



Market Implementation Committee Report
PJM Interconnection
Markets and Reliability Committee / Members Committee
The Chase Center on the Riverfront
Wilmington, DE
April 2012

The Market Implementation Committee met on April 11, 2012 at The Chase Center in Wilmington, DE. The following topics were discussed in the meeting:

Topics for Endorsement

A) Sunset of the Black Start Service Task Force

Mr. Schweizer presented a proposal to sunset the Black Start Service Task Force. The task force completed all work assigned to it by the MIC. Any additional discussions regarding black start service compensation will take place through the System Restoration Senior Task Force. The committee approved the proposal by acclamation with 0 objections and 0 abstentions.

B) Manual 03 Updates

Ms. Reiter reviewed draft changes to Manual 03: Transmission Operations. The committee proposed three friendly amendments to the changes. 1) Under Note 2 in section 1.1, the term 'emergency' shall be capitalized to indicate it is a defined term. 2) That same note will also be revised to indicate that AEP must notify PJM within 30 minutes of any unilateral re-dispatch actions being taken during emergency conditions, rather than as soon as practicable. 3) The revisions to Section 1.7 – PJM Procedure to Review Special Protection Systems were removed from the set of revisions to be approved. The committee plans to vote on the revisions to Section 1.7 at the May meeting after it has had time to consider the impact of the review timing changes on the FTR auctions. The committee endorsed the amended version of the manual revisions with 1 objection and 1 abstention.

Other Topics

C) Doubs – Mt. Storm 500 kV Reconductor Project – Line Outage Update

Ms. Reiter provided an update on the Doubs – Mt Storm outage schedule. The line will remain out over the Winter 2013 peak period. Analysis indicates the line can remain out over this period without causing any significant risk to reliability. It also has the benefit of potentially reducing the overall duration of the outage by allowing crews to continue work through the winter period.

D) Consistency of Energy-Related Opportunity Cost Calculations

Ms. Keshavamurthy presented Part II of the educational material illustrating the differences between the opportunity cost calculations across PJM's markets. The session focused on how after-the-fact opportunity cost is calculated during the settlements process. Participants were asked to send their interests in addressing the consistency of the opportunity cost calculations to Bhavana Keshavamurthy prior to the May committee meeting.

E) Efficiency of PJM/MISO Real Time Interchange

Ms. Carroll reviewed the material discussed at the Dispatchable Interchange Transactions webinar that was held on March 23. She also reviewed a draft matrix addressing potential solutions for enabling PJM/MISO interface transactions to be scheduled more efficiently. The committee discussed their preference for implementing incremental steps, such as aligning PJM and MISO scheduling



characteristics and interface definitions, prior to designing and implementing a new Dispatchable Interchange Transactions product. Participants were asked to send comments and/or suggestions on the incremental steps that might be implemented to Rebecca Carroll, Stan Williams and/or Stu Bresler prior to the May committee meeting.

F) Inter-Regional Coordination Update

Mr. Williams provided an informational update on inter-regional coordination efforts.

- a) NYISO coordination update – The resolutions to previously outstanding market-to-market entitlement issues were reviewed. PJM and NYISO remain on target for the entitlement and market flow calculation filing, which is due to FERC by April 30, 2012.
- b) MISO coordination update – PJM and MISO are continuing discussions on improving the efficiency of PJM and MISO real time interchange, as well as capacity portability.
- c) Michigan-Ontario phase angle regulators (PARs) update – The PARs went into service on April 5, 2012. FERC issued a response to PJM's request for a declaratory order indicating how PJM should allocate the costs of these PARs to PJM stakeholders. FERC directed PJM to develop a mechanism for allocating these costs and file it with FERC. PJM is currently evaluating different allocation options. This will be discussed in more detail at future committee meetings.

G) Avoidable Cost Rate Triennial Review

Ms. Eichorn discussed the Avoidable Cost Rate (ACR) triennial review required by the OATT. PJM must review the default ACR values to determine if they are reasonable and provide a report to stakeholders by September 2012, with any resulting changes being filed with FERC by December 2012. As part of the review, PJM will be asking participants with generation units to fill out a survey during the month of May. The survey will be distributed via the committee distribution lists.

The next MIC meeting is scheduled for Wednesday, May 9, 2012 at The Chase Center in Wilmington, DE.