

Tier 1 Compensation MIC Special Session
PJM Conference and Training Center / WebEx
February 4, 2015
9:00 a.m. – 12:00 p.m. EST

Administration

Ms. Lisa Morelli welcomed stakeholders and reviewed the agenda. Ms. Cheryl Mae Velasco called attention to the Anti-trust and Code of Conduct statements and performed roll call. The meeting minutes from the January 5th meeting were approved.

Review Proposed Workplan

Ms. Morelli reviewed the proposed workplan. From guidance at the previous MIC meeting, this issue will continue to be worked on in special sessions outside of the MIC meeting itself. No requests for changes to the workplan were made.

Education

As requested at the previous meeting, Mr. Michael Olaley provided a timeline of changes to the Tier 1 estimate across the Markets, Operations, and Settlements systems. The main objective of the timeline is to show that the Settlements system implemented the Tier 1 deselected flag from Markets in July of 2014. Today, all three systems are in synch in terms of calculating the Tier 1 estimate.

Ms. Rebecca Carroll provided a review of the effects of product substitution on market clearing prices. Using illustrative examples, Ms. Carroll showed the scenarios by which a non-zero NSRMCP could occur. If an offline unit that incurs a lost opportunity cost is used to meet the balance of the primary reserve requirement, a non-zero NSRMCP will result. In addition, if an online resource is used to meet the balance of the primary reserve requirement after the synchronized reserve requirement is met, and the effective cost is higher than the offline resources that cleared, the NSRMCP will reflect the cost of the online resource. In this scenario, the NSRMCP will equal the SRMCP since the balance of the primary reserve requirement was met with a Tier 2 resource. The NSRMCP will always be less than or equal to the SRMCP.

Interest Identification

Ms. Morelli led the group in a discussion to identify interests surrounding Tier 1 compensation. PJM and Monitoring Analytics met prior to the meeting and pre-populated the matrix with a few ideas. Stakeholders provided additional interests that were documented.

Design Component & Solution Option Development

Ms. Morelli led the group in a discussion to identify design components and solution options. PJM and Monitoring Analytics met prior to the meeting and pre-populated the matrix with a few ideas to aid in the discussion. Additional components and options were offered and documented.

Future Agenda Items

- A. Review/Revise the Workplan as needed
- B. Provide additional education, if necessary
- C. Solution Component Development
- D. Solution Option Development

In Attendance (In Person):

Anders, David	PJM Interconnection, LLC	Not Applicable
Blair , Tom	Monitoring Analytics, LLC	Not Applicable
Bowring, Joe	Monitoring Analytics, LLC	Not Applicable
Carroll, Rebecca	PJM Interconnection, LLC	Not Applicable
Fabiano, Janell	PJM Interconnection, LLC	Not Applicable
Fernandez, Ray	PJM Interconnection, LLC	Not Applicable
Foladare, Kenneth	IMG Midstream LLC	Generation Owner
Hagaman, Derek	GT Power Group	Transmission Owner
Hauske, Thomas	PJM Interconnection, LLC	Not Applicable
Johnson, Carl	Customized Energy Solutions, Ltd.*	Not Applicable
Keech, Adam	PJM Interconnection, LLC	Not Applicable
Kogut, George	New York Power Authority	Other Supplier
Lieberman, Steven	Old Dominion Electric Cooperative	Electric Distributor
Morelli, Lisa	PJM Interconnection, LLC	Not Applicable
Olaleye , Michael	PJM Interconnection, LLC	Not Applicable
Pratzon, David	GT Power Group	Not Applicable
Velasco, Cheryl Mae	PJM Interconnection, LLC	Not Applicable

In Attendance (Teleconference):

