

Manual 15 Biennial Review

Gabby Genuario & Roger Cao Performance Compliance

Markets & Reliability Committee September 17, 2020

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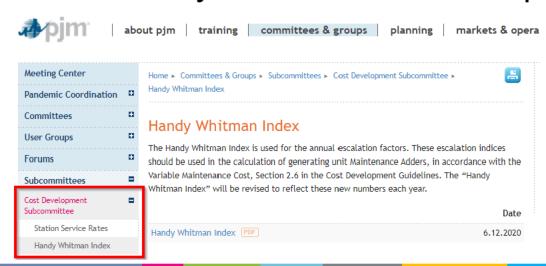


M15 Biennial Review

Action Required	Deadline	Who May Be Affected
First Read: Review M15 Draft Redlines &	10/7/2020	Generation Market Sellers
Inform staff of upcoming changes		
	10	



- 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



Manual 15: Cost Development Guidelines, Revision 36

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M15 Changes – Detailed Sections

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



M15 Changes – VOM Related - Highlights

- 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
Scotion	Added specific requirements such as available supporting	reason for Onlange
Section 2.6	documentations, no fixed costs, expenses based on hours or starts, and transfer of ownership	Clarification
	Broke out the requirements for Maintenance Adder and	
Section 2.6	Operating Costs in separate paragraphs	Reformatting/Awareness
	"Controls" removed from the systems that allowable expenses can be related to; Added examples of not allowable expenses	
Section 2.6.1	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

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M15 Changes – VOM Related

Section	Change	Reason for Change
Section 2.6,		<u> </u>
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	

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- 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

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Manual 15 Biennial Review Changes



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Appendix

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Language to be added to Section 2.3.2

** 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.