



DRAFT
Minutes
PJM Interconnection
Markets and Reliability Committee
The Chase Center on the Riverfront, Wilmington, DE
November 16, 2011
9:30 a.m. – 4:00 p.m.

1. ADMINISTRATION

Minutes of the October 12, 2011 Markets and Reliability Committee (MRC) meeting were **approved** by acclamation with no objections or abstentions.

2. PJM MANUALS

A. Mr. Falin reviewed proposed Manual 22 updates identified through PJM's Quality Project.

There are no significant changes impacting members.

B. Mr. R. Souder presented miscellaneous revisions to Manual 3, including ATSI integration cleanup, DEOK integration updates and updates to the index and operating procedures for various transmission zones.

C. Ms. Morelli presented revisions made to reflect integration of the DEOK zone into the PJM footprint in Manuals 11, 18, 27, 28 and 29.

D. Mr. Keech presented revisions to Manuals 12 and 13 resulting from an annual review by the Operating Committee.

Items 2A, B, C and D were **endorsed** by acclamation with no objections and one abstention.

E. Mr. Fix presented a new Manual on Protection Standards. This new manual will be effective for all RTEP projects approved after January 1, 2012. Facilities existing prior to adoption of the manual are grandfathered from the requirements, and facility owners are encouraged to



consider retrofitting those facilities to bring them into compliance with the requirements of the manual. The proposed manual was **endorsed** by acclamation with two objections and 11 abstentions.

F. Mr. McGlynn presented draft PJM Manual 14B revisions to:

- add additional detail to the NERC Category C3 “N-1-1” section;
- create a NERC Category C3 “N-1-1” stability section;
- add references to Duke Energy Ohio/Kentucky; and
- add additional detail to the NERC Standard PRC-023 Transmission Relay Loadability section.

The committee will be asked to endorse the proposed revisions at its next meeting.

G. Ms. Horning discussed proposed manual revisions associated with implementation of Price Responsive Demand. These proposed revisions were provided to begin the review process. Mr. Ott noted that a FERC Order regarding PRD had not yet been received. He suggested that the committee particularly review the capacity market portions of the proposed revisions in the short term. The committee will be asked to endorse the proposed revisions at a future meeting.

3. INTERCONNECTION DRAWINGS

Ms. Tribulski discussed proposed Tariff revisions to amend provisions in the ISA and ICOSA concerning customer drawings to clarify review responsibilities. Following brief discussion, the committee **endorsed** the proposed revisions by acclamation with no objections and 11 abstentions.



4. RPM RELATED ISSUES

Ms. Ford discussed the stakeholder process regarding the various RPM related issues before the stakeholders and PJM included in the MRC Charge and Performance Assessment tracks. She introduced the various proposals that had been forwarded for voting at the MRC. Mr. Ott highlighted those specific items that require PJM to file proposed solutions with the FERC by December 1, 2011, including the New Entry Pricing item (in response to a FERC compliance directive) and any other items that impact BRA parameter posting. Votes on the various options were recorded as follows:

- NEPA Tariff Clarifications, CETL PJM Proposal and Load Forecasting PJM Proposal items were **endorsed** with no objections and one abstention.
- FRR Package 2 – **failed** in a sector-weighted vote with 3.24 in favor
- FRR 3/2 Proposal – Status Quo – **failed** in a sector-weighted vote with 1.88 in favor
- Self Supply - Package 2 – **endorsed** in a sector-weighted vote with 3.41 in favor
- Self Supply - 3/2 Proposal - Status Quo – **failed** in a sector-weighted vote with 1.57 in favor
- MOPR Exception Process - Package 3 – **failed** in a sector-weighted vote with 3.26 in favor
- MOPR Exception Process - 3/2 Proposal - As Filed at FERC (5/12/11) – **failed** in a sector-weighted vote with 1.63 in favor
- MOPR Exception Process - 3/2 Proposal - Package 3b – **failed** in a sector-weighted vote with 2.78 in favor



