



InSchedule and eMTR deadlines

June 18, 2013

Market Settlements Subcommittee

- eMTR external tie and dynamically scheduled generation data required to support NERC Standard BAL-006-2 Inadvertent Interchange (Requirement #4 below)

R4. Adjacent Balancing Authority Areas shall operate to a common Net Interchange Schedule and Actual Net Interchange value and shall record these hourly quantities, with like values but opposite sign. Each Balancing Authority shall compute its Inadvertent Interchange based on the following:

R4.1. Each Balancing Authority, by the end of the next business day, shall agree with its Adjacent Balancing Authorities to:

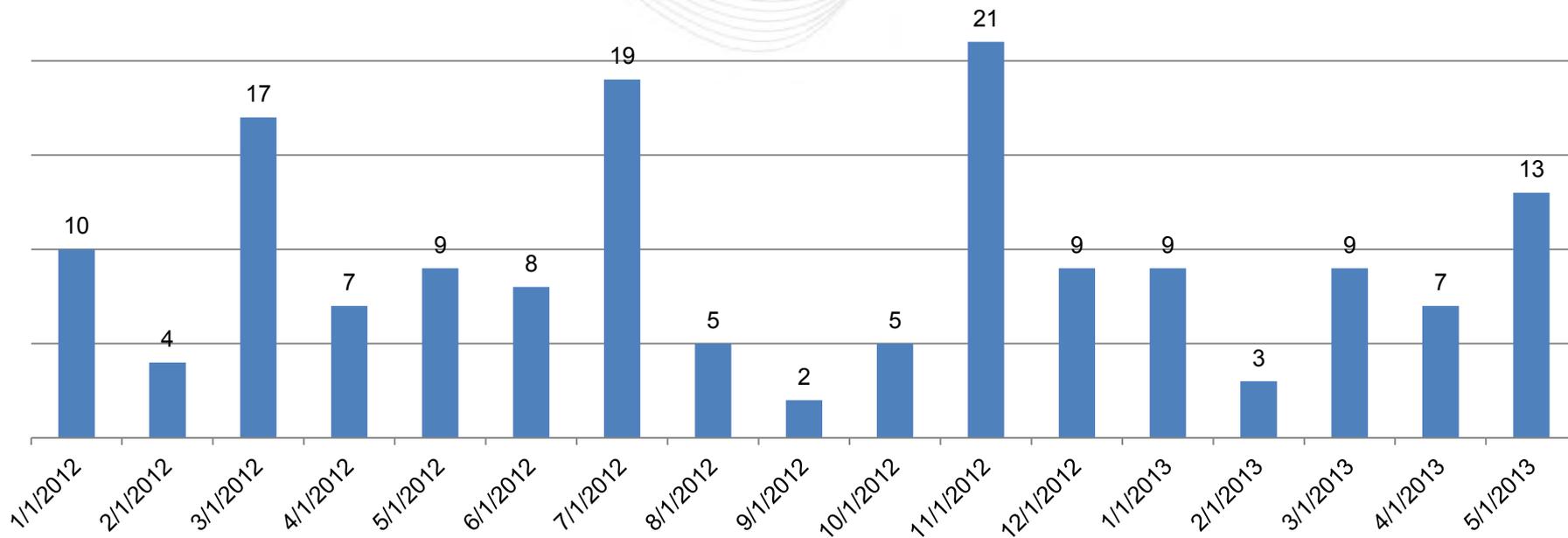
R4.1.1. The hourly values of Net Interchange Schedule.

R4.1.2. The hourly integrated megawatt-hour values of Net Actual Interchange.

- After the eMTR deadline, the Actual and Interchange Summaries are sent to adjacent control areas once the data is inclusive for all 24 hours.
 - To support control areas in the central time zone, the summaries are sent after the eMTR deadline has passed for the Operating Day and the Operating Day + 1.
- If a control area finds a discrepancy within the numbers, PJM is notified.
- PJM then reviews any and all data pertaining to the discrepancy and sends a response in a timely manner with details of the findings. Any necessary revisions are then made and an updated actual or interchange file is re-sent.

