



## COST DEVELOPMENT SUBCOMMITTEE CHARTER

### **MISSION**

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.

The Cost Development Guidelines Manual 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.

### **RESPONSIBILITIES**

1. Maintain the PJM Cost Development Guidelines Manual. 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 Committee (MRC).
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.

### **ADMINISTRATIVE**

1. The Cost Development Subcommittee reports to the MRC. 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 subcommittee.
3. The CDS is chaired by PJM. PJM staff is responsible for preparing and issuing subcommittee reports, management of data, and recording and preparing the minutes of each meeting.

### **CORE COMPETENCIES**

Collectively, the **Cost Development Subcommittee** members should have knowledge of:

1. Economic principles understanding as it relates to basic cost of generation service analysis.
2. Power plant operations.
3. Knowledge of General Accepted Accounting Principles 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.
6. Knowledge of the Cost Development Guidelines Manual.