- EAS Offset for MOPR Screen - Same Method as VRR Curve – **failed** in a sector-weighted vote with 2.06 in favor
- EAS Offset for MOPR Screen - 3/2 Proposal Status Quo – **failed** in a sector-weighted vote with 1.57 in favor
- EAS Offset for MOPR Screen - 3/2 Proposal CONE Modification – **failed** in a sector-weighted vote with 2.89 in favor
- Short-term Resource Procurement Topic - Status Quo – **endorsed** in a sector-weighted vote with 3.46 in favor
- Short-term Resource Procurement Target - Package 1 – **failed** in a sector-weighted vote with 1.64 in favor
- Short-term Resource Procurement Target - Package 2 – **failed** in a sector-weighted vote with 1.37 in favor
- Mr. Citrolo moved and Mr. Summers seconded NEPA Tariff Changes - Package 4 – it **failed** in a sector-weighted vote with 1.75 in favor
- Mr. Batta moved and Mr. Tatum seconded MOPR Exception Process - Package 3c – it **failed** in a sector-weighted vote with 0.24 in favor

Mr. Anders noted that only those items endorsed above would be forwarded to the Members Committee (MC). He requested that any Members considering proposing alternate motions for MC consideration submit them to PJM for incorporation into the MC report by close of business November 17, 2011. He also noted that the MRC Charge and Performance Assessment tracks had completed, and requested that any Members considering proposing stakeholder consideration



of longer-term RPM related issues submit them to PJM by December 1, 2011 so that they could be introduced at the December 21, 2011 MRC meeting.

5. **LOAD FORECAST RECOMMENDATIONS**

Mr. Falin discussed proposed load forecast model changes and associated Manual 19 revisions based on updated Itron recommendations. Following brief discussion, the committee **endorsed** the proposed model changes and associated manual revisions by acclamation with two objections and one abstention.

6. **REGULATION PERFORMANCE SR. TASK FORCE (RPSTF)**

Mr. Ogburn discussed the draft report reviewing the activities of the RPSTF and the proposed Tariff and OA revisions to support the Two-Phase Proposal supporting FERC Order 755 - Frequency Regulation Compensation in the Organized Wholesale Power Markets. The committee will be asked to endorse the proposed Tariff and OA revisions at its next meeting. He also reviewed preliminary results from the KEMA system benefits study; full results will be presented at the next meeting. Manual M11, M12 and M28 revisions were discussed and will be presented for endorsement at a future meeting. Following discussion, the committee **approved** by acclamation with no objections or abstentions RPSTF Charter revisions to allow the Task Force to continue discussing issues surrounding implementation of the proposed Tariff, OA and Manual revisions until they are fully integrated.

7. **NET METERING**

Mr. Cook presented a proposed problem statement and draft charter regarding Net Energy Metering. Following discussion and incorporation of friendly amendment language posted with materials for the meeting, the draft Charge was **approved** by acclamation with no objections and



five abstentions. The issue will be assigned to a new Net Energy Metering Senior Task Force reporting to the MRC.

8. LOST OPPORTUNITY COST FOR WIND

Mr. Ma presented a proposal regarding Lost Opportunity Cost for wind resources resulting from discussions at the Intermittent Resource Task Force. Ms. Quinlin moved and Mr. Johnston seconded an alternative proposed and posted by the Market Monitor. Following discussion, the main motion was **endorsed** in a sector-weighted vote with 4.52 in favor.

9. OA, TARIFF AND RAA REVISIONS

A. Ms. Huges presented proposed Tariff and OA revisions identified through PJM's Quality Project and previously discussed in the stakeholder process. The proposed OA and Tariff revisions were **endorsed** by acclamation with no objections and one abstention.

B. Mr. Burlew presented proposed revisions to the Tariff, OA and Reliability Assurance Agreement to delete obsolete references. Due to the non-substantive nature of these revisions, the Committee was requested to waive the first read requirement. There were no objections. However, several clarifications were requested, and therefore the item will be updated and presented for endorsement by the MRC at its next meeting.

10. REGIONAL PLANNING PROCESS TASK FORCE (RPPTF), INTERCONNECTION PROCESS SR. TASK FORCE (IPSTF), AND FERC ORDER 1000

Mr. Herling provided an update on activities of the RPPTF and IPSTF and on the stakeholder process related to PJM's compliance filing in response to FERC Order 1000. He presented proposed Tariff and OA revisions related the proposals identified by the RPPTF and IPSTF. The Committee will be asked to endorse proposals of the RPPTF and IPSTF at its next meeting.



