



Effective Date	August 2018
Impacted Manual #(s)/Manual Title(s):	
Manual 15: Cost Development Guidelines	
Conforming Order(s):	
None	
Associated Issue Tracking Title:	MIC: VOM
Committee Approval Path - What committee(s) have already seen these changes?	
<p>MIC 4/4/18  MRC First Read 4/19/2018  MRC Vote 5/24/2018  MC Tariff &amp; M15 6/21/2018  Board Approval August 2018</p>	
MRC 1 <sup>st</sup> read date:	4/19/2018
MRC voting date:	5/21/2018
Impacted Manual sections:	
Section 2, 3,4,5,6,7, &9	
Reason for change:	
Problem Statement and Issue Charge through the Stakeholder Process to determine what maintenance cost components should be included in a unit's cost-based offer.	
Summary of the changes:	
<ul style="list-style-type: none"> <li>– Only actual maintenance costs attributed to running the unit and directly tied to electric production can be included in a unit's incremental energy offer. <ul style="list-style-type: none"> <li>• CT and CC major inspection, overhaul and LTSA cost can be included</li> <li>• Capacity units cannot include ACR fixed cost (i.e. normal labor &amp; maintenance not tied to running)</li> <li>• Energy Only Resources and units that did not clear in the Delivery Year auctions can include ACR fixed cost</li> <li>• FERC Accounts minus labor cost can be included</li> </ul> </li> </ul>	

- Remove fixed Title V and emissions fees
- Immature units can use existing history (less than 10 years) or defaults
- Operating costs can be included in a unit's incremental energy offer but not its VOM.
  - Allowable operating costs include lubricants, chemicals, Limestone, Trona, Ammonia, acids, caustics, water injection, and demineralizers.
  - Market Sellers will be allowed to include additional operating costs via the 1.8 exception process. Acceptable items will be added to M15 during the biennial revision.
- Allow resources to utilize either actual maintenance costs attributed to running the unit and directly tied to electric production in a unit's incremental energy offer (PJM Package) or a default value published by the U.S. Energy Information Administration (EIA).
  - Resource class specific default Unit Variable O&M values that cannot be exceeded from EIA build data.
  - If EIA no longer publishes new-build data for a class of resource, the existing unit may utilize annual scalars (e.g. Handy Whitman Index) applied to the last EIA published data to represent an updated default value.