



# Winter Storm Elliott Performance Assessment Interval Settlement Agreement Frequently Asked Questions

December 20, 2023

For Public Use

This page is intentionally left blank.

## Contents

What Is in This FAQ Document? .....	3
Billing Questions.....	3
Credit and Collateral Questions .....	4

## What Is in This FAQ Document?

On Dec. 19, 2023, the Federal Energy Regulatory Commission (FERC) issued an [order](#) approving the [Settlement Agreement](#) filed in FERC docket ER23-2975. This Settlement Agreement comprehensively resolves 15 separate FERC complaints regarding extraordinary non-performance charges resulting from Winter Storm Elliott on Dec. 23 and Dec. 24, 2022.

The questions below reflect frequently asked questions received from stakeholders and others regarding the implementation of this [Settlement Agreement](#). The answers here are drafted based upon the best information available at the time of publication and may be amended or updated.

In addition, this document will be updated as new questions come in.

## Billing Questions

### 1. *What are the reduced non-performance charges under the Settlement Agreement?*

The Settlement Agreement specified a uniform 31.7% reduction in non-performance charges across all intervals of the performance assessment event and across all market participants, except for those that are in bankruptcy. It also provided an additional \$11.9 million reduction in non-performance charges to specific parties in the settlement.

PJM has posted a [document](#) (XLS) that provides estimates of the total non-performance charges and performance payments (also referred to as bonus performance credits) under the terms of the Settlement Agreement. The estimated total non-performance charges under these settlement terms are approximately \$1.25 billion.

### 2. *What is the impact to performance payments (also known as bonus performance credits) under the Settlement Agreement?*

The total non-performance charges were reduced from approximately \$1.8 billion to \$1.25 billion under the terms of this settlement; therefore, the total potential bonus credits are reduced to the same level. However, the level of bonus performance credits actually paid out to qualifying market participants is a function of the non-performance charges actually collected. The estimate of \$1.25 billion in bonus performance credits assumes 100% collection of the non-performance charges for the event.

Collection of these charges cannot be guaranteed due to factors such as litigation outcomes, bankruptcy discharge or other financial constraints affecting collectability. As such, the amount of bonus performance credits distributed to market participants is subject to change from these estimates. Through the August 2023 billing statement, the collection rate was 95.8% (4.2% non-payment).

### 3. *When will the Settlement Agreement be implemented and reflected in PJM billing?*

PJM will implement the Settlement Agreement in the February 2024 monthly billing statement, which will be issued on March 7, 2024.

### 4. *Over how many billing statements will the remainder of the PAI billing be distributed?*

PJM will complete the remaining three months of Performance Assessment Interval (PAI) billing that were suspended per the waiver in FERC Docket No. EL23-53, et al., and implement the adjustments required by the

Settlement Agreement in a single bill. This will be the February monthly billing statement, which will be issued on March 7, 2024.

**5. *How can I estimate the impact of the Settlement Agreement on my portfolio's non-performance charges and bonus performance credits?***

PJM has posted a [document](#) (XLS) that provides estimates of the total non-performance charges and bonus performance credits under the terms of the Settlement Agreement, along with instructions on how market participants can use this information to calculate an estimate of their own reduced non-performance charges and bonus performance credits.

PJM does not plan to provide participant-specific estimates of the reduced non-performance charges and bonus performance credits in advance of the settlements reports that will be published in the Market Settlements Reporting System shortly before the monthly billing statement is issued.

**6. *Will there be any changes to the Non-Performance Assessment Reports in MSRS in order to support the implementation of the Settlement Agreement?***

PJM is currently working through the system changes required in order to implement the Settlement Agreement. PJM will communicate any changes to the MSRS reports via the Market Settlements Subcommittee if any are identified.

## Credit and Collateral Questions

**7. *What is the time frame for review of credit requirements and return of collateral related to PAI?***

Following FERC's Dec. 19 order approving the settlement package, PJM shall undertake a reevaluation, consistent with the Tariff, including Tariff, Attachment Q, of the credit of each Market Participant owing a Non-Performance Charge or Performance Payment Refund in connection with Winter Storm Elliott. This credit reevaluation will be contingent on the effect of the final Settlement Reduction Percentage on amounts owed. Collateral will be returned via the method the collateral was posted.

Collateral Return Timeframes:

- **Jan. 19, 2024** – Excess collateral originally posted as lump sum cash deposit or letter of credit in response to the Unreasonable Credit Risk (UCR) letter will be unrestricted on this date. The request for the return of collateral will follow PJM's collateral return process per Attachment Q via the PJM eCredit tool.
- **Feb. 5, 2024** – Excess collateral originally held back via the PJM invoice in response to the UCR letter will flow through the settlement process via the invoice issued on Jan. 30, 2024
- All remaining collateral will be returned in accordance with the UCR letter.
- What method will be used to return collateral to Market Participants?

Collateral will be returned in the same format in which it was originally posted in response to the Unreasonable Credit Risk (UCR) letter issued to the Market Participant. Collateral that was held back via the PJM invoice will flow through the settlement process (invoice and financial settlement thereof). Cash and Letter of Credit (LC) will follow the normal process for collateral returns.