



# Schedule 9-2

Lisa Drauschak

Members Committee

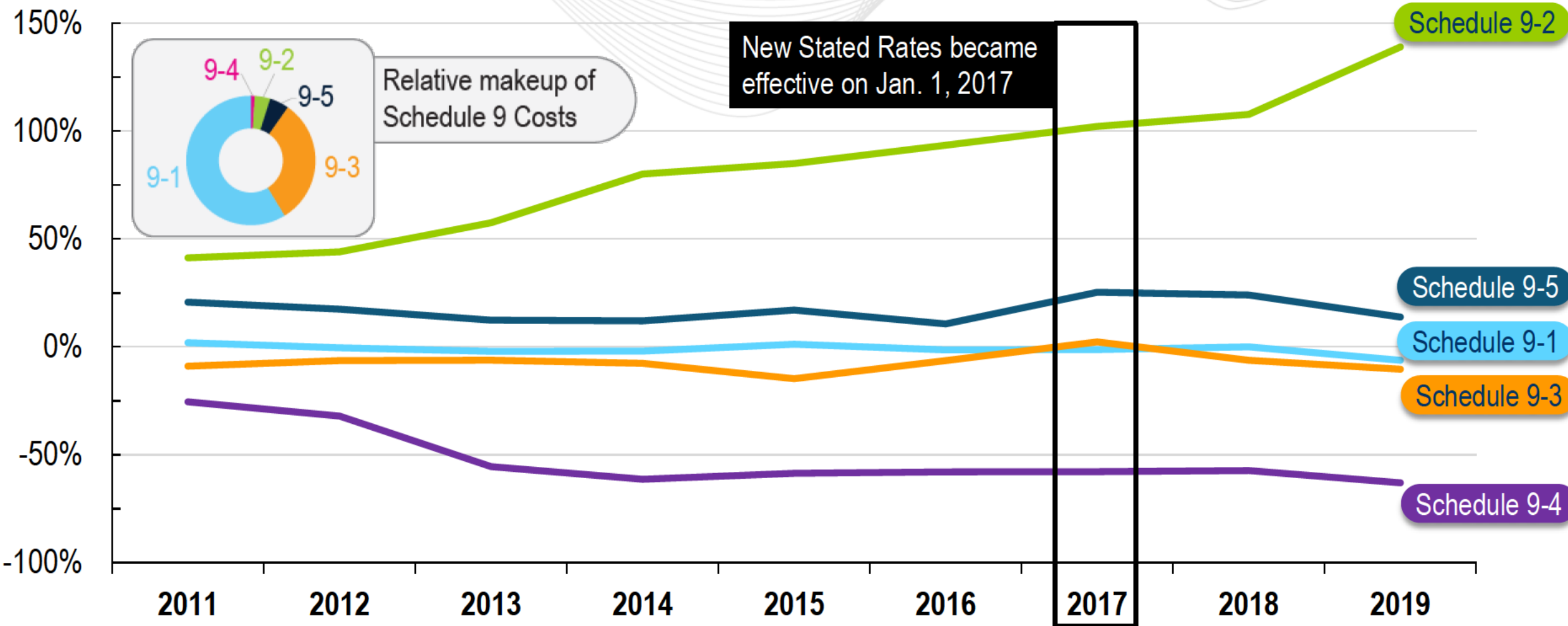
September 17, 2020

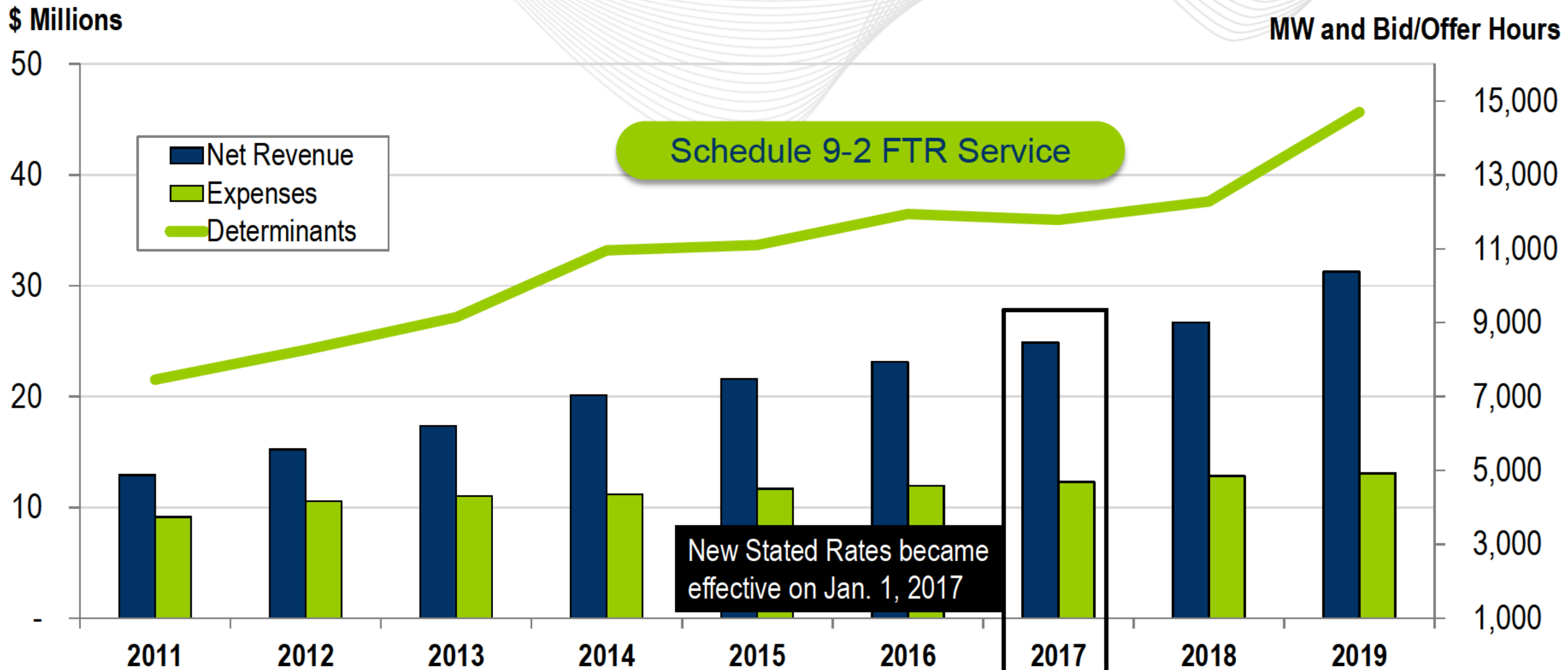
- PJM recovers its operating expenses through Schedule 9 of the Tariff.
- Each schedule is tied to a billing determinant.
- 90% of Schedule 9 revenue is tied to actual load times and a transmission factor. The remaining portion is correlated to transactional activity.
- Schedule 9-2 represents FTR billing volume and this activity has increased 97% since 2011.

**Schedule 9-2 FTR administration service revenues significantly exceed costs.** This over collection is due to an increase in the volume of FTR bidding activity.

**Schedule 9-2 determinants are significantly higher than assumptions used to build the current stated rates.** This has led to the imbalance of revenues and expenses for Schedule 9-2.

**Schedule 9-2 bidding activity is at the same level or higher than 2019.**





Current refund rates are based on fixed percentages that give more of the over collection to Schedules 9-1 and 9-3. These percentages were tied to gross revenues; however, very little over collection is occurring in these schedules over a 12-month period.

**Proposal**

Reset the refund percentages to allocate excess collections over a rolling 12-month period, based on service category net revenue.



## Pros

- Refunds are better correlated to over collections
- Lower risk of revenue inadequacy as it only refunds excess collections
- Interim solution until new rates and/or rate structure is completed in 2021

## Cons

May impact all Schedule 9 customers

**Recommendation** - amend the Schedule 9 refund mechanism to allocate excess collections based on service category net revenue.

- PJM Management recommends moving forward with this recommendation
- PJM Finance Committee Member Representatives endorsed moving forward with recommendation on 9/9/2020





*\* Movement to the Members Committee based on endorsement of the Finance Committee at 9/9/20 meeting.*

*\*\* Filing would occur if endorsed by members.*

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**Schedule 9-2**



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