



Minutes  
PJM Interconnection  
Cost Development Subcommittee (260<sup>th</sup> Meeting)  
PJM Service Center – S-1  
Monday March 21, 2011  
10:00 AM

**Members in attendance:**

Williams, Stanley (Chair)  
Ciampaglio, Tony  
Gomez, Luis  
Walter, Laura (Secretary)

PJM Interconnection  
Constellation Energy Commodities Group, Inc  
Exelon Generation Co., LLC  
PJM Interconnection

**Also in attendance:**

Dugan, William  
Modi, Vikram  
Hauske, Thomas  
Zadlo, Thomas

Monitoring Analytics, LLC  
Monitoring Analytics. LLC  
PJM Interconnection  
PJM Interconnection

**Attended via webex/teleconference:**

Mount, Colin  
Fee, George  
Filomena, Guy  
Horstmann, John  
Feierabend, Rick  
Keefer, Brian  
Flaherty, Dale  
Hansel, David  
Hoag, Richard  
Siegrist, Hal  
Jeremko, Steven  
Jensen, Richard  
Miller, Rod  
Lopez, Johny

Allegheny Energy Supply Company, L.L.C.  
Appalachian Power Company  
Customized Energy Solutions, Ltd.\*  
Dayton Power & Light Company (The)  
Dominion Energy Marketing, Inc.  
Dominion Energy Marketing, Inc.  
Duquesne Light Company  
Exelon Generation Co., LLC  
FirstEnergy Solutions Corp.  
GenOn Energy Management, LLC  
New York State Electric & Gas Corporation  
PPL Energy Plus, LLC  
PPL Generation, LLC  
PSEG Energy Resources and Trade LLC

**1. ADMINISTRATION**

CDS approved the minutes from the 259<sup>th</sup> CDS held on 2/28/2011

CDS approved the agenda for the 260<sup>th</sup> CDS held on 3/21/2011

PJM reviewed Antitrust Guidelines.

Future meeting dates were reviewed.



## 2. **CDS STATUS UPDATE**

Stan Williams gave an update on [FERC order on docket EL-08-47](#) and the upcoming March 23, 2011 [MRC Report](#)

## 3. **NO LOAD FUEL/COST: ISSUE TRACKING LINK**

PJM presented a [Issue Summary](#) and an updated [educational document on the Definition of No Load](#) with updated appendixes and the new examples that work together and ensure that the dispatch example curves are more representative of real units. The CDS reviewed this document and did not identify any needed improvements.

The CDS reviewed the identified interests and design criteria and ranked relative importance of each design criterion and developed options: [Collaborative Solution Development Matrix](#).

## 4. **VARIABLE OPERATING AND MAINTENANCE (VOM) COST DEFINITION: ISSUE TRACKING LINK**

The CDS reviewed the updated educational document on VOM, compiled interest identification and design criteria. This material will be included as part of the material for the discussion on this topic at the April meeting.

The following interests were identified:

- A clear definition should be developed to remove ambiguity of what should be included in VOM and what should not be included in VOM.
- VOM cost should be developed in a fixed versus variable cost point of view and not short versus long term costs.
- The calculation methods for VOM should be simple and repeatable.
- The definition of VOM should not include FERC accounts.
- Accounting practices of participants should not define what is included in VOM.
- A simplified calculation method should be available for determining VOM.
- Double dipping and gaming should be prevented.
- Timeline differences between VOM and RPM should be addressed
- Overhaul costs should be recoverable in RPM or VOM.
- Life cycle and failure rates should be analyzed and boundaries that fit each item into fixed or variable based on expectations.

The following design criteria were identified:

- A clear definition of VOM of VOM should be developed.
- A preferred method for determining VOM should be adopted



- Create a clear procedure for calculation of VOM costs.
- Ability to distinguish between fixed and variable costs.
- Addresses Capital versus Expense accounting practices.
- Determine a VOM calculation based on current and historically available expense records.
- A simple method is available as an alternative.
- Development of a clear calculation procedure so that VOM that is calculated by the MMU and by market participants should be the same number.
- Can handle units under Long Term Service Agreements
- Address capital versus expense accounting practices

**5. CDS WORK PLAN AND FUTURE TOPICS**

Information for Unit types not Addressed by Manual 15: [Issue Tracking](#)

Immature Unit Definition: [Issue Tracking](#)

Combined Cycle Modeling: [Issue Tracking](#)

Cyclic Peaking Factors for Combined Cycle units: [Issue Tracking](#) (referred by MRC)

Treatment of Units under Long Term Contracts (Legacy item)

**6. FUTURE MEETINGS**

Monday, April 25, 2011	10:00 am until 2:00 pm	PJM Interconnection Offices
Monday, May 23, 2011	10:00 am until 2:00 pm	PJM Interconnection Offices
Monday, June 20, 2011	10:00 am until 2:00 pm	PJM Interconnection Offices
Monday, August 8, 2011	10:00 am until 2:00 pm	PJM Interconnection Offices
Monday, September 12, 2011	10:00 am until 2:00 pm	PJM Interconnection Offices
Monday, October 17, 2011	10:00 am until 2:00 pm	PJM Interconnection Offices
Monday, November 14, 2011	10:00 am until 2:00 pm	PJM Interconnection Offices
Monday, December 12, 2011	10:00 am until 2:00 pm	PJM Interconnection Offices

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 DMS Document number: 638136