



PROPOSED ALLOCATION FOR MICHIGAN-ONTARIO PARS

Members Committee
4/26/2012

- FERC's Order on the Allocation of the Michigan-Ontario PARs (Lake Erie Loop Flow)
 - PJM was assigned costs for the Michigan-Ontario PARs under the MISO Tariff:
 - 49.6 percent to MISO
 - 19.5 percent to PJM
 - 30.9 percent to NY ISO
 - PJM is vigorously pursuing its Request for Rehearing to challenge the cost allocation.
 - PJM filed a Petition for Declaratory Order seeking FERC guidance as to how to recover the costs associated with the PARs.
 - FERC 's Declaratory Order invited PJM to make a section 205 filing.

- PJM is responsible to pay for the cost of the PARs once they are operational.
 - Operation commenced on April 5, 2012.
 - We expect to receive an invoice shortly
 - Consequently, PJM must make a section 205 filing in order to allocate the costs

- Substance of Section 205 Filing
 - Characterize the charges as “pass through” charges using existing billing determinants based on load ratio share, e.g., Schedule 10.
 - Currently there are two Schedules 10:
 - Schedule 10 – NERC Charge.
 - Schedule 10 - RFC Charge
 - Include Michigan-Ontario Charge as “Schedule 10 – Michigan – Ontario Interface (ITC PARs Charge).”
 - We expect monthly charges under this Schedule 10 at approximately \$200,000.

- 4/23/2012. PJM previewed this proposal with the Members Committee at the Members Committee Webinar.
- 4/26/2012. Due to the timeliness of this issue, PJM seeks endorsement by the MC on this first read.