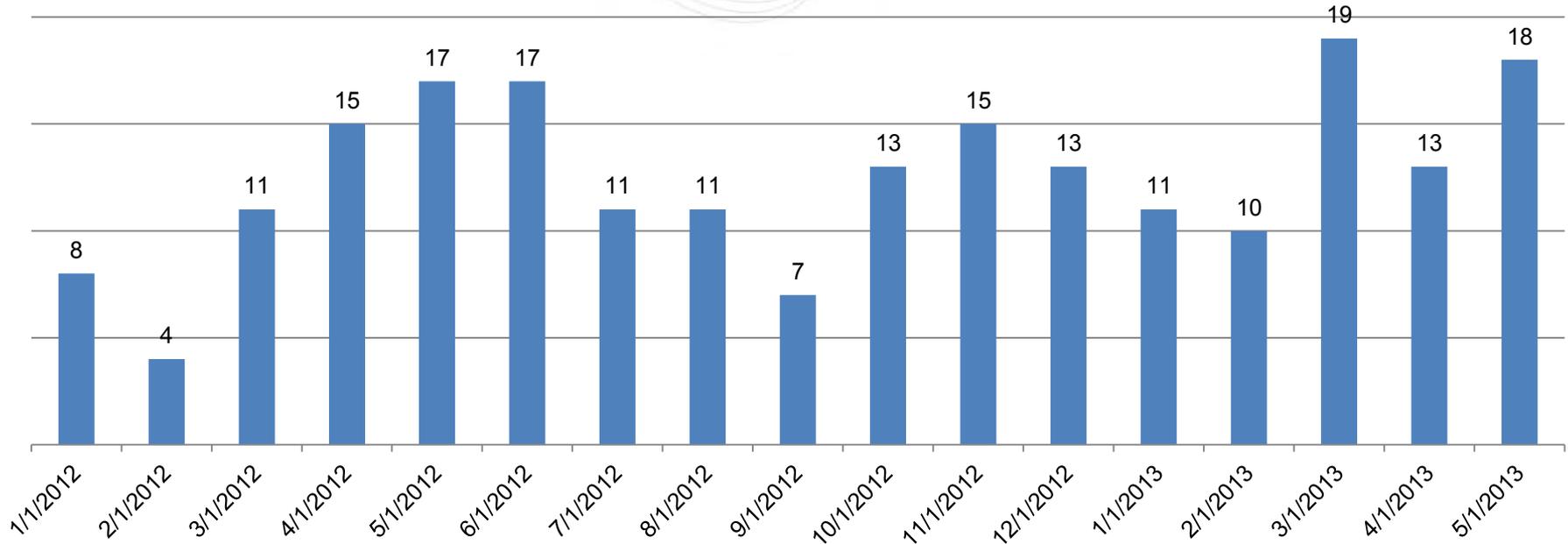
- PJM must respect the weekly billing schedule, and will only make post-deadline eMTR & InSchedule corrections once the MSRS Report Preservation Period has ended in a given week.
- Generally, the length of time it takes for PJM to receive all necessary eMTR & InSchedule data from participants is 1 business day.
- Processing Energy, Congestion and Losses billing in the PJM settlement system takes, on average, 2 ½ hours per trade date.
- Processing Ancillary Service billing in the PJM settlement system takes, on average, 30 minutes per trade date.

