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August 17, 2017

The Honorable Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

*Re: PJM Interconnection, L.L.C., Docket No. ER17-2320-000  
Proposed Revisions To Settlement Provisions Related to Pseudo-Tie Generators*

Dear Secretary Bose:

PJM Interconnection, L.L.C. (“PJM”), pursuant to section 205 of the Federal Power Act (“FPA”), 16 U.S.C. § 824d, and the Federal Energy Regulatory Commission’s (“Commission”) Regulations, 18 C.F.R. Part 35, hereby submits proposed revisions to the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”), Schedule 1, and the identical provisions of PJM Open Access Transmission Tariff (“Tariff”), Attachment K-Appendix<sup>1</sup> to allow meter correction data to be submitted for Pseudo-Tie<sup>2</sup> generator and Dynamic Schedule transactions.<sup>3</sup> This filing will provide Pseudo-Tie generators and Dynamic Schedules the ability to submit meter corrections, and was approved by PJM’s stakeholders by acclamation. Moreover, although various filings related to arrangements with PJM’s bordering

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<sup>1</sup> Because Tariff, Attachment K-Appendix and Operating Agreement, Schedule 1 are identical, for convenience, PJM will reference only the Operating Agreement, Schedule 1 throughout this letter.

<sup>2</sup> All capitalized terms that are not otherwise defined herein shall have the same meaning as they are defined in the Tariff, Operating Agreement, or Reliability Assurance Agreement Among Load Serving Entities (“RAA”).

<sup>3</sup> PJM’s governing documents define Pseudo-Tie and Dynamic Schedule as such terms are defined in the NERC Glossary of Terms. The NERC Glossary of Terms defines a Pseudo-Tie as “[a] time-varying energy transfer that is updated in Real-time and included in the Actual Net Interchange term (NIA) in the same manner as a Tie Line in the affected Balancing Authorities’ control ACE equations (or alternate control processes),” and defines a Dynamic Schedule as: “[a] time-varying energy transfer that is updated in Real-time and included in the Scheduled Net Interchange (NIS) term in the same manner as an Interchange Schedule in the affected Balancing Authorities’ control ACE equations (or alternate control processes).” See Glossary of Terms Used in NERC Reliability Standards (Aug. 1, 2017) (available at [http://www.nerc.com/files/glossary\\_of\\_terms.pdf](http://www.nerc.com/files/glossary_of_terms.pdf)).

entities concerning Pseudo-Ties are pending before the Commission<sup>4</sup> or are expected to be filed in the near future, this filing does not in any way relate to such proceedings. Further, in accordance with the 60-day notice requirement in section 35.3(a)(1) of the Commission's Regulations, PJM respectfully asks the Commission to issue an order accepting these proposed revisions on or before October 16, 2017, with an effective date of November 1, 2017.

## **I. BACKGROUND AND NEED FOR FILING**

Market Sellers of generators located within the PJM Region and electric distribution companies with tie points<sup>5</sup> are eligible to submit meter corrections at the end of each month, which then result in a positive or negative charge to the Market Seller or electric distribution company. Meter corrections allow PJM to more accurately account for and bill Market Sellers and electric distribution companies for the actual amount of electricity their resources produce or consume in a given month. However, this treatment is not currently available for Pseudo-Tie generators and Dynamic Schedules.

The revisions proposed herein seek to provide Pseudo-Tie generators and Dynamic Schedules the ability to submit meter corrections. The proposed revisions also define how the applicable meter correction charge (positive or negative) is calculated for Pseudo-Tie generators and Dynamic Schedules (whether they are imports or exports), respectfully. The proposed revisions are just and reasonable because they will treat Market Sellers of Pseudo-Tie generators and Dynamic Schedules in a comparable manner to generators located within the PJM Region and tie points between electric distribution companies by giving them the ability to submit meter

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<sup>4</sup> See e.g. PJM Interconnection, L.L.C., *Proposed Revisions to Joint Operating Agreement between PJM and MISO*, Docket No. ER17-2218-000 (Aug. 1, 2017).

<sup>5</sup> "Tie points" refer to the metered boundaries between two electric distribution companies that are modelled by PJM.

correction data. This will in turn result in more accurate accounting and billing for the energy actually produced by these generators and consumed by electric distribution companies.

