



Problem Statement: VOM for Immature Units

Issue:

Units with less than seven years of history are considered immature units. There is currently no clear definition of immature unit, and it is unclear how to develop maintenance history for units less than ten years old.

Issue Source:

The MMU is bringing this issue forward for consideration by the Cost Development Subcommittee (CDS). After reviewing Manual 15, it became clear that the definition of immature unit needed to be clarified, and was requested by CDS stakeholders for review and discussion by the CDS.

Background

Manual 15 details the standards recognized by PJM for determining cost components for markets where products or services are provided to PJM at cost-based rates, as referenced in Schedule 1, Section 6 of the Operating Agreement of PJM Interconnection, L.L.C. Generation Owners use Manual 15 to develop their cost based offers. This manual is not clear on standard practice for calculating a variable operations and maintenance adder for units less than ten years old.

Assignment of Responsibility:

Governance of Manual 15 is the primary scope of responsibility for the CDS and is therefore the appropriate stakeholder body to address this issue. This lies directly within the existing CDS charter and no charter modifications are needed. Further as CDS is a standing Subcommittee, no charge is required from the Markets and Reliability Committee (MRC).

Objectives and Expected Activity:

1. Using the proposal matrix developed by the CDS members (Appendix 1, Proposal Matrix), the CDS will create a preferred, clear definition of immature units and how to develop their maintenance history.
2. The CDS will use the proposal matrix to craft appropriate manual language for Manual 15 reflecting this definition.

Expected Deliverables:

A proposal with the CDS preferred modifications to Manual 15 that addresses immature units will be presented to the MRC and the MC.

Expected Milestones and Deadlines:

Meeting	Activity
CDS: January 31, 2011	Review Problem Statement
CDS: February 28, 2011	Education and Fact Finding
CDS: March 21, 2011	Identify and Explore Interest
CDS: April 25, 2011	Develop Options for Each Component
CDS: May 23, 2011	Develop Comprehensive Changes
CDS: June 20, 2011	Develop Recommendations (including consensus and multiple options)
MRC: June 22, 2011	Report to Senior Committee
MRC: July 20, 2011	Endorsement vote at MRC
MC: August 25, 2011	Endorsement vote by MC