11. COST DEVELOPMENT SUBCOMMITTEE (CDS) RECOMENDATIONS

Mr. Williams provided an update on recent recommendations from the CDS regarding Cost Development Manual 15 Revisions to implement FERC's approval of Non-Regulatory Opportunity Costs, and No Load and CT & CC Overhaul Cost Recovery cost definitions. The committee will be asked to endorse these recommendations at its next meeting.

12. MINIMUM UNLIMITED RESOURCE REQUIREMENT

Mr. Falin discussed proposed changes to the procedure to determine the minimum unlimited resource requirement. Several questions were raised regarding the saturation analysis, and additional discussion will be held to resolve these questions either at the next Planning Committee meeting or a special single-topic conference call. The committee will be asked to endorse the proposed revisions at its next meeting.

13. DIRECT BILLING FOR LATE TRANSMISSION OUTAGES

Mr. R. Souder discussed proposed Tariff and OA revisions to allow direct billing of Transmission Owners for late transmission outages that result in off-cost operations on market facilities. The committee will be asked to endorse the proposed business rules and revisions at its next meeting.

14. RESIDUAL ZONE PRICING

Ms. Morelli provided an update on the stakeholder process for the residual zone pricing proposal. The committee will be asked to endorse the proposal and associated OA and Tariff revisions at its January 26, 2012 meeting.

15. DEMAND RESPONSE DISPATCH

Mr. Langbein reviewed proposed OA and Tariff revisions to address load management (DR/ILR) sub-zonal and product-specific dispatch. The committee will be asked to endorse the proposed



revisions at its next meeting.

16. FERC ORDER 741

Ms. Daugherty provided an update on the stakeholder process related to development of PJM's compliance filing in response to FERC Order 741. She noted that the content of the proposed compliance filing has been evolving and updated proposed Tariff revisions would be posted on November 17, 2011 for consideration at the November 22, 2011 MC meeting.

17. BROADER REGIONAL MARKETS SOLUTIONS TO LAKE ERIE LOOP FLOW

Mr. Williams provided an informational update on Inter-Regional Coordination and Broader Regional Markets efforts to develop solutions to address seams issues and Lake Erie Loop Flows. He noted joint stakeholder meetings held with the New York ISO working toward a compliance filing due by the end of December 2011. He also note joint stakeholder meetings with the Midwest ISO regarding interchange scheduling optimization.

18. GRID 20/20: FOCUS ON MARKETS

Ms. Anders discussed plans for the Grid 20/20: Focus on Markets symposium to be held November 29-30, 2011 in Washington, DC.

19. AC2 IMPLEMENTATION

Mr. Bryson provided an update on the AC2 Migration implementation, noting completion of AC2 go-live on November 8, 2011.

20. SMALL GENERATOR INTERCONNECTION PROCEDURE

Mr McGlynn previewed changes to the Tariff Part 4 Subpart G (Small Generator Interconnection Procedure) identified through PJM's Quality project. The committee will be asked to endorse the proposed revisions at its next meeting.



21. REPORTS

The following reports were posted for information and were not presented at the meeting. There was opportunity for questions on the reports.

- A. Eastern Interconnection Planning Collaborative (EIPC)
- B. Duke Energy Integration Report
- C. Transmission Expansion Projects
- D. Cost Development Subcommittee (CDS)
- E. Operating Committee (OC)
- F. Market Implementation (MIC)
- G. Planning Committee (PC)

22. FUTURE AGENDA ITEMS

No new future agenda items were identified.

23. FUTURE MEETINGS

2011

December 21, 2011	9:30 AM	Wilmington, DE
January 26, 2012	9:00 AM	Wilmington, DE
February 23, 2012	9:00 AM	Wilmington, DE
March 29, 2012	9:00 AM	Wilmington, DE
April 26, 2012	9:00 AM	Wilmington, DE
June 28, 2012	9:00 AM	Wilmington, DE
July 26, 2012	9:00 AM	Wilmington, DE
September 27, 2012	9:00 AM	Wilmington, DE
October 25, 2012	9:00 AM	Wilmington, DE
November 29, 2012	9:00 AM	Wilmington, DE

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