Effective Date	August 2018
Impacted Manual #(s)/Manual Title(s):	
Manual 15: Cost Development Guidelines	
Conforming Order(s):	
None	
Associated Issue Tracking Title:	MIC: VOM
Committee Approval Path - What committee(s) have already seen these changes?	
MIC 4/4/18 MRC First Read 4/19/2018 MRC Vote 6/21/2018 MC Tariff & M15 7/26/2018 Board Approval August 2018	
MRC 1st read date:	4/19/2018
MRC voting date:	6/21/2018
Impacted Manual sections:	
Section 2, 3,4,5,6,7, &9	
Reason for change:	
Problem Statement and Issue Charge through the Stakeholder Process to determine what maintenance cost components should be included in a unit's cost-based offer.	
Summary of the changes:	
– Only actual maintenance costs attributed to running the unit and directly tied to electric production can be included in a unit's incremental energy offer. • CT and CC major inspection, overhaul and LTSA cost can be included • Capacity units cannot include ACR fixed cost (i.e. normal labor & maintenance not tied to running) • FERC Accounts minus labor cost can be included • Remove fixed Title V and emissions fees – Immature units can use existing history (less than 10 years) or defaults	

- Operating costs can be included in a unit's incremental energy offer but not its VOM.
  - Allowable operating costs include lubricants, chemicals, Limestone, Trona, Ammonia, acids, caustics, water injection, and demineralizers.
  - Market Sellers will be allowed to include additional operating costs via the 1.8 exception process. Acceptable items will be added to M15 during the biennial revision.
- Allow resources to utilize either actual maintenance costs attributed to running the unit and directly tied to electric production in a unit's incremental energy offer (PJM Package) or a default value published by the U.S. Energy Information Administration (EIA).
  - Resource class specific default Unit Variable O&M values that cannot be exceeded from EIA build data.
  - If EIA no longer publishes new-build data for a class of resource, the existing unit may utilize annual scalars (e.g. Handy Whitman Index) applied to the last EIA published data to represent an updated default value.