



**Minutes**  
**PJM Interconnection**  
**Cost Development Subcommittee (267<sup>th</sup> Meeting)**  
**PJM Service Center – S-1**  
**Monday November 14, 2011**  
**10:00 AM**

**Members in Attendance:**

Zadlo, Thomas (Chair)	PJM interconnection	Not Applicable
Gomez, Luis	Exelon Generation Co., LLC	Generation Owner
Lopez, Johny	PSEG Energy Resources and Trade LLC	Generation Owner
Hauske, Thomas (Secretary)	PJM Interconnection	Not Applicable

**Also in Attendance:**

Bowring, Joseph	Monitoring Analytics, LLC	Not Applicable
Dugan, William	Monitoring Analytics, LLC	Not Applicable

**Attended via WebEx / Teleconference:**

Penwell, Julie	Appalachian Power Company	Generation Owner
Filomena, Guy	Customized Energy Solutions, Ltd.*	Not Applicable
Burner, Bob	Duke Energy Carolinas, LLC	Generation Owner
Hoag, Richard	FirstEnergy Solutions Corp.	Generation Owner
Siegrist, Hal	GenOn Energy Management, LLC	Generation Owner
Carretta, Ken	Public Service Electric & Gas Company	Transmission Owner
Fee, George	Public Service Electric & Gas Company	Not Applicable
Ciampaglio, Tony	Constellation New Energy, Inc	Transmission Owner

**1. ADMINISTRATION**

CDS endorsed the minutes from the 266<sup>th</sup> CDS held on 10/17/2011.

CDS endorsed the Agenda for the 267<sup>th</sup> CDS.

**2. CDS STATUS UPDATE**

Thomas Zadlo (Acting Chairman), PJM explained that PJM filed with FERC on October 28, 2011 to remove the 50/50 provision from Energy Market Opportunity Cost and Non Regulatory Opportunity Cost. CDS members questioned what happens if unit run out of operating hours prior to the end of a compliance period when using the Opportunity Cost Calculator. Thomas Zadlo informed them that the unit would be on a forced outage.



### **3. CT AND CC OVERHAUL COST RECOVERY**

CDS reviewed Manual 15 language to remove the inclusion of overhaul and inspection costs from CTs and CCs in the variable operating and maintenance (VOM) cost aligning the treatment of these types of units with other generation types. Removal of these costs from VOM, would allow Overhaul costs for CCs and CTs to be added into ACR for the next BRA (May 2012). The CDS revised the proposed manual language and the collaborative solution matrix at the November 14, 2011 meeting but was unable to come to a consensus proposal. CDS is forwarding proposed manual language to the MRC as a Tier 2 Proposal as the proposed changes met the requirement of three voting members from two different sectors defined in Manual 34. CDS members were polled on the proposed manual language; 15 were in favor, 4 were against, and 0 abstained. CDS members were also polled on leaving the manual as is; 3 were in favor, 9 were against, and 0 abstained. The IMM opinion supported the proposed changes.

### **4. NO LOAD: [ISSUE TRACKING LINK](#)**

CDS reviewed Manual 15 language for No Load calculations, including an attachment with several examples for discussion. Tom Hauske, PJM highlighted the changes from the version reviewed at the last meeting. CDS consensus approved that No-Load cost adjustment is limited to a maximum difference of \$1/MWh between the unit's first and second incremental cost offers. CDS consensus endorsed the proposed manual language changes with some clarifications. The Manual 15 language will be forwarded to MRC.

### **5. VARIABLE OPERATING AND MAINTENANCE (VOM) COST DEFINITION: [ISSUE TRACKING LINK](#)**

Tom Hauske, PJM, presented a Proposed VOM Summary from the Matrix of Maintenance that identified broad Operations and Maintenance cost categories and the expected market for recovery. CDS discussed the cost categories at length, but were unable to come to a consensus. The IMM suggested tabling the VOM discussion for the next 6 months and the CDS agreed.

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

Tom Hauske, PJM presented Manual 15 language for Solid Waste, Landfill Gas and Biomass fired units for CDS review. CDS consensus endorsed the proposed manual language. CDS will review proposed Manual 15 language changes for Wind and Run of River Hydro at the next meeting. Thomas Zadlo, PJM informed CDS that the proposed manual language changes for all Unit types not addressed by Manual 15 will be forwarded to MRC for approval as one set of changes rather than individually. CDS was also informed that an announcement will be made at the December Intermittent Resources Task Force that CDS will be discussing cost offers for wind units at the January CDS meeting.



## 7. CDS WORK PLAN AND FUTURE TOPICS

Immature Unit Definition: [Issue Tracking](#)

Combined Cycle Modeling: [Issue Tracking](#)

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

## 8. PROPOSED 2012 FUTURE MEETINGS

CDS endorsed the following future meeting schedule:

Monday, January 9, 2012	10:00 am until 3:00 pm	PJM Interconnection Offices
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

## 9. FUTURE MEETINGS

Monday, December 12, 2011	(To be Cancelled)	PJM Interconnection Offices
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