

# SECA (Seams Elimination Charge/Cost Adjustment/Assignment)



Market Settlements Subcommittee  
February 22, 2017  
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- **SECA: Seams Elimination Charge/Cost Adjustment/Assignment**
  - A transitional charging mechanism to recover lost revenue of the PJM/MISO TOs due to the elimination of through-and-out (Point-to-Point) transmission rates across the PJM/MISO boundary and within PJM
    - FERC said border revenues were unjust because pancaked border charges impacted the market
  - Applicable period is December 1, 2004 to March 31, 2006 (16 months)
- **Began with FERC proceeding from 2002 to 2004 related to New PJM Companies' RTO choices**
- **FERC ordered SECA for PJM and MISO in November 2004**
- **PJM and MISO TOs made compliance filings and collected SECA from LSEs based on border transactions made during the test years (2002-2003)**
  - Over 127 LSEs (many in multiple subzones) paid SECA to 41 TOs subject to refund
- **Hearings were held with an initial decision by ALJ in 2006**
- **FERC issued two orders on May 21, 2010**
  - Order on Rehearing denied all rehearing requests
  - Order on Initial Decision affirmed in part and reversed in part the ALJ's March 10, 2006 Partial Decision and the August 10<sup>th</sup>, 2006 Initial Decision

- **FERC's 2010 Order on ID required certain adjustments to SECA claims**
- **The PJM and MISO TOs submitted compliance filings with revised Tariff sheets on August 19, 2010**
- **On April 9, 2015, the U.S. Court of Appeals for the DC circuit issued a judgment on the only remaining court appeal (Constellation)**
  - **Dismissed in part and denied in part a petition for review of certain SECA matters**
- **This put FERC in a better position to issue orders on the PJM and MISO TO compliance filings**
- **Determining compliance refunds is a complicated and substantial effort**
- **The PJM TOs with the assistance of Steve Henderson (CRA Consulting) had developed a refund model in anticipation of FERC's Order**
- **In addition, there were over 70 approved SECA settlements among PJM/MISO TOs and LSEs dating back to 2006**
  - **Parties that have settled SECA claims should not receive refunds and need to be accounted for in the refund model**
  - **Most TOs have both SECA revenue claims (TO) and SECA payment obligations (LSE)**

- **On September 16, 2015, FERC issued an order on the PJM TO and MISO TO 2010 SECA compliance filings**
  - **Conditionally accepted the filings subject to further compliance filings**
  - **Hearing and settlement judge proceedings set to verify the identify of replacement suppliers for the North Star Steel and retail load at the MECS.SECO.CMSZ sink (formerly customers of Quest and CMS Energy)**
  - **MISO and PJM to make further compliance filings within 90 days to reflect Hoosier's SECA obligation to the extent not otherwise settled**
  - **MISO and PJM to submit detailed reports showing refunds and/or surcharges within 90 days**
- **On November 19, 2015, FERC granted MISO's motion to extend the deadline for filing the refund report**
  - **Due 180 days after FERC issues final order on settlement/hearing issues**
- **On June 17, 2016, an Offer of Settlement was filed with the identity and respective SECA obligations of the new suppliers of the North Star Steel Company load and retail load at the MECS.DECO.CMSZ sink**
  - **180-day clock starts upon FERC's issuance of final order approving settlement**
- **Settlement was certified as uncontested and Chief Judge issued an order terminating settlement procedures on September 26, 2016**

- **On December 21, 2016, FERC issued its order approving the settlement**
  - **This date signifies the start of the 180-day clock for MISO and PJM to file the SECA refund report(s)**
    - **The filing due date for the refund report(s) is Monday, June 19, 2017**
- **Refund amounts should be included in the PJM/MISO bills for the month of May, posted on or around June 7, 2017**
  - **Refund reports are typically filed after the refunds have been billed**
- **In order for PJM/MISO to process May billing statements, final refund amounts need to be submitted to PJM/MISO in May**

- **An Excel model was developed that includes worksheets for LSE adjusted 2010 SECA obligations, actual payments, settlements, interest based on FERC rate, other adjustments and calculated refunds**
  - **LSE data for each PJM and MISO subzone**
  - **LSE data matched to each PJM and MISO TO**
  - **Calculations are done for each month in the 16 month billing period and then totaled**
  - **The model excludes refunds for parties that have already settled**
- **LSE Refunds Non-Settled = Actual Payments less Adjusted 2010 SECA Obligations**
  - **LSEs may have overpaid (refund from TO) or underpaid (payment to TO)**
- **Three major inputs are:**
  - **Adjusted 2010 SECA obligations (CRA Consulting)**
  - **Actual Payment Data (PJM Staff)**
  - **Settlement Parties (PJM TOs)**



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