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To: "TO_Cost_Allocation@pjm.com" <TO_Cost_Allocation@pjm.com>
Cc: REDACTED
Date: 08/06/2012 03:54 PM
Subject: Feedback on TO Cost Allocation Proposal

PJM Attachment H Transmission Owners,

In keeping with the request that has been made by the Attachment H Transmission Owners (TOs) for feedback on the proposed transmission cost allocation proposal, I would like to offer the following input on behalf of the PJM Public Power Coalition (PPC).

The PPC offers no input at this time on the features of the proposal agreed to already by the TOs (though this should not be construed as precluding any PPC Member individually making comment at FERC in response to the eventual filing), but the PPC does have input on the ongoing discussion related to the frequency of re-calculating the "solution-based" DFAX cost allocation. The PPC would recommend that the TOs implement an annual re-calculation of the DFAX. The logic for this recommendation is based on the belief, supported by comments from PJM staff, that re-calculating the DFAX on an annual basis is unlikely to result in dramatic volatility in transmission rates; volatility that the PPC supports avoiding if possible. In fact, it seems more likely that updating the DFAX with several year gaps is more likely to accumulate topology changes that might add up to a more significant rate change, whereas an annual re-calculation will result in a more smooth incremental shift in the rates over time.

HOWEVER, should the TOs elect a methodology that has the DFAX re-calculated in an increment greater than 5 years, then the PPC would recommend that an appeal process be incorporated into the design. This appeal process would allow any PJM member that believes, and can persuasively document, that topology changes since the last DFAX calculation have been significant, an opportunity to argue for a re-calculation outside of the normal cycle be allowed.

Example: The TOs decide that the normal cycle is to recalculate the DFAX every 6 years (i.e. greater than 5 years). If 4 years into the cycle, a member believes that some major upgrades have occurred since the last DFAX calculation that would significantly change the DFAX allocation, then this appeal will be given due consideration for conducting an out of cycle re-calculation.

Thank-you for your consideration of these recommendations.

Sincerely on behalf of the PJM Public Power Coalition,

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