

Variable Operating and Maintenance Cost (VOM)

Issue Source

This item was brought forth as a proposed topic for the Cost Development Subcommittee (CDS) to discuss.

Issue Content

The intent of this work is to elaborate on and provide additional clarification to Market Sellers on the VOM review guidelines in accordance with the standards in Manual 15 Cost Development Guidelines and Schedule 2 of the Operating Agreement.

Key Work Activities and Scope

Provide detailed guidance and updates, as necessary, in Manual 15 and Schedule 2 of the Operating Agreement for:

- 1) Clarifications for Market Sellers who use monthly operating costs
- 2) Years of available operating history and clarifications for situations where documentation is unavailable for immature units
- 3) The use of multiple maintenance adders and units of measure (e.g. \$/hour or \$/start) for LTSA costs
- 4) Clarifications around averaged maintenance adders for similar units
- 5) Clarifications for the use of VOM in all ancillary services (e.g. synchronized reserves, condensing costs, regulation)
- 6) The need for changes to Manual 15's list of system that are directly related to electric production
- 7) The annual VOM review process around
 - a. Coordination of PJM and IMM reviews
 - b. Acceptable levels of documentation
- 8) Research and recommendations related to the use of default VOM adders

Expected Deliverables

Expected deliverables include:

- 1) Revisions to Manual 15 Cost Development Guidelines
- 2) Revisions to Operating Agreement, Schedule 2

Decision-Making Method

Tier 1, consensus (unanimity) on a single proposal.

Stakeholder Group Assignment

This item will be discussed at the Cost Development Subcommittee (CDS) with the expected Manual 15 and Operating Agreement, Schedule 2 changes forwarded to the Market Implementation Committee (MIC) for endorsement.

Expected Duration of Work Timeline

This item can be immediately discussed at the CDS. The expected timeline to complete this task is estimated to be 6 months.

Start Date	Priority Level	Timing	Meeting Frequency
10/1/2021	<input type="checkbox"/> High <input checked="" type="checkbox"/> Medium <input type="checkbox"/> Low	<input checked="" type="checkbox"/> Immediate <input type="checkbox"/> Near Term <input type="checkbox"/> Far Term	<input type="checkbox"/> Weekly <input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly

Charter

(check one box)

<input type="checkbox"/>	This document will serve as the Charter for a new group created by its approval.
<input type="checkbox"/>	This work will be handled in an existing group with its own Charter (and applicable amendments).
<input checked="" type="checkbox"/>	This task was self assigned to CDS as it is within the existing CDS charter

More detail available in M34; Section 6