



Maintenance Adders & Operating Costs

Problem / Opportunity Statement

Under Schedule 2 of the Operating Agreement, Market Sellers that intend to include Maintenance Adder and Operating Costs in the cost-based energy offer must submit Maintenance Adder and Operating Costs (VOM) information to PJM and IMM for annual review. The PJM and IMM review the VOM submissions to ensure the submitted Maintenance Adders and Operating Costs are variable costs that are directly attributable to the production of electricity.

Based on the experience gained from several years of performing these annual reviews, PJM has found certain clarifications and modifications to PJM Manual 15 are needed in order to provide better guidance on how the VOM adders shall be properly developed and submitted in accordance with OA Schedule 2. Currently, the lack of clarification led to confusion on Market Sellers and some of the submitted adders were not in accordance with Manual 15 and OA guidance, which resulted in lengthy back and forth review process between the Market Sellers and PJM.

There is also a desire to seek future improvements on the annual review process to improve efficiency and reduce administrative burden on Market Sellers, PJM and IMM. It is time consuming for Market Sellers to compile and submit all costs information and it is also time consuming for PJM and IMM to review the voluminous information. Exploring enhancements or alternatives that are more efficient would be beneficial to all parties involved in the annual review.