

Cost Development Subcommittee (CDS)

- **Mission Statement**

- The Cost Development Subcommittee (CDS) is responsible for developing, reviewing, and recommending 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 of the CDS**

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

- **Parent Committee**

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

- **Administration**

- 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.
- No confidentiality agreements or other such agreements are necessary to participate as a member.
Market sensitive information is not discussed by the subcommittee.

- **Core Competencies**

- Collectively, the Cost Development Subcommittee members should have knowledge of:
 - Economic principles understanding as it relates to basic cost of generation service analysis
 - Power plant operations
 - Knowledge of General Accepted Accounting Principles as they pertain to the member company accounting practices
 - Knowledge and understanding of the PJM OATT and all subsequent PJM Manuals
 - Working knowledge of the PJM Day Ahead and Balancing Markets and the responsibilities of member companies as it relates to cost based offer development and required data submittals
 - Knowledge of the Cost Development Guidelines Manual (M-15)