## II. PROPOSED REVISIONS

PJM proposes the following revisions to Operating Agreement, Schedule 1, section 3.6.1:

Metering errors and corrections will be reconciled at the end of each month by a meter correction charge (positive or negative). The monthly meter correction charge for tie meter corrections shall be the product of the positive or negative deviation in energy amounts, ~~times~~ and the load weighted average real-time Locational Marginal Price for all hours of that month for all load buses in the PJM Region. The monthly meter correction charge for generator meter corrections, including Pseudo-Tie generator imports into the PJM Region, shall be the product of the positive or negative deviation in energy amounts, ~~times~~ and the generation weighted average Locational Marginal Price at that generator's bus for all hours of that month.

The monthly meter correction charge for Dynamic Schedule imports into the PJM Region, and non unit-specific Dynamic Schedule exports out of the PJM Region, shall be the product of the positive or negative deviation in energy amounts and the Dynamic Schedule's weighted average interface real-time Locational Marginal Price at the applicable Interface Pricing Point for all hours of that month.

The monthly meter correction charge for Pseudo-Tie generator exports and unit-specific Dynamic Schedule exports out of the PJM Region shall be the product of the positive or negative deviation in energy amounts and the difference between the weighted average interface real-time Locational Marginal Price at the applicable Interface Pricing Point, and the generation weighted average Locational Marginal Price at that generator's bus, for all hours of that month.

These revisions explain the different methodologies used for calculating the monthly meter correction charges for Pseudo-Tie generator imports and exports, as well as Dynamic Schedule imports and exports. The methodologies differ because the particular types of Dynamic Transfers (which refer to both Pseudo-Ties and Dynamic Schedules) have different characteristics.

The first paragraph describes how meter corrections for Pseudo-Tie generator imports are calculated using the same methodology as generator meter corrections for generators that are

located within the PJM Region. Meter corrections for Pseudo-Tie generator imports are calculated in this manner because Pseudo-Tie generator imports are modelled in the same manner as generators that are located within the PJM Region.

The second paragraph describes the meter correction for Dynamic Schedule imports into the PJM Region, and non unit-specific Dynamic Schedule exports out of the PJM Region. These Dynamic Schedule types are non unit-specific in nature and have the same calculation for meter corrections because each type of Dynamic Schedule is settled in the energy market as a transaction at the applicable Interface Pricing Point. These types of Dynamic Transfers differ from Pseudo-Tie generator imports in that they are not modelled in the same manner as generators that are located within the PJM Region, and thus the metering corrections should be calculated differently.

The third paragraph describes the meter correction for Pseudo-Tie generator exports and unit-specific Dynamic Schedule exports. These types of exports are both unit-specific in nature, and are charged congestion and losses to get from a point internal to PJM to the applicable Interface Pricing Point. These charges are not applicable to Dynamic Schedule imports into the PJM Region and non unit-specific Dynamic Schedule exports described in the second paragraph because such Dynamic Transfers are non unit-specific. Given that the Dynamic Transfers described in the second paragraph are non unit-specific and the Dynamic Transfers described in the third paragraph are unit-specific, different meter correction methodologies are necessary.

Next, PJM is proposing minor changes to Operating Agreement, Schedule 1, section 3.6.4, which discusses the allocation of meter correction charges between Control Areas:

**Meter Corrections Between Control Areas.** An error between accounted for and metered interchange between a Party in the PJM Region and an entity in a Control

Area other than the PJM Region shall be corrected by adjusting the hourly meter readings. If this is not practical, the error shall be accounted for by a correction at the end of the billing cycle. The Market Participant with ties or Dynamic Transfers with ~~to~~ such other Control Area experiencing the error shall account for the full amount of the discrepancy. However, if the meter correction applies to a tie on the 500 kV system between the PJM Pre-Expansion Zones (excluding Allegheny Power) and other Control Areas, Electric Distributors that report hourly net energy flows from metered Tie Lines in the Pre-Expansion Zones (excluding Allegheny Power) shall account for the full amount of the discrepancy in proportion to the load consumed in their territories. The appropriate debit or credit shall be applied among Network Service Users in proportion to their deliveries to load served in the PJM Region. The Office of the Interconnection will adjust the actual or scheduled interchange between the other Control Area and the PJM Region to maintain a proper record of inadvertent energy flow.

The revisions proposed in this section are needed to clarify that meter corrections for all Dynamic Transfers will be allocated to load in the same manner as all other meter corrections between Control Areas.

### **III. STAKEHOLDER PROCESS**

On May 25, 2017, the PJM Markets and Reliability Committee endorsed the proposed revisions to the Tariff and Operating Agreement described herein by acclamation with no objections or abstentions. At its meeting held June 22, 2017, the PJM Members Committee endorsed and approved the proposed revisions to the Tariff and Operating Agreement by acclamation with no objections or abstentions.

