



Joint and Common Market

# **X. QUAD CITIES SETTLEMENT ADJUSTMENT UPDATE**



# Overview

- Purpose
  - This presentation summarizes settlement adjustments related to Quad Cities from April 2013 to February 2014
- Key Takeaways (Future Remedial Actions)
  - RTOs have taken steps to minimize the potential for future Quad Cities related settlement adjustments
  - RTOs developed a joint document to ensure consistent treatment with respect to Quad Cities Market Flow and FFE calculations
  - RTO staffs have been and will pay special attention to Quad Cities unit ownership % values utilized in the FFE calculation engine

# Adjustment #1

- Settlement Adjustment #1 is related to Market Flow
  - PJM and MISO utilized two different Quad Cities adjustments in order to calculate Market Flows from June 2013 to December 2013
  - PJM calculated Market Flows assuming all Quad Cities tags could be treated as unit specific exports and MISO calculated Market Flows assuming 25% of Quad Cities Real-time output should be treated as unit specific exports
  - PJM and MISO agreed that both RTOs should utilize 25% of Quad Cities units capability values as the unit specific exports & load specific imports adjustments
  - Market Flows for impacted Flowgates were recalculated from June 2013 to December 2013

# Adjustment #2

- Settlement Adjustment #2 is related to FFE calculation
  - In Feb, 2014 PJM and MISO observed a unit ownership % issue in the Allocation calculation (impacting FFE calculation)
  - FFE calculation should capture 75% of unit capability for PJM and 25% of unit capability for MISO (consistent with unit ownership agreement)
  - FFE calculation inadvertently changed from 75% PJM and 25% MISO to 100% PJM and 0% MISO from April 2013 to February 2014
  - PJM and MISO recalculated FFEs to correct this change

# Market Flow and FFE Settlement Adjustments

Month	Market Flow Adjustment #1	FFE Adjustment #2	Total Adjustments
April 2013		\$258,168.21	\$258,168.21
May 2013		\$1,409,040.69	\$1,409,040.69
June 2013	\$73,458.04	\$737,909.32	\$811,367.36
July 2013	\$196,962.09	\$714,867.36	\$911,829.45
August 2013	\$331,184.43	\$524,451.79	\$855,636.22
September 2013	\$64,007.46	\$787,677.20	\$851,684.66
October 2013	\$447,341.96	\$1,299,495.22	\$1,746,837.18
November 2013	\$193,402.60	\$253,402.13	\$446,804.73
December 2013	\$132,012.69	\$206,529.57	\$338,542.26
January 2014		\$2,848,865.81	\$2,848,865.81
February 2014		\$896,235.87	\$896,235.87
<b>TOTAL</b>	<b>\$1,438,369.27</b>	<b>\$9,936,643.17</b>	<b>\$11,375,012.44</b>

**PJM will pay MISO ~\$11.3 Million for both Market Flow and FFE**



# Settlement Payment Time Line

- PJM and MISO agreed to break down the payments in to 4 different invoices
  - Invoice #1 : April 2013 – May 2013 (2012/2013 Planning Year)
  - Invoice #2 : June 2013 – August 2013 (2013/2014 Planning Year 1<sup>st</sup> Quarter)
  - Invoice #3 : September 2013 – November 2013 (2013/2014 Planning Year 2<sup>nd</sup> Quarter)
  - Invoice #4 : December 2013 – February 2013 (2013/2014 Planning Year 3<sup>rd</sup> Quarter)

Invoice #	PJM Bill to Collect Adjustment from PJM Members	Incremental Collection	MISO Invoice to PJM no earlier than
1	November 2014	~\$1.7 Million	12/15/2014
2	December 2014	~\$2.6 Million	1/20/2015
3	January 2015	~\$3 Million	2/17/2015
4	February 2015	~\$4 Million	3/16/2015

# Future Remedial Actions

- RTOs agree that Quad Cities adjustments should be consistently applied in the Market Flow and FFE calculations
- RTOs developed a joint document describing the method in which RTOs would apply consistency:
  - RTOs will utilize Quad Cities ICAP(Installed Capacity) value as the unit capability measure
  - RTOs will calculate FFEs by allocating 75% of QC ICAP to PJM and 25% of QC ICAP to MISO
  - RTOs will calculate Market Flows by allocating up to 25% of QC ICAP as the unit specific exports for PJM and load specific imports for MISO
  - RTOs will share the ICAP value in Real-time so that both RTOs will be always utilizing the same exact ICAP value to derive the calculations
- RTO staffs have been and will continue to pay close attention to the Quad Cities ownership shares utilized in the FFE calculation engine