



Market Implementation Committee Report
PJM Interconnection
Markets and Reliability Committee / Members Committee
The Chase Center on the Riverfront
Wilmington, DE
March 2012

The Market Implementation Committee met on March 14, 2012 at The Chase Center in Wilmington, DE. The following topics were discussed in the meeting:

Topics for Endorsement

A) Parameter Limited Schedules

Dr. Bowring from Monitoring Analytics reviewed the consensus proposal that resulted from the special sessions of the MIC, which focused on developing potential solutions to the issues identified with the application of parameter limited schedules to only cost-based offers. The committee endorsed the proposal by acclamation with 0 objections and 0 abstentions.

B) Unit Notification And Startup Time

Mr. Tam reviewed the consensus proposal resulting from the special sessions of the MIC, which focused on addressing market-related issues in supporting the operational requirements for units with extended notification and startup time. The committee endorsed the proposal by acclamation with 0 objections and 0 abstentions.

Other Topics

C) Removal Of Non-Congestion Management Facilities From PJM Loss Calculations

Mr. Tam reviewed the draft OATT and OA revisions to be included in an upcoming 205 filing requesting approval to remove non-congestion management facilities from the calculation of marginal losses. Ms. Chen reviewed the results of the simulation analyzing the impact of this change on the marginal loss surplus. Although the removal of non-congestion management facilities results in a larger reduction to the loss surplus than the original loss calculation changes filed with FERC did, it results in losses that are more consistent with that original proposal than what would automatically be implemented on June 1, 2012 absent any additional changes since FERC only accepted a small part of the change included in the original filing.

D) Consistency of Energy-Related Opportunity Cost Calculations

Ms. Keshavamurthy presented Part I of the educational material illustrating the differences between the opportunity cost calculations across PJM's markets. The session focused on how opportunity costs are calculated during the Day-Ahead Scheduling Reserve, Synchronized Reserve and Regulation market clearing processes. At the next MIC meeting, she will present educational material addressing the calculation of opportunity costs during the settlement process for these markets.

E) Efficiency of PJM/MISO Real Time Interchange

Ms. Carroll solicited stakeholder feedback on how to proceed with defining additional mechanisms that would allow PJM and MISO to more efficiently schedule interchange transactions between the markets. Several participants expressed a desire for PJM and MISO to take incremental steps towards achieving this goal, rather than implementing Dispatchable Interchange Transactions which would be more likely to



have broader impacts on the market. A webinar has been scheduled for Friday, March 23 to collect participants' interests behind addressing the efficiency of PJM/MISO RT interchange.

F) Inter-Regional Coordination Update

Mr. Williams provided an informational update on inter-regional coordination efforts with NYISO and MISO. PJM is currently working through entitlement and market flow calculations with NYISO, moving towards a required filing date of April 30, 2012. PJM and MISO continue to discuss Capacity Portability. PJM believes any solution proposed should not have an impact to PJM load, should not reduce the requirement for firm transmission service for external resources, and should not negatively impact the RPM market.

G) PJM-MISO Joint Operating Agreement Baseline Review

Mr. Advena reviewed the joint PJM/MISO response to recommendations resulting from Utilicast's baseline review of the market-to-market process under the PJM-MISO JOA. The priority of each recommendation, the estimated effort to address each recommendation and the targeted implementation date for doing so was provided. Going forward, PJM and MISO will meet weekly to monitor the projects created as a result of the recommendations.

H) West Shore Special Protection Scheme

Mr. Daniels from PP&L reviewed the West Shore special protection scheme in the PP&L zone. This SPS will become an N-1 contingency starting in September 2012 at the earliest.

The next MIC meeting is scheduled for Wednesday, April 11, 2012 at The Chase Center in Wilmington, DE.