



Manual 15 Biennial Review

Gabby Genuario & Roger Cao
Performance Compliance
Market Implementation Committee
October 7, 2020

Action Required	Deadline	Who May Be Affected
<p>Inform staff of upcoming changes</p> 	<p>10/7/2020</p> 	<p>Generation Market Sellers</p> 

- Reformatting/Awareness
 - Handy Whitman removed from M15 and placed on PJM.com
- Clarifications
 - Added documentation language previously included in all Fuel Cost Policies
 - Information regarding penalty gas application added to M15 for additional clarity around PJM current practices



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Handy Whitman Index

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Handy Whitman Index

The Handy Whitman Index is used for the annual escalation factors. These escalation indices should be used in the calculation of generating unit Maintenance Adders, in accordance with the Variable Maintenance Cost, Section 2.6 in the Cost Development Guidelines. The “Handy Whitman Index” will be revised to reflect these new numbers each year.

	Date
Handy Whitman Index 	6.12.2020

Manual 15: Cost Development Guidelines, [Revision 36](#)

Section	Change	Reason for Change
Section 2.3	Added documentation language previously included in all Fuel Cost Policies	Clarification
Section 2.3	Included language regarding penalty gas to clarify current PJM practices	Clarification
Section 2.6.3	Removed the Handy Whitman Index Exhibit from M15. Added a link to PJM.com with applicable values	Reformatting/Awareness

- **Clarifications**
 - Specific requirements
 - Allowable/Not allowable expenses
 - The use of Equivalent Service Hour (ESH) adder
- **Reformatting/Awareness**
 - Moved Operating Costs to Section 2.6 VOM

Manual 15: Cost Development Guidelines, [Revision 36](#)

Section	Change	Reason for Change
Section 2.6	Added specific requirements such as available supporting documentations, no fixed costs, expenses based on hours or starts, and transfer of ownership	Clarification
Section 2.6	Broke out the requirements for Maintenance Adder and Operating Costs in separate paragraphs	Reformatting/Awareness
Section 2.6.1	“Controls” removed from the systems that allowable expenses can be related to; Added examples of not allowable expenses such as upgrades and weather events related maintenance	Clarification
Section 2.6.7	When default value used, Maintenance Adder must be zero.	Clarification
Section 2.6.8	Moved from Section 2.3.7 Operating Costs	Reformatting/Awareness

Section	Change	Reason for Change
Section 2.6, 2.6.6, 5.6.3, 6.6.4	Updated the ESH term and maintenance adder calculation examples	Consistency in Terminology
Section 5.6.3, 6.6.3	ESH can only be used with OEM or LTSA specified values; no default values allowed.	Clarification
Section 6.6.2	Copied from section 5.6.2	Reformatting/Awareness
Section 2.6, 4.6, 5.6	Grammar, punctuation, capitalization and spacing	

Section	Revision	Note
Section 2.6.1	The wording of “auxiliary equipment” is restored	To line up with the wording from OA Schedule 2 Section 4.1.
Section 2.6.1	Replaced “controls” with “control room equipment and software”	To clarify the this type of expense is not allowable.
Section 2.6.8	Reworded the second bullet	To clarify that allowable Operating Costs need to be tied to the operation of the unit.

- **First Read**
 - MIC – 9/2/2020
 - MRC – 9/17/2020
- **Endorsement**
 - MIC – 10/7/2020
 - MRC – 10/29/2020
 - MC – 11/19/2020
- **Board Approval**
 - 12/7/2020

Presenter:

Gabby Genuario, Gabrielle.Genuario@pjm.com

Roger Cao, Roger.Cao@pjm.com

SME:

Glen Boyle, Glen.Boyle@pjm.com

Tom Hauske, Thomas.Hauske@pjm.com

Manual 15 Biennial Review Changes



Member Hotline

(610) 666 – 8980

(866) 400 – 8980

custsvc@pjm.com

Appendix

**** Language now included in posted M15 redline ****

Gas pipeline penalties are not permitted to be included with a Market Seller's cost-based offer. Gas pipeline penalties, as referenced herein, are charges that are incurred for taking unauthorized gas in violation of an interstate pipeline and/or LDC tariff or contract. In addition, gas balancing charges from ratable take gas cannot be included in a Market Seller's cost-based offer. However, gas pipeline storage, park and loan, or other similar tariff-based rate for gas balancing can be included in the cost-based offer once these expenses are incurred. Gas balancing due to a change in ownership cannot be included.