



**Market Implementation Committee Report**  
**PJM Interconnection**  
**Operating Committee / Markets and Reliability Committee / Members Committee**  
**PJM Conference & Training Center**  
**Norristown, PA**  
**October 2012**

The Market Implementation Committee met on October 10, 2012 at the PJM Conference and Training Center in Norristown, PA. The following topics were discussed in the meeting:

**Topics for Endorsement**

- A) Intermittent Resources Task Force Charter Revisions  
Mr. Schuyler reviewed updates to the Intermittent Resources Task Force charter, which updated the expected completion date of the remaining work. **The committee approved the revised charter with 0 objections and 0 abstentions.**
- B) Calculation of Lost Opportunity Cost for CT Shoulder Hours  
Mr. Slade from Dominion reviewed an issue charge addressing the calculation of lost opportunity cost for combustion turbines during shoulder hours. **The committee approved the issue charge with 0 objections and 0 abstentions.**
- C) Avoidable Cost Rate Triennial Review  
Ms. Walter reviewed the tariff changes associated with recommendations that resulted from the Avoidable Cost Rate triennial review. Some stakeholders expressed concern with timing issues arising from having to submit a unit specific ACR value prior to the default ACR value being known for the upcoming year, while others expressed concern with the revised default ACR values. **The committee voted on the tariff revisions with 34 in favor, 79 opposed and 36 abstentions (30.1% in favor).** A member noted they planned to present an amended proposal at the October MRC meeting.
- D) Financial Transmission Rights Task Force Charter Revisions  
Mr. Horgor reviewed revisions to the Financial Transmission Rights Task Force (FTRTF) charter to reflect the additional work assigned to the group via the issue charge to explore DA, RT and FTR modeling issues that may be contributing to FTR underfunding. **The committee approved the charter with 0 objections and 0 abstentions.**

**Other Topics**

- E) Price Responsive Demand Compliance Filing  
Ms. Horning reviewed the FERC response to the request for clarification PJM recently submitted in FERC Docket No. ER11-4628-000. Feedback was solicited from members regarding their preference for creating additional tariff revisions that would address coordination between LSEs and non-LSE PRD providers. Stakeholders indicated an interest in maintaining the status quo until sufficient experience with PRD has been accumulated to allow more thoughtful development of any necessary changes regarding coordination.
- F) Allocation of Make Whole Payments for Reactive Services  
Mr. Romero-Luna from Monitoring Analytics presented an issue charge addressing the classification of make whole payments to cover startup and no load costs for units providing reactive services. Such make whole payments are currently grouped into the Balancing Operating Reserve Credit bucket, but may be more



appropriately grouped with the Reactive Service Credit bucket. The committee will be asked to approve the issue charge at the November meeting.

G) Inter-Regional Coordination Update

Mr. Williams provided an informational update on inter-regional coordination efforts with NYISO and MISO, as well as an update on FERC proceedings on the Michigan-Ontario PARs.

H) Make Whole Payments to Black Start Support Units

Mr. Hauske provided an update on discussions held at the September 28 MIC working session, which focused on make whole payments to units operating for black start support. Potential packages will be created at the next working session, which is scheduled for October 26.

I) Nodal Settlement

Mr. Scarpignato from Direct Energy introduced an issue charge to explore modifications to the timing requirements associated with the nodal settlement election process. The committee will be asked to approve the issue charge at the November meeting.

J) Up-To Congestion Transaction Enhancement

Mr. Ott reviewed PJM's plan to remove the requirement for Up To Congestion (UTC) transactions to be submitted at a interface pricing point, effective November 1, 2012. He also discussed an issue related to the lack of a bid volume limit and FTR forfeiture rule for UTC transactions, similar to what exists for virtual transactions. A formal issue charge will be drafted and brought to the November MIC for approval.

K) Analysis of Summer 2012 Balancing Operating Reserve Cost Allocation

Mr. Ciabattini reviewed changes recently made to the DA commitment process to include units that will be needed in RT for reliability reasons. These changes stemmed from the analysis of high balancing operating reserve rates observed in July 2012. As a result, some operating reserve costs have been shifted from Balancing Operating Reserve to Day Ahead Operating Reserve. He introduced a problem statement addressing the need for a more locational allocation of such DA Operating Reserve Credits that are awarded to units committed in the DA market due to RT reliability reasons. A full issue charge will be brought back to the November meeting for the committee's approval.

L) Balancing Congestion Allocation

Mr. Horger reviewed the results of the balancing congestion allocation options poll that was conducted in September. The poll revealed strong support for the status quo and potentially for shifting the allocation to RT load plus exports. Marginal support was expressed for a few other options. A working session will be held at the end of October to more fully discuss the options that received the most support, with the aim of voting on the issue within the next two months.

M) Reliability Limited Generator Compensation Task Force Proposals

Ms. Reiter presented two proposals developed by the Reliability Limited Generator Compensation Task Force to address compensation to units whose output exceeds communicated stability limits. The committee will be asked to vote on the proposals at the November MIC meeting.

N) Dominion Sectionalizing Schemes

Mr. Lawruk presented sectionalizing schemes in the Dominion zone that PJM will start screening for effective January 25, 2013.



O) eTools Technology Refresh Project

Mr. Fernandez provided information on the production release of InSchedule, the application replacing the current eSchedules application, as well as a roadmap for the refresh of other PJM eSuite applications.

P) Transmission Service Manual Revisions

Mr. Rich Souder presented revisions to the Regional Transmission and Energy Scheduling Practices, Manual 2: Transmission Service Requests and Manual 41: Managing Interchange. The committee will be asked to approve the changes to the Regional Transmission and Energy Scheduling Practices document at the November MIC meeting.

Q) DSR Preliminary Summer Events Performance Report

Mr. O'Neill reviewed the preliminary report on the performance of demand response resources during the two load management events in the summer of 2012. On an aggregated basis, PJM received above a 100% response from demand resources in each of these events.

The next MIC meeting is scheduled for Wednesday, November 7, 2012 at the PJM Conference and Training Center.