



Markets and Reliability Committee Report
PJM Interconnection
Members Committee Webinar
March 24, 2014

The Markets and Reliability Committee (MRC) met on February 27, 2014 at the Chase Center in Wilmington, DE. The following topics were discussed at the meeting:

Topics for Endorsement

A) **PJM Manuals**

1. Mr. Bastian discussed proposed revisions to Manual 21: Rules and Procedures for Determination of Generating Capability regarding generation seasonal verification test requirements including a transition mechanism to these address revisions.
2. Mr. Sliwa presented proposed revisions to Manual 7: PJM Protection Standards regarding relay design parameters.
3. Mr. Langbein presented proposed revisions to Manual 11: Energy & Ancillary Services Market Operations to clarify tariff provisions regarding Economic Demand Response settlements in the energy market for load reductions that occur as part of normal operations.
4. Mr. Boyle reviewed proposed changes to Manual 40: Training and Certification Requirements.

Following discussion, items 1, 2 and 4 were endorsed by acclamation with no objections and two abstentions. Item 3 failed in a sector-weighted vote with 2.83 in favor.

B) **Enhanced Inverter Capabilities**

Mr. Koza presented a proposed Problem Statement / Issue Charge regarding enhanced inverter capabilities. Ms. Godson and Mr. Tatum proposed a friendly amendment to add Key Work Activity 5 to require PJM and stakeholders to coordinate with state agencies in development of proposed solutions, including an assessment of jurisdictional boundaries to assess opportunities for deployment. There were no objections and therefore this was incorporated into the proposed problem statement / issue charge. Mr. Burns proposed a friendly amendment to add "Develop potential" to the beginning of the Expected Deliverables. There were no objections and therefore this was incorporated into the proposed problem statement / issue charge. Following discussion, the proposed Problem Statement / Issue Charge was approved by acclamation with no objections and one abstention.

C) **Gas / Electric System Operator Communications**

Mr. Eckenrod discussed the recent FERC approved waivers and present proposed Operating Agreement (OA) revisions related to sharing of information between gas pipeline providers and electric transmission providers. Following discussion, the proposed OA revisions were approved by acclamation with no objections or abstentions.

D) **System Restoration Strategy Senior Task Force (SRSTF)**

Ms. Hendrzak presented proposed revisions to Black Start Compensation for existing Black Start resources which were developed by the SRSTF. Following discussion, the proposed ("Minimum Incentive Proposal") Tariff and Manual 27 revisions failed in a sector-weighted vote with 3.01 in favor. Ms. Hendrzak then discussed the alternate proposal ("Proxy for Formula Replacement"). Following discussion, the alternate proposal failed in a sector-weighted vote with 2.24 in favor.



E) Replacement Capacity

Mr. Baker presented proposed Tariff and Reliability Assurance Agreement revisions related to Replacement Capacity developed by the Capacity Senior Task Force (CSTF). Mr. Bresler proposed a friendly amendment to extend the Replacement Capacity Adjustment Charge to Capacity Market Sellers that replace commitments by any means, including bilateral transactions, intra-portfolio transactions and EFORD adjustments. Several Members objected to this proposed amendment being friendly and therefore it was not incorporated into the main motion. Mr. Scott presented an alternate proposed package solution on behalf of Old Dominion Electric Cooperative (Package #4 from the CSTF). Mr. O'Connell (JP Morgan Alternative) moved and Mr. Fitch seconded an alternate proposal: the OATT revisions prepared for the main motion for replacement capacity, the RAA revisions prepared for the main motion for replacement capacity, the OATT revisions prepared for the alternate settlement adjustment language amended as follows:

- Modify Section 5.14(g), ii to delete the parenthetical (by any means)
- Append to the end of the first sentence after the word quantity, "provided that a Capacity Market Seller may satisfy any shortage in its portfolio with any excess from any Capacity Resource: (1) the Capacity Market Seller offered into the Base Residual Auction for that Delivery Year from its portfolio or (2) any Affiliated Capacity Market Seller offered into the Base Residual Auction for that Delivery Year from its portfolio without paying a Replacement Capacity Adjustment Charge"

Mr. Jennings moved and Mr. Horton seconded as an alternative motion (Duke Alternative) the originally proposed PJM amendment. Following discussion, the main motion failed in a sector-weighted vote with 2.01 in favor. The ODEC alternative motion failed in a sector-weighted vote with 2.69 in favor. The JP Morgan alternative motion failed in a sector-weighted vote with 1.75 in favor. The Duke alternative motion failed in a sector-weighted vote with 1.56 in favor.

F) Coordinated Transaction Schedules (CTS) / Export Credit Requirements

Ms. Daugherty presented proposed Tariff revisions associated with CTS and export transactions. Following discussion, the proposed revisions were endorsed by acclamation with no objections or abstentions.

First Readings

G) PJM Settlement, Inc.

Ms. Daugherty presented proposed revisions to PJM's Tariff and Operating Agreement to clean up the list of agreements and transactions to which PJMSettlement, Inc. is not a party. The committee will be asked to endorse the proposed revisions at its next meeting.

H) Transparency of TO/EDC Calculations

Mr. Anders presented the proposed resolution of the Transparency of EDC/TO Calculations of PLC, NSPL and THEO problem statement. The proposed resolution provides for a new page on PJM's website to list the THEO, PLC and NSPL Methodology Inventory to include locations and links to each Electric Distribution Company's calculation methodology. There was no objection to this resolution, and this issue is therefore considered closed.

I) eSuite Application Name Changes



1. Mr. Punjabi presented proposed Operating agreement and Tariff revisions to effectuate the eSuite application name changes (i.e., changing eSchedules and EES to InSchedule and ExSchedule, respectively). The committee will be asked to endorse these revisions at its next meeting.
 2. Mr. Pacella, PJM, presented updates to the Regional Transmission and Energy Scheduling Practices for the deployment of the ExSchedule application that will replace the EES application. The committee will be asked to endorse these changes at its next meeting.
- J) CONE Review Timing
Mr. Baker presented proposed Tariff and OA revisions related to the timing of the CONE periodic review. The committee will be asked to endorse the proposed revisions at its next meeting.
- K) PJM Manuals
1. Mr. McGlynn discussed changes to Manual 14A: Generation and Transmission Interconnection Process Attachment F and G regarding generator modeling requirements. The committee will be asked to endorse these changes at its next meeting.
 2. Mr. Langbein reviewed the Operational DR Manual Changes to Manual 11: Energy & Ancillary Services Market Operations, Manual 13: Emergency Operations, Manual 18: PJM Capacity Market, and Manual 19: Load Forecasting and Analysis. The committee will be asked to endorse these changes after FERC approval of related Operating Agreement and Tariff revisions.

The next MRC meeting is scheduled for Thursday, March 27, 2014 at the Chase Center in Wilmington, DE.

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