



Primary Frequency Response Cost Allocation Proposal



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February 28, 2018 PFRSTF

- No cost recovery for new or upgrading units i.e. new ISAs
- Cost recovery for on-going primary frequency response costs i.e. maintenance, heat rate, etc. (cost of doing business) should be submitted in your energy in accordance to M15 guidelines.
- Existing units currently not capable of providing primary frequency response would be eligible for a one time capital cost recovery.
 - i.e. installation of a governor or removal of outer loop controls.
- PFR capital costs that are recovered through the capacity market are not eligible for additional PFR capital cost recovery.

- Unit owner must submit request for one time cost recovery within 6 month of FERC approval to both PJM and the IMM.
- Costs will be reviewed by PJM and the IMM using process similar to paragraph 17 of Schedule 6A of the Tariff.
- Approved actual costs recovered over 1 year period. No incentive or rate of return.

Purchasers of Primary Frequency Response from Generation or Other Sources Service shall be charged for such service in accordance with the following formula

Monthly Charge for a purchaser receiving Network Integration Transmission Service or Point-to-Point Transmission Service to serve Load = *Allocation Factor * Total Generation Owner or other source owner Monthly Revenue Requirement*

- Allocation Factor is the monthly transmission use and network service peak load of each Network Customer or Transmission Customer on a megawatt basis divided by the total transmission use and network service peak load in the PJM Region, as applicable, on a megawatt basis
- Total Generation Owner or other source owner Monthly Revenue Requirement is the sum of the Zonal Generation or other source owner Monthly Revenue Requirements for all Zones in the PJM Region