



FERC EL05-121-009 Settlement Agreement

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Market Settlements Subcommittee
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- Settlement Agreement Details
 - FERC approved the settlement agreement on May 31, 2018
 - PJM requested a 30 day extension for the compliance filing
 - PJM will begin billing the settlement agreement in the July 2018 bill issued in August 2018
 - For clarity, the period of January 1, 2016 through June 30, 2018 will be referred to as the “Transitional Period”



Current Transmission Enhancement Charges (BLI 1108)

- Monthly charge allocation – January 2016 through June 2018
 - Charges allocated on Load Ratio Share basis
- Current Recovery Charge projects are in defined in OATT Schedule 12-C Appendix A
- Settlement Example – Current Recovery Charge
 - Consider a single project billed at \$12,000,000 / year or \$1,000,000 / month
 - Charges are allocated to 5 zones

Project ABC	Zone A	Zone B	Zone C	Zone D	Zone E
	20%	10%	30%	25%	15%
\$1,000,000	\$200,000	\$100,000	\$300,000	\$250,000	\$150,000



Current Recovery Charges for Covered Transmission Enhancement Projects

- Effective July 2018, charge allocation transitions to 50% LRS and 50% DFAX

Project ABC		Zone A	Zone B	Zone C	Zone D	Zone E
\$500,000	LRS	20%	10%	30%	25%	15%
		\$100,000	\$50,000	\$150,000	\$125,000	\$75,000
\$500,000	DFAX	20%	25%	5%	30%	20%
		\$100,000	\$125,000	\$25,000	\$150,000	\$100,000
\$1,000,000	Total	\$200,000	\$175,000	\$175,000	\$275,000	\$175,000

- Per the settlement agreement PJM is charged with tracking and accumulating:
 - The aggregate of differences plus interest between January 1, 2016 and June 30, 2018
- PJM will issue monthly charges or credits equal to the total aggregate difference between the previous Transmission Enhancement Charges and the revised allocations approved by FERC for the Transitional Period
- These adjustments are to be billed evenly over the fewer of 12 or the number of months between January 1, 2016 and the June 30, 2018

- Transitional Period Monthly Credit or Charge =
(30 Month Total of Differences per Zone or MTF* + Interest) / 12
- These calculations apply to the both Current Recovery Charges and the Transmission Enhancement Charge Adjustment (“Black Box Settlement”)
- Monthly Credits or Charges are allocated on a going forward basis over 12 months and will not be allocated retroactively over the 30 month period of January 2016 through June 2018

* MTF = Merchant Transmission Facility

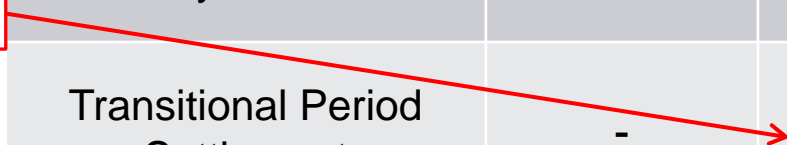


Current Recovery Charges for Covered Transmission Enhancement Projects

- The Transitional Period Settlement will be billed on a monthly basis starting July 2018 and continuing through June 2019
- PJM will create a reporting mechanism to specify the monthly billing adjustment and interest per zone or MTF for the 12 month period

July 2018	Zone A	Zone B	Zone C	Zone D	Zone E
Original	\$200,000	\$100,000	\$300,000	\$250,000	\$150,000
FERC Settlement	\$200,000	\$175,000	\$175,000	\$275,000	\$175,000
Monthly Difference	-	\$75,000	(\$125,000)	\$25,000	\$25,000
Transitional Period Settlement	-	\$187,500	(\$312,500)	\$62,500	\$62,500
FERC + Transitional Period Settlement (BLI 1108)	\$200,000	\$362,500	(\$137,500)	\$337,500	\$237,500

(\$75,000*30)/12



- Also referred to as the “Black Box” settlement
- Effective January 1, 2016 through December 31, 2025
- Monthly charges and credits are contained in OATT Schedule 12-C Appendix C
- New Billing Line Item created – BLI 1115

- Settlement example:
 - Billing for BLI 1115 will begin in the July 2018 bill
 - Charges and credits plus interest for January 2016 through June 2018 will be billed on a monthly basis starting July 2018 through June 2019.
 - Transitional Period Monthly Credit or Charge =
$$(30 \text{ Month Total of Charges or Credits} + \text{Interest}) / 12$$

- Settlement Example

- Assume Zone A has a \$24,000 monthly charge for the TEC Adjustment
- The Transitional Period Settlement will include interest

Bill Month	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019
Monthly Charge	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
Transitional Period Settlement	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	-
Total Monthly Charge	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$24,000

$(\$24,000 * 30) / 12$



5 Report Columns

The following columns will appear in the body of the report:

Online and CSV Column Name	XML Column Name	Column Number	Data Type
Customer ID	CUSTOMER_ID	4000.01	INTEGER
Customer Code	CUSTOMER_CODE	4000.02	VARCHAR2(6)
Month	MONTH	4000.03	DATE (Month, YYYY (ex. January, 2007) in online and CSV formats, YYYY-MM in XML format)
Responsible Zone	RESPONSIBLE_ZONE	4001.29	VARCHAR2(50)
Total Transitional Period TEC Adjustment (\$)	TOT_TRAN_PER_TEC_ADJUST	1115.10	NUMBER(22,2)
Total Transitional Period TEC Interest Amount (\$)	TOT_TRAN_PER_TEC_INTEREST	1115.11	NUMBER(22,2)
Total Monthly TEC Adjustment (\$)	TOT_MON_TEC_ADJUST	1115.12	NUMBER(22,2)
Responsible Zone NSPL (MW-days)	RESPONSIBLE_ZONE_NSPL	1115.13	NUMBER
Total Responsible Zone NSPL (MW-days)	TOT_RESPONSIBLE_ZONE_NSPL	1115.14	NUMBER
Transmission Enhancement Settlement (EL05-121-009) Charge (\$)	TRANS_ENHANCE_EL05_CH	1115.01	NUMBER(22,2)
Version	VERSION	4000.07	VARCHAR2(12)

Note: If the monthly adjustment is for a merchant transmission facility (MTF), there will be no values for Responsible Zone, Responsible Zone NSPL or Total Responsible Zone NSPL on the report. The customer account will be solely responsible for the adjustment amount.

Transmission Enhancement Settlement (EL05-121-009) Charge (1115.01) =
(Total Transitional Period TEC Adjustment (1115.10) +
Total Transitional Period TEC Interest Amount (1115.11) +
Total Monthly TEC Adjustment (1115.12)) *
[Responsible Zone NSPL (1115.13) / Total Responsible Zone NSPL (1115.14)]

If the monthly adjustment is for a merchant transmission facility (MTF):

Transmission Enhancement Settlement (EL05-121-009) Charge (1115.01) =
Total Transitional Period TEC Adjustment (1115.10) +
Total Transitional Period TEC Interest Amount (1115.11) +
Total Monthly TEC Adjustment (1115.12)