

5.2 Network Integration Transmission Service Charges

A daily demand charge for Network Integration Transmission Service is calculated by PJM for each Network Customer, including TOs, for the Zone(s) in which the Network Load of the Network Customer is located. It is based on the Network Customer's daily network service peak load contribution (including losses), coincident with the zonal peak for the 12 months ending October 31 of the preceding year for each zone in which load is served. For non-zone network service, the customer pays the non-zone rate based on their load at the hour of the PJM regional peak for the 12 months ending October 31 of the preceding year. The preceding year's zonal peak load contributions are effective each January 1.

The zonal peak loads, effective January 1 of each year, are published on the PJM website no later than November 15 of the preceding year. Therefore, if a Transmission Owner wants to make any adjustments to the zonal peak loads that are to be effective as of January 1, they must provide the adjustments to PJM by November 10 of the preceding year. Any adjustments not provided to PJM by November 10 will not be reflected in the following year's zonal peak loads.

For Network Customers taking Network Integration Transmission Service under state required retail access programs, peak load contributions may change daily, and are expressed in tenths of a MW. These daily peak load contributions are submitted to PJM by the associated Electric Distribution Companies (EDCs) 36 hours prior to the day being billed, and may be corrected up to 12:00 PM Eastern Prevailing Time of the next business day following the Operating Day. These daily peak load contributions are then subtracted from the EDC's fixed peak load obligation to obtain the EDC's daily peak load contribution.

- The daily sum of all LSEs' Network Service Peak Load contributions including losses in a zone/area must equal the EDC's Network Service Peak Load allocation in the zone/area.
- A Network Service Peak Load Scaling Factor will be used to scale the uploaded LSE Network Service Peak Load values to the fixed Network Service Peak Load Allocation of the zone/area in the event that the Network Service Peak Load values uploaded by the EDC do not exactly sum to the Annual Network Service Peak Load Allocation for the zone/area.

Daily Network Service Peak Load Scaling Factor

$$= \frac{\text{Annual Zone Area Network Service Peak Load Allocation}}{\sum \text{Zone Area Network Service Peak Load Uploads}}$$

Network customers who are TOs do not actually pay themselves for use of their own transmission facilities. Network demand charges are shown on TOs' invoices only to identify their cost responsibility, as ordered by FERC, and they are offset by an equal amount of network service credits.

PJM Actions

- The PJM accounting process prepares a list of Network Customers.
- The PJM accounting process retrieves the following information:
 - Network Customer's daily peak load contribution (including losses) by zone
 - Zonal network integration transmission service rates (\$/MW-year)
- The PJM accounting process calculates the daily demand charge for each Network Customer (\$) for each zone in which load is served as follows:

$$\text{Sum of } \left(\frac{\text{Zonal Daily Peak Load Contribution} * \text{Annual Zonal Network Integration Transmission Service Rate}}{\text{Number of days per year}} \right)$$

- The PJM accounting process calculates the demand charge for each Network Customer (\$) by summing the daily charges.
- PJM calculates the negative charge offsets for the network customers in the Allegheny Power zone based on their peak load contribution and the applicable tariff rebate rate.
- PJM calculates the AEP RTO Startup Cost Recovery charges for the network and firm point-to-point transmission customers serving load in the AEP zone.