

**COST DEVELOPMENT SUBCOMMITTEE CHARTER Cost Development Subcommittee (CDS)****MISSION Mission Statement**

- ~~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.

Scope of the CDS

- The Cost Development Guidelines Manual (M-15) exists for the purpose of defining the standard methodologies that are recognized by PJM as appropriate for determining various cost components for use on those occasions and in those markets where products or services are required to be provided to PJM at cost-based rates, as referenced in Schedule 1, Section 6 of the Operating Agreement of PJM Interconnection, L.L.C. General guidance on allowable cost components in cost-based offers is included in Schedule 2 of the Operating Agreement.

RESPONSIBILITIES Responsibilities of the CDS

- ~~1.~~ Maintain the PJM Cost Development Guidelines Manual (M-15) and ~~r.~~ Recommend updates as appropriate.
- ~~2.~~ Respond to emerging issues and propose appropriate changes in the area of cost development.
- ~~3.~~ Respond to assignments from the PJM Markets ~~and Reliability~~ Implementation Committee (MRCMIC).
- ~~4.~~ Recommend improvements to PJM systems, tools, and procedures that facilitate the accurate, practical, and appropriate use and handling of cost data.
- ~~5.~~ Develop annual maintenance cost escalation factors.
- ~~6.~~ Implement quarterly update for cost of station service for unit startup.

Parent Committee

- The CDS will report to the Market Implementation Committee (MIC).

ADMINISTRATIVE Administration

- ~~1. The Cost Development Subcommittee reports to the MRC. CDS representatives may be self-nominated by any PJM member. Facilitator and Secretary will be appointed from PJM staff.~~
- The CDS will meet as needed but no more frequently than monthly.
- The CDS will not have voting authority but will do polling as needed. Any recommendations from the CDS will be forwarded to the MIC for consideration and voting.
- CDS representatives may be self-nominated by any PJM member.



- ~~2~~ No confidentiality agreements or other such agreements are necessary to participate as a member. Market sensitive information is not discussed by the ~~task force subcommittee~~.
- ~~3. The CDS is chaired by PJM. PJM staff is responsible for preparing and issuing all reports, management of data, and recording and preparing the minutes of each meeting.~~

- **CORE COMPETENCIES** ~~Core Competencies~~

- Collectively, the Cost Development Subcommittee members should have knowledge of:
 - ~~1~~ Economic principal understanding as it relates to basic cost of generation service analysis.
 - ~~2~~ Power plant operations.
 - ~~3~~ Knowledge of General Accepted Accounting Practices as they pertain to the member company accounting practices.
 - 4. Knowledge and understanding of the PJM OATT and all subsequent PJM Manuals ~~as published and updated regularly on the PJM website.~~
 - ~~5~~ Working knowledge of the PJM Day Ahead and Balancing Markets and the responsibilities of member companies as it relates to ~~the PJM eMarket user interface.~~ cost based offer development and required data submittals.
 - ~~6~~ Knowledge of the Cost Development Guidelines Manual (M-15).