

FERC Orders Requiring Reallocations and Refunds

Ray Fernandez, Manager – Market
Settlements Development
Planning Committee
May 12, 2020

- FERC Form 715 order changes the cost allocation of the impacted projects from 100% to the zone of the transmission owner of each project to a cost allocation using PJM's reliability cost allocation methodology
 - Network customers in the impacted zones will receive a refund
 - Charges are reallocated across multiple zones and Merchant Transmission Facilities (MTFs)
- FERC Form 715 order requires PJM to rebill parties with interest back to May 25, 2015.
 - 44 Form 715 projects are impacted by the order
 - 33 projects in PS zone
 - 11 projects in Dominion zone

Cost Reallocations for Merchant Transmission Facilities (MTFs)

- Effective January 1, 2018, Linden VFT and Hudson Transmission Partners (HTP) converted their Firm Transmission Withdrawal Rights (TWRs) to Non-Firm TWRs.
- As a result, PJM revised Schedule 12–Appendices to remove all cost allocations from MTFs (Docket No. ER18-680)
- FERC approved Docket ER18-680, but required PJM to reassign cost responsibility back to Linden VFT and HTP for a specific set of projects:
 - Projects using a violation-based DFAX methodology
 - Lower voltage economic projects.

- PJM Finance performed financial analysis on both FERC orders
 - MTFs and some network customers will receive charges, however MTFs are highly impacted.

- Requests for Rehearing filed by Linden VFT, Long Island Power Authority, Neptune, and New York Power Authority (NYPA).
- Linden VFT and NYPA request settlement relief if FERC does not grant a rehearing request:
 - Delay billing until January 2021
 - Permit a 12 month settlement period in equal installments from January 1, 2021 through December 31, 2021