



Schedule 9-2

Lisa Drauschak

Members Committee

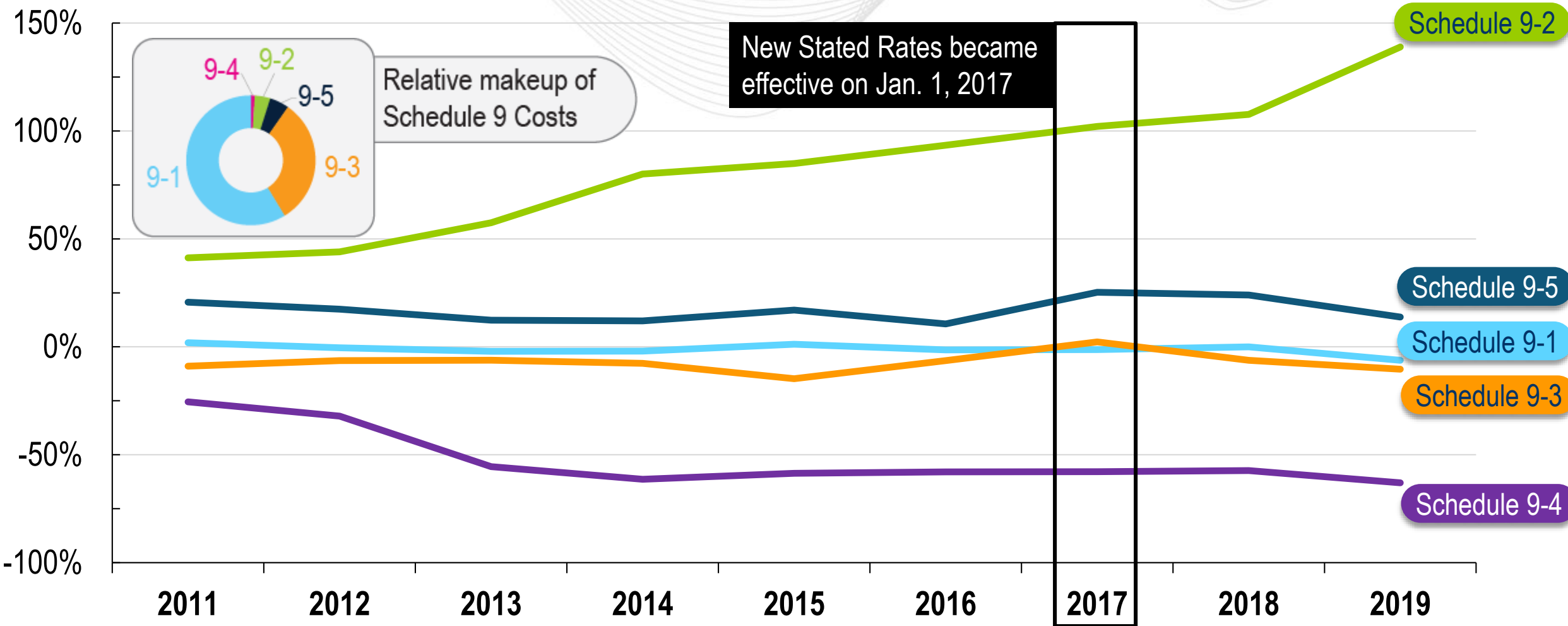
October 29, 2020

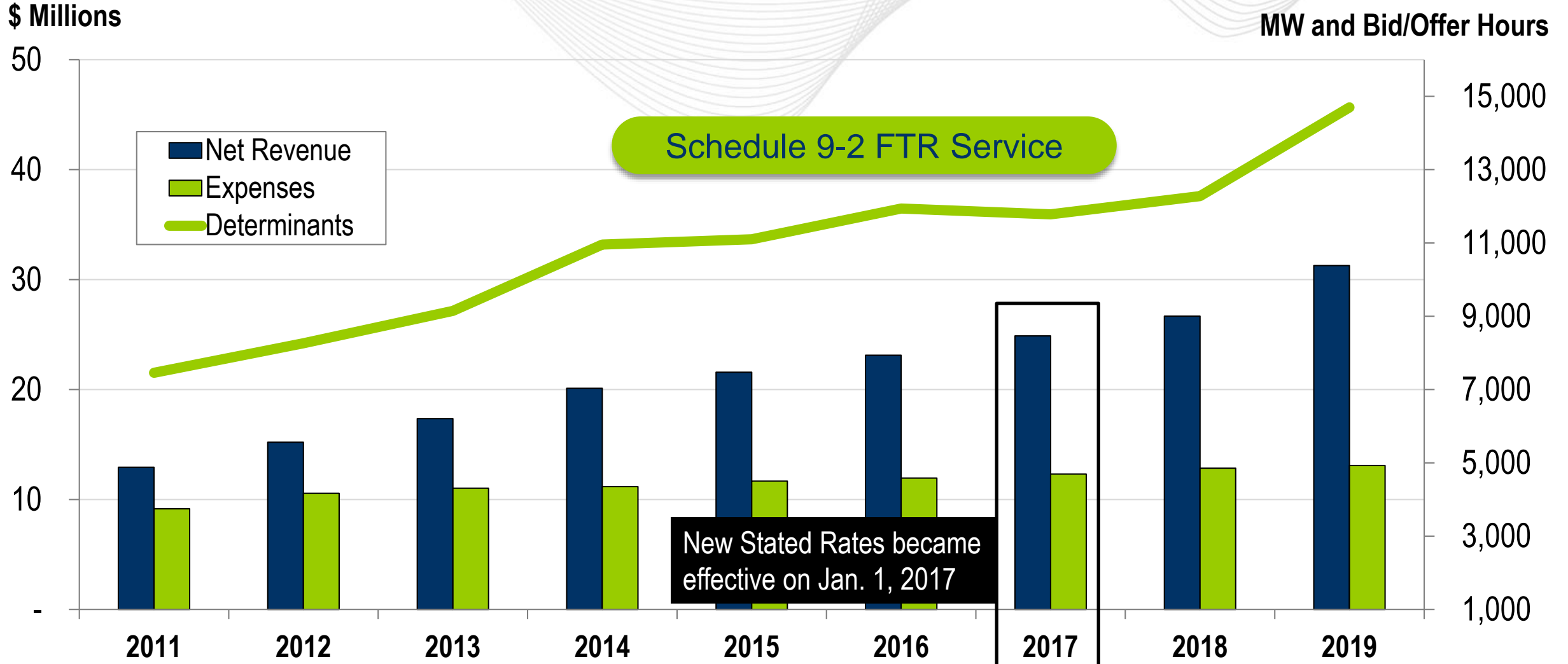
- PJM recovers its operating expenses through Schedule 9 of the Tariff.
- Each schedule is tied to a billing determinant.
- 90% of Schedule 9 revenue is tied to actual load times and a transmission factor. The remaining portion is correlated to transactional activity.
- Schedule 9-2 represents FTR billing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

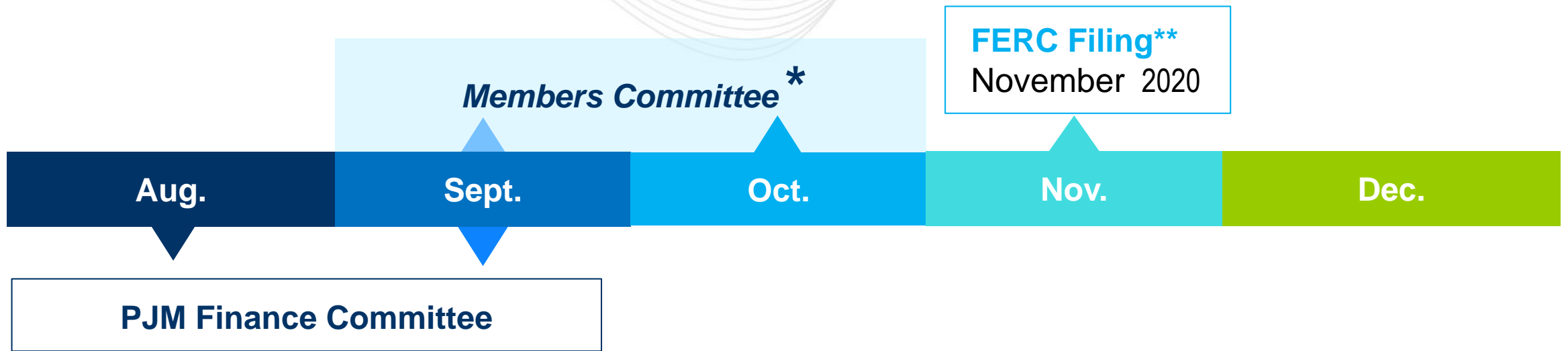
- Refunds are better correlated to over collections
- Lower risk of revenue inadequacy as it only refunds excess collections
- Interim solution until new rates and/or rate structure is completed in 2021

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.*

Facilitator:
Steve Lieberman,
slieberman@amppartners.org

Secretary:
Dave Anders,
davide.anders@pjm.com

SME/Presenter:
Lisa Drauschak, lisa.drauschak@
pjm.com

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Member Hotline

(610) 666 – 8980

(866) 400 – 8980

custsvc@pjm.com