



**Cost Development Task Force Report**  
**PJM Interconnection**  
**Markets and Reliability Committee**  
**The Chase Center on the Riverfront, Wilmington, DE**  
**January 19, 2011**

The Cost Development Task Force (CDTF) has not met in person since the December 15, 2010 meeting of the PJM MRC. However, a conference call was held by the CDTF to discuss a proposal developed by the PJM MMU to address changes to the Variable Operations and Maintenance (VOM) manual language to ensure VOM consistently includes only short run marginal costs.

**NON-REGULATORY OPPORTUNITY COST**

The additional non-regulatory opportunity cost proposals to include short-term opportunity costs for events of limited duration and establishing a mandatory review trigger level for 3 repeated events in 5 years were submitted as required to FERC on December 30, 2010.

**VARIABLE OPERATIONS AND MAINTENANCE (VOM)**

The CDTF held an informational conference call on January 5, 2011 to continue discussions concerning changes to the CDTF Manual to ensure VOM consistently includes only short run marginal costs. The proposal called for the removal of major inspection and overhaul expenses for combustion turbines and combined cycle units from maintenance adders in order to allow cost recovery through the avoidable cost rate (ACR) within RPM. The proposal was motioned and seconded and a vote was taken. There were 5 votes in favor, 34 votes opposed and 6 abstention votes recorded. The PJM IMM is developing a problem statement for review by the CDTF on this issue for discussion at the January 31, 2011 meeting of the CDTF.

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