Market consistency for NSPL and PLC daily zonal scaling factors

Problem / Opportunity Statement

- PJM requires that the sum of the daily NSPL values reported to eRPM daily by the EDC equate to the zonal target set by PJM for each zone. This sum will vary day to day due to customer attrition, which necessitates the EDCs to calculate and apply a daily zonal scaling factor prior to reporting NSPL values to PJM. There is a similar market requirement for PLC values reported by the EDC daily to eRPM to equate to a set zonal target, however, the eRPM system calculates and applies the PLC daily zonal scaling factor by zone to achieve balance. This inconsistency can lead to potential confusion in the market.

- The current process whereby EDCs calculate daily zonal scaling factors for NSPL values and PJM calculates the daily zonal scaling factors for PLCs can cause confusion and misuse of information. Today, market participants need to use varying sources to determine the scaling factors applied to the NSPL and PLC values found in eRPM. Creating similar rules and treatment of the PLC and NSPL values can provide more transparency to the market.

- For example, FirstEnergy has found it to be more efficient to calculate and apply daily zonal scaling factors for **both** PLC and NSPL prior to reporting to PJM since we already are required to do this for NSPL values. The same programming and processing is applied to both the NSPL and PLC values. Since PJM's eRPM system automatically calculates a PLC scaling factor, when FirstEnergy posts scaled PLC values to eRPM, the system will calculate a scaling factor of 1. Market participants could potentially view the PJM PLC scaling factor as the actual value.

- FirstEnergy has learned that some LSEs are using the PLC scaling factors provided in eRPM for retail billing. EDCs are NOT required to post unscaled PLC values to eRPM. The potential exists to use the daily PLC scaling factors in eRPM incorrectly.

- This problem statement tasks the MSS with discussing methods to alleviate this inconsistency including the possibility of enhancing the eRPM system to similarly calculate and apply NSPL daily zonal scaling factors.