### **IV. PROPOSED EFFECTIVE DATE**

In accordance with the 60-day notice requirement in section 35.3(a)(1) of the Commission's Regulations, PJM respectfully asks the Commission to issue an order accepting these proposed revisions on or before October 16, 2017, with an effective date of November 1, 2017.

## V. CORRESPONDENCE AND COMMUNICATIONS

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Vice President – Federal Government Policy  
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## VI. DOCUMENTS ENCLOSED

PJM encloses with this transmittal letter:

Attachment A – redline version of the revised sections to the electronic tariff; and  
Attachment B – clean version of the revised sections to the electronic tariff.

## VII. SERVICE

PJM has served a copy of this filing on all PJM Members and on all state utility regulatory commissions in the PJM Region by posting this filing electronically. In accordance with the Commission's regulations,<sup>6</sup> PJM will post a copy of this filing to the FERC filing section of its internet site, located at the following link: <http://www.pjm.com/documents/ferc-manuals/ferc-filings.aspx> with a specific link to the newly-filed document, and will send an e-mail on the same date as this filing to all PJM Members and all state utility regulatory commissions in the PJM Region<sup>7</sup> alerting them that this filing has been made by PJM and is available by following such link. If the document is not immediately available by using the referenced link, the document

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<sup>6</sup> See 18 C.F.R §§ 35.2(e) and 385.2010(f)(3).

<sup>7</sup> PJM already maintains, updates, and regularly uses e-mail lists for all PJM Members and affected state commissions.

The Honorable Kimberly D. Bose, Secretary  
August 17, 2017  
Page 7

will be available through the referenced link within 24 hours of the filing. Also, a copy of this filing will be available on the FERC's eLibrary website located at the following link: <http://www.ferc.gov/docs-filing/elibrary.asp> in accordance with the Commission's regulations and Order No. 714.

Respectfully submitted,



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# Attachment A

## Revisions to the PJM Open Access Transmission Tariff and PJM Operating Agreement

(Marked / Redline Format)

Section(s) of the  
PJM Open Access Transmission Tariff  
(Marked / Redline Format)

### **3.6 Metering Reconciliation.**

#### **3.6.1 Meter Correction Billing.**

Metering errors and corrections will be reconciled at the end of each month by a meter correction charge (positive or negative). The monthly meter correction charge for tie meter corrections shall be the product of the positive or negative deviation in energy amounts, ~~times and~~ the load weighted average real-time Locational Marginal Price for all hours of that month for all load buses in the PJM Region. The monthly meter correction charge for generator meter corrections, including Pseudo-Tie generator imports into the PJM Region, shall be the product of the positive or negative deviation in energy amounts, ~~times and~~ the generation weighted average Locational Marginal Price at that generator's bus for all hours of that month.

The monthly meter correction charge for Dynamic Schedule imports into the PJM Region, and non unit-specific Dynamic Schedule exports out of the PJM Region, shall be the product of the positive or negative deviation in energy amounts and the Dynamic Schedule's weighted average interface real-time Locational Marginal Price at the applicable Interface Pricing Point for all hours of that month.

The monthly meter correction charge for Pseudo-Tie generator exports and unit-specific Dynamic Schedule exports out of the PJM Region shall be the product of the positive or negative deviation in energy amounts and the difference between the weighted average interface real-time Locational Marginal Price at the applicable Interface Pricing Point, and the generation weighted average Locational Marginal Price at that generator's bus, for all hours of that month.

#### **3.6.2 Meter Corrections Between Market Participants.**

If a Market Participant or the Office of the Interconnection discovers a meter error affecting an interchange of energy with another Market Participant and makes the error known to such other Market Participant prior to the completion by the Office of the Interconnection of the accounting for the interchange, and if both Market Participants are willing to adjust hourly load records to compensate for the error and such adjustment does not affect other parties, an adjustment in load records may be made by the Market Participants in order to correct for the meter error, provided corrected information is furnished to the Office of the Interconnection in accordance with the Office of the Interconnection's accounting deadlines. No such adjustment may be made if the accounting for the Operating Day in which the interchange occurred has been completed by the Office of the Interconnection. If this is not practical, the error shall be accounted for by a correction at the end of the billing cycle. The Market Participants experiencing the error shall account for the full amount of the discrepancy and an appropriate debit or credit shall be applied to the Market Participants. For Market Participants that are Electric Distributors that request the debit and credit to be further allocated to all Network Service Users in their territory (as documented in the PJM Manuals), where all Load Serving Entities in the respective Electric Distributor territory agree, the appropriate debit or credit shall be applied among Network Service Users in proportion to their deliveries to load served in the applicable territory.

