

DRAFT

PJM Manual 15:

Cost Development Guidelines

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Section 12: Energy Market Opportunity Cost and Non-Regulatory Opportunity Cost Guidelines

12.7 IMM Opportunity Cost Calculator

12.7.8 Dual Fuel Opportunity Cost Adder

Dual fuel generators with an environmental or operational limitation that applies regardless of the fuel type may use the dual fuel opportunity cost adder in the cost schedule associated with the secondary fuel. The dual fuel opportunity cost adder is determined under the assumption that the generator operated for the minimum run time on the first day of the optimization period using the secondary fuel. For the remaining days in the optimization period, the generator is dispatched according to a daily determination of the cheaper fuel based on forward prices modified by the historical daily volatility. The opportunity cost adder applicable to the cost schedule associated with the primary fuel is determined according to Sections 12.7.1-12.7.7.

12.7.9 Minimum Run Time Logic

For a generator with a minimum runtime of one hour or less, the Opportunity Cost Calculator will commit the unit only in the case that the net revenue for the first hour is greater than \$0 or the net revenue for the first hour plus the next hour is greater than \$0. If a generator has a minimum runtime greater than one hour, the Opportunity Cost Calculator will commit the unit only in the case that the net revenue for the minimum runtime is greater than \$0. The Opportunity Cost Calculator will commit the unit for an hour beyond the minimum runtime only in the case that the net revenue for the hour is greater than \$0 or the net revenue for the hour plus the next hour is greater than \$0.