed a proposed revision to the Regulation Requirement in Manual 12 – Balancing Operations to include the effective MWs in its calculation. Additionally, he reviewed a new section in Manual 12 – Balancing Operations to clarify how a regulating resource will be scored when responding to a synchronized reserve event. The Committee will be asked to endorse the changes at its next meeting.

10. REPORTS

- A. Dr. Bowring provided the report of the Independent Market Monitor (IMM). In particular, he discussed total cost and revenues by category, generation by fuel source, monthly real-time average hourly load, real-time monthly load-weighted LMP, the type of fuels used by real-time marginal units, real-time fuel-cost-adjusted load-weighted average LMPs, operating reserve rate statistics, the potential impact of proposed lost operating cost rules, total and monthly congestion, the location of the top 10 constraints affecting congestion costs, the FTR payout ratio, and key legal and regulatory matters.
- B. Ms. Morelli provided an update on the activities of the Market Implementation Committee (MIC). She noted endorsement of a new issue charge related to make whole payments to Black Start Support units, progress on proposals regarding consistency of energy-related opportunity cost calculations.
- C. Mr. Keech provided an update on the activities of the Operating Committee (OC). He noted OC discussions regarding DR participation in reserves markets and review of NERC recommendations regarding the southwest US outage.
- D. Mr. McGlynn provided an update on the activities of the Planning Committee (PC). He discussed review of the NERC southwest US outage report recommendations, manual updates, EKPC integration, and the development of a new LDA in the Cleveland OH area.
- E. Mr. Schmitt provided an update on the activities of the Cost Development Subcommittee (CDS). He noted CDS discussion of units not addressed in Manual 15, cyclic peaking and starting factors, and demand response shutdown costs.
- F. Mr. Baker provided an update on the activities of the Capacity Senior Task Force (CSTF). He discussed activities related to the multi-year pricing mechanism, and demand response issues.
- G. Mr. Ogburn provided an update on the activities of the Regulation Performance Senior Task Force (RPSTF). He noted the recent 205 and compliance filings, and that software changes were being prepared for implementation on October 1, 2012.
- H. Ms. Hendrzak provided an update on the activities of the System Restoration Senior Task Force (SRSTF). She noted the development of the potential solutions matrix and work toward submitting to the MRC a proposed solution at the MRC's November 2012 meeting.
- I. Mr. Carmean provided the report of the Organization of PJM States, Inc. (OPSI). He discussed the recent OPSI letter to the PJM Board regarding the IMM contract, and an OPSI resolution in support of FERC's investigation of formula rate protocols. He also noted the upcoming OPSI Annual Meeting to take place October 1-2, 2012 in Chicago, IL.



11. FERC ORDER 760 COMPLIANCE FILING

Mr. Schmitt reviewed PJM's compliance filing related to FERC Order 760. He discussed the requirements of the Order to electronically deliver on an ongoing basis to FERC data related to the market each RTO administers. He noted that PJM had submitted a compliance filing to incorporate the requirements in section 18.17.3 of the OA.

FUTURE AGENDA ITEMS

No new future agenda items were identified

FUTURE MEETINGS

September 27, 2012	9:00 AM	Wilmington, DE
October 25, 2012	9:00 AM	Wilmington, DE
November 29, 2012	9:00 AM	Wilmington, DE
December 20, 2012	9:00 AM	Wilmington, DE

Author: D.A. Anders
DMS Document Number: 712310, v2