

Markets and Reliability Committee
The DoubleTree Hotel, Wilmington, DE
December 6, 2018
9:00 a.m. – 1:10 p.m. EPT

Administration

Ms. Suzanne Daugherty and Mr. Dave Anders welcomed stakeholders and provided the Anti-trust and Code of Conduct announcement.

Mr. Andy Ott addressed a letter sent on December 5, 2018 from the PJM Board of Managers regarding energy price formation.

Mr. Tim Horger discussed implementation of the adjustment to the timeline for the Day-Ahead Market, noting FERC approval on December 4, 2018. He announced that the adjustment will be implemented on December 19, 2018 for entry of bids and offers in the Day-Ahead Market for December 20, 2018.

Consent Agenda

Item A was **approved** by acclamation with no objections or abstentions.

A. Minutes of the October 25, 2018 meeting of the Markets and Reliability Committee (MRC).

Endorsements/Approvals

1. PJM Manuals

- A. Mr. Yuri Smolanitsky reviewed proposed changes to Manual 03: Transmission Operations.
- B. Mr. Vince Stefanowicz reviewed proposed changes to Manual 10: Pre-Scheduling Operations.
- C. Mr. Vince Stefanowicz reviewed proposed changes to Manual 14D: Generator Operational Requirements.
- D. Mr. Ray Fernandez review proposed changes to Manual 27: Open Access Transmission Tariff Accounting as part of the Biennial Review.
- E. Mr. Brian Chmielewski reviewed proposed changes to Manual 06: Financial Transmission Rights as part of the Annual Review.
- F. Mr. Keyur Patel reviewed conforming changes to Manual 11: Energy & Ancillary Services Market Operations related to the changes to the Day Ahead Timeline.

Following discussion, the committee **endorsed** the proposed revisions in items 1.A through 1.D and 1.F by acclamation with no objections or abstentions. The committee **endorsed** the proposed revisions in items 1.E by acclamation with one objection and seven abstentions.

2. Price Responsive Demand Review for Capacity Performance Requirements

Mr. Pete Langbein reviewed proposals developed by the Demand Response Subcommittee (DRS) to address Capacity Performance changes required for Price Responsive Demand. Following discussion,

the committee **endorsed** the proposed revisions in a sector-weighted vote with 3.72 in favor. Ms. Daugherty noted that Members Committee (MC) will be asked to endorse the proposal its December 6, 2018 meeting.

3. 2019 Day Ahead Scheduling Reserve (DASR) Requirement

Mr. Eric Endress reviewed proposed changes to the 2019 Day Ahead Scheduling Reserve (DASR) requirement. Following discussion, the committee **endorsed** the proposed revisions by acclamation with one objection and seven abstentions.

4. Surety Bonds

Mr. Hal Loomis presented two stakeholder proposals developed at the Credit Subcommittee related to the use of surety bonds as an acceptable form of collateral. Ms. Sharon Midgley, Exelon, moved and Mr. Erik Heinle, DC Office of the Peoples' Counsel, seconded deferral of voting on these proposals until the first MRC meeting following issuance of the Board Special Committee report. The committee **approved** the motion to defer by acclamation with no objections or abstentions.

5. Gas Pipeline Contingencies

Mr. Richard Brown reviewed the package endorsed by the Market Implementation Committee related to Gas Pipeline Contingencies. Mr. David Scarpignato proposed a posted friendly amendment to change "Penalties" to "Gas Balancing Costs" throughout the proposed revisions as well as some additional updates. There were no objections and therefore this was incorporated into the main motion. Ms. Susan Bruce, PJM Industrial Customer Coalition, moved and Mr. Erik Heinle seconded Package D as the first alternate motion. Following discussion, the proposed revisions associated with the main motion **failed** in a sector-weighted vote with 3.13 in favor. The proposed revisions associated with Package D, the first alternate motion, were **endorsed** in a sector-weighted vote with 3.77 in favor. Ms. Daugherty noted that MC will be asked to endorse the proposal its December 6, 2018 meeting.

First Readings

6. FTR Mark-to-Auction Credit Requirements

- A. Ms. Bridgid Cummings presented the Mark-to-Auction proposals and associated Credit Subcommittee polling results.
- B. Dr. Scott Harvey, FTI Consulting, reviewed his assessment of the Mark-to-Auction proposals.

The committee will be asked to endorse a proposal at its next meeting.

7. Must Offer Exception Process

Mr. Pat Bruno presented a proposal regarding the Must Offer Exception Process. The committee will be asked to endorse this proposal at its next meeting.

8. FTR Forfeiture Rule

Mr. Brian Chmielewski presented proposed revisions to the FTR Forfeiture Rule. The committee will be asked to endorse this proposal at its next meeting.

9. Distributed Energy Resources

Mr. Pete Langbein reviewed proposed clarifications of market participation rules for Distributed Energy Resources located behind a customer's meter participating as demand response to reduce load and as generation for additional power that can be injected with the appropriate interconnection agreement. The committee will be asked endorse to these revisions at its next meeting.

10. PJM Manuals

- A. Ms. Rebecca Stadelmeyer reviewed proposed revisions to Manual 14D: Generator Operational Requirements related to Resource Tracker. The committee will be asked to endorse these revisions at its next meeting.
- B. Ms. Lisa Krizenoskas presented to Manual 14E: Upgrade & Transmission Interconnection Requests. The committee will be asked to endorse these revisions at its next meeting.

Informational Updates

11. Transmission Replacement Process

Ms. Suzanne Daugherty provided an update on status of the Manual 14B revisions to address the transmission replacement process.

Future Agenda Items

No new future agenda items were identified.

Future Meeting Dates

December 20, 2018	9:00 a.m.	Valley Forge, PA
January 24, 2019	9:00 a.m.	Wilmington, DE
February 21, 2019	9:00 a.m.	Wilmington, DE
March 21, 2019	9:00 a.m.	Wilmington, DE
April 25, 2019	9:00 a.m.	Valley Forge, PA
May 30, 2019	9:00 a.m.	Valley Forge, PA
June 27, 2019	9:00 a.m.	Wilmington, DE
July 25, 2019	9:00 a.m.	Wilmington, DE
August 22, 2019	9:00 a.m.	Wilmington, DE
September 26, 2019	9:00 a.m.	Valley Forge, PA
October 31, 2019	9:00 a.m.	Wilmington, DE
December 05, 2019	9:00 a.m.	Wilmington, DE
December 19, 2019	9:00 a.m.	Valley Forge, PA

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