



## **CDS Request for Guidance: Combined Cycle Modeling**

### **Issue:**

Combined cycle units have a unique incremental heat input curve as a result of the different operating mode capabilities these units provide. The various components of the Combined Cycle Unit cost offer are not clearly defined in Manual 15: Cost Development Guidelines. Currently, combined cycles are modeled similarly to other unit types in PJM, but may not be the same in terms of physical parameters. Due to different unit setups (various combustion turbine combinations), combined cycle units may be offered inconsistently by various participants due to the lack of clarity in Manual 15.

### **CDS charter currently allows for the following:**

The Cost Development Subcommittee (CDS) reports to the PJM Markets and Reliability Committee (MRC) and is responsible for developing, reviewing, and recommending to the MRC standard procedures for calculating the costs of products or services provided to PJM when those products or services are required to be provided to PJM at a cost-based rate. CDS can also recommend improvements to PJM systems, tools, and procedures that facilitate the accurate, practical, and appropriate use and handling of cost data.

### **MRC request for clarification:**

During its initial review of the Combined Cycle Modeling Problem Statement, CDS stipulated that altering the dispatch methodology of combined cycles was out of scope as it is beyond the charge and charter for the CDS. However, during discussions at the January 9, 2012 CDS meeting, CDS participants realized that changes to Manual 15 Cost Development Guidelines for combined cycle units may require modifications to the way in which participants offer bids and the way PJM dispatches least cost generation. CDS will likely need to address the implications on combined cycle cost offers and may recommend changes to the offer requirements, components, methodology, and dispatch algorithm to align with the new cost offer development guidelines.

CDS is requesting direction from the MRC inform CDS as to whether CDS should proceed on the combined cycle cost offer review as a standalone effort with the offer requirements and dispatch impacts being addressed by another committee or should the scope of the problem statement be expanded for this effort to cover cost offer development along with possible offer requirement and changes to the dispatch algorithm.



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## **Feedback from MRC:**

Comments received prior to my presentation on this item noted that this effort was likely best handled as a separate item from CDS via a Task Force for this particular modeling item. It was suggested this Task Force be made up of subject matter experts experienced in operating Combined Cycle Units.

Initial comments were to keep this item with CDS, however, others felt that this was best addressed through the MIC with input from the OC. Others felt this may be best addressed by a separate task force specifically to address the Combined Cycle modeling issue. Stan was directed by the Chair of the MRC to develop a problem statement for consideration and action by the MRC at their next meeting.