

Section 4: Fuel Cost Guidelines

Welcome to the *Fuel Cost Guidelines* section of the PJM Manual for **Cost Development Guidelines**. In this section, you will find the following information:

- A description of the PJM Fuel Cost Guidelines Policy and Definitions (see “*Policy and Definitions*”).

4.1 Policy and Definitions

4.1.1 Cost Development Task Force Fuel Cost Policy

- Any PJM member with generating units that may offer capped or that chooses to offer on a cost basis must submit a fuel cost policy to the PJM MMU for approval.
- A request to change the method of calculation of Basic Fossil or Nuclear Fuel Cost shall be submitted to the PJM MMU for approval in advance of the proposed change.
- The generation owner and the PJM MMU shall discuss the proposal and the generation owner will provide supporting documentation. The PJM MMU shall provide an initial response in writing within 30 days indicating approval or areas of concern.
- The changed method of calculation may be implemented immediately upon approval by the PJM MMU.
- The method of calculation of fuel cost may be updated no more frequently than once every 12 months, on a rolling basis.
- If any action by a governmental or regulatory agency external to a company results in a need for a company to change its method of fuel cost calculation, the affected company may immediately submit to the PJM MMU for approval a request to change the method of calculation in advance of the proposed change.
- The changed method of calculation may be implemented immediately upon approval by the PJM MMU.
- Each company must review and document their fuel costs at minimum once per month (12 times per year). Additionally, each review must occur within forty (40) days of the preceding review. The results of this review will be used to determine whether or not a fuel cost update is necessary. The documentation of fuel costs must be filed via [eFuelCODA](#).
- The method of calculation of fuel cost may include the use of actual fuel prices paid, e.g. the contract price paid for fuel, or the spot price for fuel. The contract price for fuel must include the locational cost of fuel for the generating unit. The source used for spot price for fuel must be publicly available and reflect the locational cost of fuel for the generating unit. The locational cost of fuel shall include specification of any additional incremental costs of delivery for the generating unit.