Avallone, Ethan	New York ISO	Not Applicable
Benckek, Jim	FirstEnergy Solutions Corporation	Transmission Owner
Bolan, Martin	FirstEnergy Solutions Corporation	Transmission Owner
Bonner (ES), Charles	Dominion Virginia Power	Not Applicable
Boyle, Glen	PJM Interconnection, LLC	Not Applicable
Carmean, Gregory	OPSI	Not Applicable
Carretta, Kenneth	PSEG Energy Resources and Trade LLC	Transmission Owner
Cecil, Greg	Duke Energy Business Services LLC	Generation Owner
Coyne, Suzanne	PJM Interconnection, LLC	Not Applicable
Dessender, Harry	Customized Energy Solutions, Ltd.*	Not Applicable
DiNicola, Laura	FirstEnergy Solutions Corporation	Transmission Owner
Dugan, Chuck	East Kentucky Power Cooperative, Inc.	Transmission Owner
Filomena, Guy	Customized Energy Solutions, Ltd.*	Not Applicable
Fitch, Neal	NRG Power Marketing LLC	Generation Owner
Gardner, Michelle	NextEra Energy Power Marketing, LLC	Generation Owner
Gates, Terry	Appalachian Power Company	Transmission Owner
Gilani, Rehan	Rockland Electric Company	Transmission Owner
Greening, Michele	PPL EnergyPlus, L.L.C.	Transmission Owner
Griffiths, Dan	Consumer Advocates of PJM States	Not Applicable
Hargett, Christopher	Consolidated Edison Company of NY, Inc.	Transmission Owner
Helms, Joseph	Rainbow Energy Marketing Corporation	Other Supplier

Hoatson, Tom	Riverside Generating, LLC	Other Supplier
Hopkins (ES), Sandra	Dominion Virginia Power	Not Applicable
Horowitz, Shira	PJM Interconnection, LLC	Not Applicable
Horstmann, John	Dayton Power & Light Company (The)	Transmission Owner
Hsia, Eric	PJM Interconnection, LLC	Not Applicable
Hugee, Jacquelyn	PJM Interconnection, LLC	Not Applicable
Jablonski, James	Borough of Butler, Butler Electric Division	Electric Distributor
Kelly, Stephen	Brookfield Energy Marketing LP	Other Supplier
Kimmel, David	PJM Interconnection, LLC	Not Applicable
Kingston, Amber	Southern Maryland Electric Cooperative	Electric Distributor
Lacy, Catharine	Dominion Virginia Power	Not Applicable
Liang-Nicol, Cecilia	Allegheny Power (MonPwr Gen)	None
Libbos, Robin	Allegheny Power	Transmission Owner
Lowe, Connie	Dominion Virginia Power	Not Applicable
Mabry, David	McNees Wallace & Nurick LLC	Not Applicable
Mancuso, Melanie	Allegheny Power	Transmission Owner
Markiewicz, Cindy	Allegheny Power	Transmission Owner
Martini, Danielle	PJM Interconnection, LLC	Not Applicable
Marton, David	FirstEnergy Solutions Corporation	Transmission Owner
Ondayko, Brock	Appalachain Power Company	Transmission Owner
Owens, Christina	North Carolina Electric Membership Corporation	Electric Distributor
Pakela, Gregory	DTE Energy Trading, Inc.	Other Supplier
Patten, Kevin	Appalachain Power Company	Transmission Owner
Phillips, Amanda	Southern Maryland Electric Cooperative	Electric Distributor
Rajan, Abhijit	Dominion Resources	Not Applicable
Rohrbach, John	Southern Maryland Electric Cooperative	Electric Distributor
Rutigliano, Tom	Enerwise Global Technologies, Inc.	Other Supplier
Sasser, Jonathan	Customized Energy Solutions, Ltd.*	Not Applicable
Slade, Louis	Virginia Electric & Power Company	Transmission Owner
Sock, Bryan	PSEG Energy Resources and Trade LLC	Transmission Owner
Stadelmeyer, Rebecca	Exelon Business Services Company, LLC	Transmission Owner
Summers, Theodore	PSEG Energy Resources and Trade LLC	Transmission Owner
Weghorst, Bradley	PPL EnergyPlus, L.L.C.	Transmission Owner
Yu, Joel	Rockland Electric Company	Transmission Owner

Author: Cheryl Mae Velasco