



DRAFT MEETING MINUTES

PJM Interconnection

Energy/Reserve Pricing & Interchange Volatility MIC Special Session

PJM Conference and Training Center / WebEx

February 26, 2014 (9:00am – 3:00pm)

In-Person Participants:

| Last Name | First Name | Company Name | Sector |
|-------------|------------|---------------------------------------|--------------------|
| Anders | David | PJM Interconnection, LLC | Not Applicable |
| Beck | David | Duke Energy Business Services LLC | Generation Owner |
| Blair | Tom | Monitoring Analytics, LLC | Not Applicable |
| Borgatti | Michael | Gable and Associates | Not Applicable |
| Carroll | Rebecca | PJM Interconnection, LLC | Not Applicable |
| Ciabattoni | Joseph | PJM Interconnection, LLC | Not Applicable |
| Dugan | Bill | Customized Energy Solutions, Ltd.* | Not Applicable |
| Fitch | Neal | GenOn Energy Management, LLC | Generation Owner |
| Gresh | Kevin | PJM Interconnection, LLC | Not Applicable |
| Jennings | Kenneth | Duke Energy Business Services LLC | Generation Owner |
| Johnson | Carl | Customized Energy Solutions, Ltd.* | Not Applicable |
| Keech | Adam | PJM Interconnection, LLC | Not Applicable |
| Kogut | George | New York Power Authority | Other Supplier |
| Luna | Joel | Monitoring Analytics, LLC | Not Applicable |
| Mabry | David | McNees Wallace & Nurick LLC | Not Applicable |
| Marcino | Angelo | PJM Interconnection, LLC | Not Applicable |
| Morelli | Lisa | PJM Interconnection, LLC | Not Applicable |
| O'Connell | Robert | JPMorgan Ventures Energy Corporation | Other Supplier |
| Olaleye | Michael | PJM Interconnection, LLC | Not Applicable |
| Pacella | Chris | PJM Interconnection, LLC | Not Applicable |
| Perera | Asanga | PJM Interconnection, LLC | Not Applicable |
| Pratzon | David | GT Power Group | Not Applicable |
| Souder | Rich | PJM Interconnection, LLC | Not Applicable |
| Stadelmeyer | Rebecca | Exelon Business Services Company, LLC | Transmission Owner |



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|-----------|------------|-----------------------------------|------------------|
| Thiemann | Tom | Duke Energy Business Services LLC | Generation Owner |
| Velasco | Cheryl Mae | PJM Interconnection, LLC | Not Applicable |
| Wadsworth | Joseph | Vitol Inc. | Other Supplier |
| Wharton | Matthew | PJM Interconnection, LLC | Not Applicable |

Teleconference Participants:

| Last Name | First Name | Company Name | Sector |
|-----------|------------|--|----------------------|
| Ainspan | Malcolm | Energy Curtailment Specialists, Inc. | Other Supplier |
| Bloom | David | Baltimore Gas and Electric Company | Transmission Owner |
| Butler | Jim | NiSource | |
| Buttner | Sarah | Division of the Public Advocate of State of Delaware | End User Customer |
| Campbell | Bruce | EnergyConnect, Inc. | Other Supplier |
| Devon | Chris | Michigan Commission staff | |
| Farber | John | DE Public Service Commission | Not Applicable |
| Filomena | Guy | Customized Energy Solutions, Ltd.* | Not Applicable |
| Flaherty | Dale | Duquesne Light Company | Transmission Owner |
| Gilani | Rehan | ConEdison Energy, Inc. | Other Supplier |
| Hastings | David | DhastCo, LLC | Not Applicable |
| Kerecman | Joe | Calpine | |
| Lieberman | Steven | Old Dominion Electric Cooperative | Electric Distributor |
| Mabry | David | McNees Wallace & Nurick LLC | Not Applicable |
| Mancuso | Maria | Baltimore Gas and Electric Company | Transmission Owner |
| Ondayko | Brock | Appalachain Power Company | Transmission Owner |
| Slade | Louis | Virginia Electric and Power | |
| Tsikirayi | Edward | Long Island Lighting Company d/b/a LIPA | Other Supplier |

1. Administration

Ms. Lisa Morelli called the meeting to order and welcomed stakeholders. Ms. Morelli reviewed the agenda and called attention to the Anti-trust and Code of Conduct statements. Ms. Cheryl Mae Velasco performed roll call and



reviewed the draft meeting minutes from the 2/6 ERPIV meeting. The draft minutes were approved. Ms. Velasco reviewed the open action items and made mention that all items were to be addressed at the meeting.

2. Review Workplan

Ms. Morelli reviewed the draft workplan. No additional requests for changes were made. A discussion to clarify the goals and purposes of the group took place, with a focus around understanding the Interchange Volatility piece. Discussions naturally led to the interest identification and solution components for Interchange Volatility. A request for education was made surrounding the prices and interchange behavior during min gen events.

3. Interest Identification

Ms. Morelli reviewed the interests that were identified in the previous meeting. Stakeholders were asked for any additional interests to include in the list. Both portions, the Interchange Volatility and Incorporating Operator Actions in Energy/Reserve Pricing were discussed.

4. Interchange Volatility Matrix Development

Ms. Lisa Morelli reviewed the existing solution components that were discussed in the previous meeting. An additional component was added to address the method for calculating the ramp limit adjustment for price volatility. An action item was taken for PJM to discuss this component internally. No other additional solution components were documented.

Ms. Morelli reviewed the existing solution options that were discussed and documented from the previous meeting. The action item for rewording a solution option to include DR was addressed. An additional option for providing monthly reporting of when ramp adjustments were taken was documented. An action item was taken for PJM to discuss internally other real time notification options, including the possibility of having a pre-notification of ramp adjustments.

Ms. Morelli proceeded to present a package that PJM created internally using existing components and options, opening up the discussing for additional package ideas. Stakeholders were encouraged to create packages and provide them at the next meeting or in the interim if possible. Stakeholders were also encouraged to provide additional solution components and solution options as the discussion for these are not considered closed.

Solution components and options for the Long Term matrix were reviewed, however discussions were limited.

5. Energy/Reserve Pricing Matrix Development

Ms. Morelli reviewed the existing solution components from the previous meeting. An additional component to consider the duration of when a reserve requirement is changed was added under the option to increase the reserve



requirement. Another component added was to consider the location when changing the reserve requirement, whether it be MAD or RTO or both.

Ms. Morelli reviewed the existing solution options from the previous meeting. An additional option for a method for incorporating operation action in the energy and reserve pricing was presented, which was to consider the DA market prices and/or DASR obligation when forward unit commitment decisions are made in advance of the DA clearing timeline. An action item was taken for PJM to discuss this option internally. Another option that was brought up which PJM will also take as an action item to discuss internally was to increase the reserve requirement by a MW amount with a possible floor and/or ceiling as opposed to a different metric. PJM was also asked to internally discuss the option of an entry and exit criteria for when the reserve requirement is changed.

Solution components and options for the Long Term matrix were reviewed, however discussions were limited.

No packages were created at this time considering the additional components and options that needed to be discussed further. However, stakeholders were encouraged to create packages if they are able to do so. It is important to note that additional components and options will still be taken at the next meeting.

6. Future Agenda Items

- a. Review and revise the workplan as needed
- b. Review Interest identification, Solution Components, and Solution Options
- c. Narrow down Solution Options
- d. Develop Solution Packages

7. Future Meeting Dates

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| March 17, 2014 | 9:00am – 12:00pm | Conference and Training Center / WebEx |
| April 3, 2014 | 9:00am – 12:00pm | Conference and Training Center / WebEx |

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