



DRAFT Notes
PJM Interconnection
Cost Development Subcommittee (266th Meeting)
PJM Service Center – S-1
Monday October 17, 2011
10:00 AM

MEMBERS IN ATTENDANCE:

Williams, Stan (Chair)	PJM Interconnection	Not Applicable
Ciampaglio, Tony	Constellation Energy Commodities Group, Inc.	Other Supplier
Gomez, Luis	Exelon Generation Co., LLC	Transmission Owner
Lopez, Johnny	PSEG Energy Resources and Trade LLC	Transmission Owner
Palcic, Ron	FirstEnergy Solutions Corp.	Transmission Owner
Walter, Laura (Secretary)	PJM Interconnection	Not Applicable

ALSO IN ATTENDANCE:

Dugan, William	Monitoring Analytics, LLC	Not Applicable
Hauske, Tom	PJM Interconnection	Not Applicable
Modi, Vikram	Monitoring Analytics LLC	Not Applicable

IN ATTENDANCE VIA WEB EX / TELECONFERENCE:

Filomena, Guy	Customized Energy Solutions, Ltd.*	Not Applicable
Hoag, Richard	FirstEnergy Solutions Corp.	Transmission Owner
Horstmann, John	Dayton Power & Light Company (The)	Transmission Owner
Miller, Rod	PPL Generation, LLC	Transmission Owner
Schofield, Bill	Customized Energy Solutions, Ltd.*	Not Applicable
Siegrist, Hal	GenOn Energy Management, LLC	Generation Owner

1. ADMINISTRATION

CDS endorsed the minutes from the 265th CDS held on 9/12/2011.

CDS endorsed the Agenda for the 266th CDS.

2. CDS STATUS UPDATE

[FERC issued an order on non-regulatory opportunity cost on October 6, 2011.](#) Stan Williams, PJM explained that the order accepted PJM's revisions to the OA and OATT with the exception of the 50/50 outage rule. FERC requires PJM to issue a revised filing in the next 30 days. Currently, if a unit uses the opportunity cost calculator and runs out of hours, it will be classified according to GADs whether it is forced or OMC. CDS on whole had no problem with the FERC order on the 50/50 rule, with the provision that it can be revisited later should it become problematic.



3. VOM, ACR AND CT EXPENSES

Hal Siegrist, GenOn, presented a problem statement and manual language. CDS discussed the problem statement, and endorsed discussing the issue at the next meeting. The Market Monitor objected based on process as this Manual language was voted down by CDS at the 1/5/2011 meeting; however the IMM does agree with this change, but feels it is being handled in the current VOM discussion (item 6). CDS agreed that this issue should be expedited so that Overhaul costs for CCs and CTs can be added into ACR for the next BRA (May 2012). Mr. Siegrist will coordinate with PJM to bring updated manual language consistent with the current version

4. NON-REGULATORY OPPORTUNITY COST: MANUAL 15 LANGUAGE

Laura Walter, PJM, presented manual language to incorporate all FERC approved methods and reasons for opportunity cost into Manual 15, Section 9. CDS endorsed this manual language with minor revisions.

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

Tom Hauske, PJM, presented revised Manual 15 language for No Load calculations, including an attachment with several examples for discussion. The manual language allows two methods for calculating no load; both methods seemed to be acceptable to CDS. CDS members shall review the manual language and examples; endorsement will be sought at the November meeting. PJM staff will work with Stakeholders as needed.

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

Laura Walter, PJM, presented a white paper on Avoidable Cost Rate (ACR) timing. She explained that this was a high level view of the Reliability Pricing Model (RPM) and energy markets. CDS had questions about the Energy and Ancillary Service offset calculation, PJM will attempt to answer these questions at the November meeting. CDS then revisited the consensus matrix item number seven "Addresses Capital versus Expense accounting practices". Some members were concerned with being able to track their costs consistently without adding a new accounting construct. New solutions were added to the matrix but no consensus was found. PJM staff will attempt to resolve the accounting practices question and bring compromise positions to the next CDS.

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

CDS prioritized the units and will address them in the following order:

1. Solid Waste or Biomass (PJM will bring manual language to the next CDS)



2. Wind
3. Hydro (Run of River)
4. Solar
5. Energy Storage Units

8. **CDS WORK PLAN AND FUTURE TOPICS**

Immature Unit Definition: [Issue Tracking](#)

Combined Cycle Modeling: [Issue Tracking](#)

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

9. **PROPOSED 2012 FUTURE MEETINGS**

CDS will be asked to endorse the following schedule at the November meeting:

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

10. **FUTURE MEETINGS**

Monday, November 14, 2011	10:00 am until 2:00 pm	PJM Interconnection Offices
Monday, December 12, 2011	10:00 am until 2:00 pm	PJM Interconnection Offices

Author: Laura Walter
Typist: Laura Walter
DMS Document number: 669663