



MINUTES
Cost Development Subcommittee (280th meeting)
PJM CTC
March 4, 2013 10:00AM

Members in Attendance:

| | | |
|---------------------------|--------------------------------|----------------------|
| Schmitt, Jeff (Chair) | PJM Interconnection | Not Applicable |
| Brodbeck, John | Potomac Electric Power Company | Electric Distributor |
| Walter, Laura (Secretary) | PJM Interconnection | Not Applicable |

Also in Attendance:

| | | |
|-----------------|---------------------------|----------------|
| Pratzon, David | GT Power Group | Not Applicable |
| Dugan, William | Monitoring Analytics, LLC | Not Applicable |
| Hauske, Thomas | PJM Interconnection | Not Applicable |
| Puchyr, Lindsey | PJM Interconnection | Not Applicable |
| Zadlo, Thomas | PJM Interconnection | Not Applicable |

Via WebEx or Teleconference:

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| Celestine, Kizi | Appalachian Power Company (AEP Generation) | Transmission Owner |
| Shannon, Gary | Appalachian Power Company (AEP Generation) | Transmission Owner |
| Berlinski, Michael | Beacon Power LLC | Other Supplier |
| Filomena, Guy | Customized Energy Solutions, Ltd.* | Not Applicable |
| Horstmann, John | Dayton Power & Light Company (The) | Transmission Owner |
| Fitch, Neal | GenOn Energy Management, LLC | Generation Owner |
| Riding, M.Q. | NAEA Ocean Peaking Power, LLC | Generation Owner |
| Anders, David | PJM Interconnection | Not Applicable |
| Eichorn, Sarah | PJM Interconnection | Not Applicable |
| Miller, Rod | PPL EnergyPlus, L.L.C. | Transmission Owner |

1. Administration

Mr. Schmitt, PJM, reviewed the Antitrust, Code of Conduct, Media Participation Policy and roll call.

Minutes from the 279th CDS held on February 8, 2013 and the Agenda will be endorsed at next CDS meeting.

After 4 years as secretary, this meeting is Laura Walter's last CDS as secretary. Lindsey Puchyr will be taking over as CDS secretary going forward.

2. Regulation Market Cost-Based Offers [Issue Tracking](#)

Ms. Walter, PJM, reviewed the CDS poll results with regards to the placement of cost Increase due to heat rate increase during non steady operation component in the Performance or Capability cost offer. The poll showed a preference for placement in the Performance offer. A vote was taken to determine the package that will move



forward to the MRC. The package that included the cost increase due to heat rate increase during non steady operation in the Performance offer had 31 Votes in Favor, 15 Against, while the package that included Cost Increase due to Heat Rate Increase during non steady operation in the Capability offer had 28 Votes in Favor and 27 Against, with 4 Abstentions. The package that placed the component in the Performance offer will move forward. Participants also discussed relocating a portion of the Margin Adder from the Capability Offer to the Performance Offer. Discussion around which offer the margin adder should be included in will be postponed pending clarity from FERC on the current Regulation filing.

Mr. Hauske, PJM, reviewed proposed manual language. A revised version of the manual language will be discussed for final approval at the April 1, 2013 CDS.

3. Cyclic Starting & Peaking Factors [Issue Tracking](#)

Mr. Hauske, PJM, reviewed the revised matrix and a calculation example. Four options for cyclic peaking factors were presented during the meeting. PJM will develop examples to quantify impacts under each option. We will try to gain consensus at the next CDS. The four options were as follows:

- 1) Remove cyclic starting and peaking factors from Manual 15.
- 2) Keep cyclic starting and peaking factors in Manual 15 and apply them only to maintenance outside of overhauls.
- 3) Consider the incremental impact on overhaul frequency without cyclic starting and peaking factors.
- 4) Consider administrative methods such as limitation on starts and emergency MW to handle cyclic cost.

4. Future meeting dates

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|---------------------------|------------------------|---------|
| Monday, April 1, 2013 | 10:00 am until 3:00 pm | PJM CTC |
| Monday, May 6, 2013 | 10:00 am until 3:00 pm | PJM CTC |
| Monday, June 3, 2013 | 10:00 am until 3:00 pm | PJM CTC |
| Monday, July 15, 2013 | 10:00 am until 3:00 pm | PJM CTC |
| Monday, September 9, 2013 | 10:00 am until 3:00 pm | PJM CTC |
| Monday, October 7, 2013 | 10:00 am until 3:00 pm | PJM CTC |
| Monday, November 4, 2013 | 10:00 am until 3:00 pm | PJM CTC |

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