



FERC EL05-121-009 Settlement Agreement

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Market Settlements Subcommittee
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- The following are assumptions to create a settlement example
 - FERC approves the settlement agreement on June 25, 2017
 - PJM agrees to begin billing the settlement agreement in the July bill issued in August 2017
- Settlement Example
 - Consider a single project billed at \$12,000,000 / year or \$1,000,000 / month
 - Charges are allocated to 5 zones



Current Transmission Enhancement Charges (BLI 1108)

- Monthly charge allocation – January 2016 through June 2017
 - Charges allocated on Load Ratio Share basis

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



Recovery Charges for Covered Transmission Enhancement Projects

- Effective July 2017

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

- Aggregate differences plus interest between January 1, 2016 and the Implementation Date issued as monthly charges or credits
- Monthly charges or credits are equal to the total aggregate difference divided by the fewer of 12 or the number of months between January 1, 2016 and the Implementation Date
- In our example, the number of months is 18, January 2016 through June 2017



Recovery Charges for Covered Transmission Enhancement Projects

- The aggregate difference plus interest for January 2016 through June 2017 will be billed on a monthly basis starting July 2017 through June 2018 as a monthly adjustment to BLI 1108.

	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
Monthly Billing Adjustment	-	\$112,500	(\$187,500)	\$37,500	\$37,500

$(\$75,000 * 18) / 12$

Adjustment will be \$75,000 on each monthly report from Jan 2016 through June 2017

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

- Using the settlement example:
 - Normal billing for BLI 1115 will begin in the July 2017 bill
 - Charges and credits plus interest for January 2016 through June 2017 will be billed on a monthly basis starting July 2017 through June 2018.



Transmission Enhancement Charge Adjustments

- Assume Zone A has a \$24,000 monthly charge for the TEC Adjustment
- PJM will maintain monthly billing to clearly identify retroactive adjustments

Bill Month	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018
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
Retroactive Month	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	Jun 2016	Jul 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Dec 2016	
Retroactive 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	
Retroactive Month	Jan 2017	Jan 2017	Feb 2017	Feb 2017	Mar 2017	Mar 2017	Apr 2017	Apr 2017	May 2017	May 2017	Jun 2017	Jun 2017	
Retroactive Monthly Charge	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	
Total Monthly Charge	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$24,000

Will include interest



TEC Adjustments - Other option to reduce interest

- Bill the oldest months first to reduce overall interest payments

Bill Month	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018
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
Retroactive Month	Jan 2016	Mar 2016	Apr 2016	Jun 2016	Jul 2016	Sep 2016	Oct 2016	Dec 2016	Jan 2017	Mar 2017	Apr 2017	Jun 2017	
Retroactive 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	
Retroactive Month	Feb 2016	Feb 2016	May 2016	May 2016	Aug 2016	Aug 2016	Nov 2016	Nov 2016	Feb 2017	Feb 2017	May 2017	May 2017	
Retroactive Monthly Charge	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	
Total Monthly Charge	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$24,000

Will include interest

- The following are assumptions to create a settlement example
 - FERC approves the settlement agreement on December 22, 2017
 - PJM agrees to begin billing the settlement agreement in the January 2018 bill issued in February 2018
- Settlement Example
 - Consider a single project billed at \$12,000,000 / year or \$1,000,000 / month
 - Charges are allocated to 5 zones

- Monthly charge allocation – January 2016 through December 2017
 - Charges allocated on Load Ratio Share basis

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



Recovery Charges for Covered Transmission Enhancement Projects

- Effective January 2018

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

- Aggregate differences plus interest between January 1, 2016 and the Implementation Date issued as monthly charges or credits
- Monthly charges or credits are equal to the total aggregate difference divided by the fewer of 12 or the number of months between January 1, 2016 and the Implementation Date
- In our example, the number of months is 24, January 2016 through December 2017.



Recovery Charges for Covered Transmission Enhancement Projects

- The aggregate difference plus interest for January 2016 through December 2017 will be billed on a monthly basis starting January 2018 through December 2018 as a monthly adjustment to BLI 1108.

	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
Monthly Billing Adjustment	-	\$150,000	(\$250,000)	\$50,000	\$50,000

$(\$75,000 * 24) / 12$

Adjustment will be \$75,000 on each monthly report from Jan 2016 through December 2017

- Using the settlement example:
 - Normal billing for BLI 1115 will begin in the January 2018 bill
 - Charges and credits plus interest for January 2016 through December 2017 will be billed on a monthly basis starting January 2018 through December 2018.



Transmission Enhancement Charge Adjustments

- Assume Zone A has a \$24,000 monthly charge for the TEC Adjustment
- PJM will maintain monthly billing to clearly identify retroactive adjustments

Bill Month	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 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
Retroactive Month	Jan 2016	Mar 2016	May 2016	Jul 2016	Sep 2016	Nov 2016	Jan 2017	Mar 2017	May 2017	Jul 2017	Sep 2017	Nov 2017	
Retroactive 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	
Retroactive Month	Feb 2016	Apr 2016	Jun 2016	Aug 2016	Oct 2016	Dec 2016	Feb 2017	Apr 2017	Jun 2017	Aug 2017	Oct 2017	Dec 2017	
Retroactive 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	
Total Monthly Charge	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$24,000

Will include interest

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 Monthly TEC Adjustments (\$)	TOT_MON_TEC_ADJUST	1115.11	NUMBER(22,2)
Total Monthly TEC Interest Amount (\$)	TOT_MON_TEC_INTEREST	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 Monthly TEC Adjustments (1115.11) + Total Monthly TEC Interest Amount (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 Monthly TEC Adjustments (1115.11) + Total Monthly TEC Interest Amount (1115.12)