

PMA Credit Requirements for NITS Charges

Problem / Opportunity Statement

In June 2015, the Public Utility Commission of Ohio (PUCO) approved moving Network Integration Transmission Service (NITS) and other transmission related charges to a non-bypassable rider for the Ohio markets, making NITS and other transmission related charges the billing, collection and remittance responsibility of the electric distribution company (EDC). Since that time, Competitive Retail Electric Supplier (CRES) providers in Ohio are no longer allowed to bill for, or collect NITS or any other transmission related charges from, end use customers in the Ohio service area.

Under the PJM Open Access Transmission Tariff (Tariff), Load Serving Entities (LSE) must enter into Network Integration Transmission Service Agreements to procure transmission service from Transmission Owners in the PJM Region to serve the load of their end use customers. Those LSEs are the responsible party for any associated credit requirements under Tariff, Attachment Q.

The issue is that CRES providers in the Ohio service area, who are considered LSEs under the Tariff, are obligated to satisfy the credit requirements under the Tariff associated with the NITS and other transmission related charges for which the EDC is held responsible under Ohio law. Therefore, today, the credit requirements do not reflect or consider the appropriate exposure for the responsible party as was approved by the PUCO in June 2015.

It is possible that other states may have similar laws in place, or may enact similar laws in the future.

This situation puts LSEs in those jurisdictions at a disadvantage with respect to having the responsibility for the applicable credit requirements in PJM although they have no responsibility for the underlying transmission service charges in the states in which they operate.