Number of Days with Post-Deadline eMTR Update

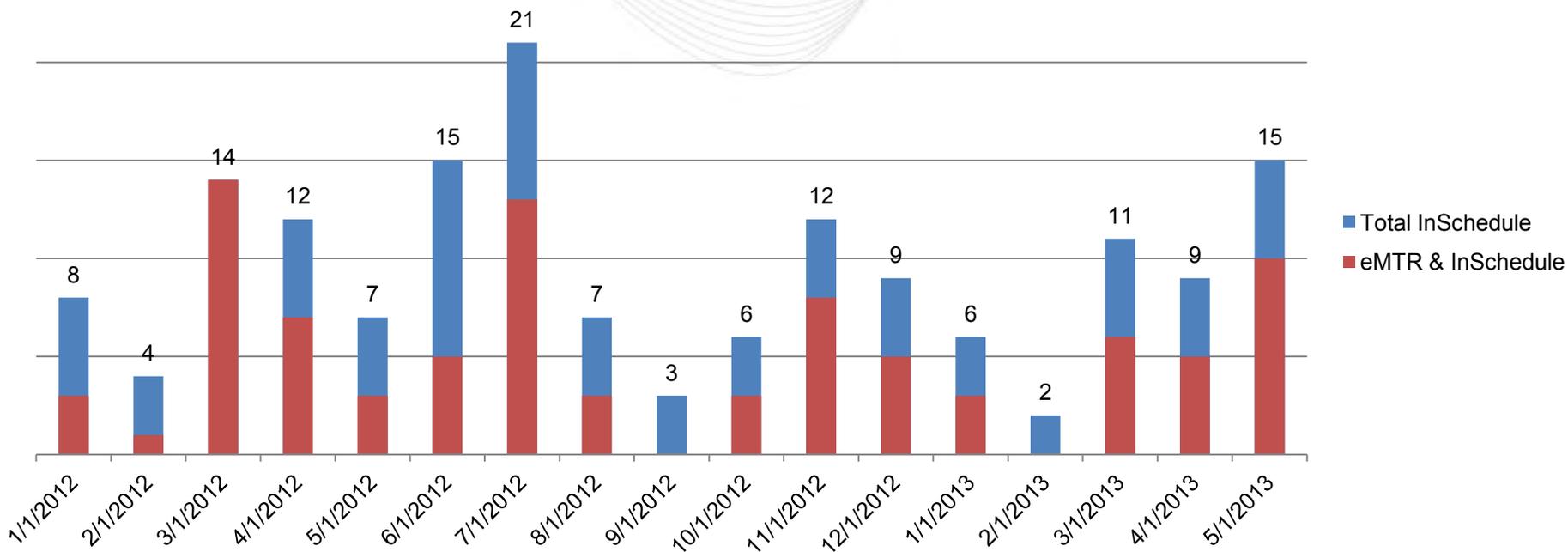


PJM InSchedule post-deadline information

Number of Days with Extended InSchedule Deadline



Number of Days with Post-Deadline InSchedule Update



- Revisions to the financial settlement timeline would necessitate changes to the OA and OATT requiring FERC approval.
 - PJM could support stakeholder endorsed and FERC approved changes
- PJM Credit uses Market Settlements data to calculate credit requirements
 - Delaying meter reads by one day would result in one additional day delay in information receipt, and would therefore add one additional day of credit exposure for the PJM membership
 - Mitigation of this type of exposure would require reduction of the Working Credit Limit (WCL) factor such as from 75% to 70%
 - Delaying financial settlement by one day would increase the overall exposure period for settlement defaults
 - Mitigation of this type of exposure would require increase in the Peak Market Activity (PMA) credit requirement such as from 3 weeks to 3.2 weeks

- Financial settlement - potential impacts of delaying invoice delivery by one day
 - Compressed time horizon causes all net buyers to have less time to process and pay invoices
 - Increases likelihood that there would be short payments to net sellers since compressed time horizon will likely result in late payments from net buyers
 - Any less than 2 full business days for payment may cause regulatory issues for cooperatives and municipalities
- Financial settlement - potential impacts of delaying settlement by one day
 - Causes all net sellers in PJM's marketplace to be paid one day later
 - Increases likelihood that there would be short payments to net sellers since a day delay pushes payments due from net buyers to a Monday instead of Friday and loses the weekend recovery typically seen after Breach Notices are sent on Friday