### **3.6.3 500 kV Meter Errors.**

Billing shall be adjusted to account for errors in meters on 500 kV Transmission Facilities within the PJM Pre-Expansion Zones (excluding Allegheny Power) or between the PJM Pre-Expansion Zones (excluding Allegheny Power) and Allegheny Power. The Market Participant with the tie meter or generator meter experiencing the error shall account for the full amount of the discrepancy and an appropriate debit or credit shall be applied among Electric Distributors that report hourly net energy flows from metered Tie Lines in the Pre-Expansion Zones (excluding Allegheny Power) in proportion to the load consumed in their territories. The error shall be accounted for by a correction at the end of the billing cycle. For Market Participants that are Electric Distributors that request the debit and credit to be further allocated to all Network Service Users in their territory (as documented in the PJM Manuals), where all Load Serving Entities in the respective Electric Distributor territory agree, the appropriate debit or credit shall be applied among Network Service Users in proportion to their deliveries to load served in the applicable territory.

### **3.6.4 Meter Corrections Between Control Areas.**

An error between accounted for and metered interchange between a Party in the PJM Region and an entity in a Control Area other than the PJM Region shall be corrected by adjusting the hourly meter readings. If this is not practical, the error shall be accounted for by a correction at the end of the billing cycle. The Market Participant with ties or Dynamic Transfers with~~to~~ such other Control Area experiencing the error shall account for the full amount of the discrepancy. However, if the meter correction applies to a tie on the 500 kV system between the PJM Pre-Expansion Zones (excluding Allegheny Power) and other Control Areas, Electric Distributors that report hourly net energy flows from metered Tie Lines in the Pre-Expansion Zones (excluding Allegheny Power) shall account for the full amount of the discrepancy in proportion to the load consumed in their territories. The appropriate debit or credit shall be applied among Network Service Users in proportion to their deliveries to load served in the PJM Region. The Office of the Interconnection will adjust the actual or scheduled interchange between the other Control Area and the PJM Region to maintain a proper record of inadvertent energy flow.

### **3.6.5 Meter Correction Data.**

Meter error data shall be submitted to the Office of the Interconnection not later than the last Business Day of the month following the end of the monthly billing cycle applicable to the meter correction.

### **3.6.6 Correction Limits.**

A Market Participant may not assert a claim for an adjustment in billing as a result of a meter error for any error discovered more than two years after the date on which the metering occurred. Any claim for an adjustment in billing as a result of a meter error shall be limited to bills for transactions occurring in the most recent annual accounting period of the billing Market Participant in which the meter error occurred, and the prior annual accounting period.

Section(s) of the  
PJM Operating Agreement  
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The monthly meter correction charge for Dynamic Schedule imports into the PJM Region, and non unit-specific Dynamic Schedule exports out of the PJM Region, shall be the product of the positive or negative deviation in energy amounts and the Dynamic Schedule's weighted average interface real-time Locational Marginal Price at the applicable Interface Pricing Point for all hours of that month.

The monthly meter correction charge for Pseudo-Tie generator exports and unit-specific Dynamic Schedule exports out of the PJM Region shall be the product of the positive or negative deviation in energy amounts and the difference between the weighted average interface real-time Locational Marginal Price at the applicable Interface Pricing Point, and the generation weighted average Locational Marginal Price at that generator's bus, for all hours of that month.

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Billing shall be adjusted to account for errors in meters on 500 kV Transmission Facilities within the PJM Pre-Expansion Zones (excluding Allegheny Power) or between the PJM Pre-Expansion Zones (excluding Allegheny Power) and Allegheny Power. The Market Participant with the tie meter or generator meter experiencing the error shall account for the full amount of the discrepancy and an appropriate debit or credit shall be applied among Electric Distributors that report hourly net energy flows from metered Tie Lines in the Pre-Expansion Zones (excluding Allegheny Power) in proportion to the load consumed in their territories. The error shall be accounted for by a correction at the end of the billing cycle. For Market Participants that are Electric Distributors that request the debit and credit to be further allocated to all Network Service Users in their territory (as documented in the PJM Manuals), where all Load Serving Entities in the respective Electric Distributor territory agree, the appropriate debit or credit shall be applied among Network Service Users in proportion to their deliveries to load served in the applicable territory.

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### **3.6.5 Meter Correction Data.**

Meter error data shall be submitted to the Office of the Interconnection not later than the last Business Day of the month following the end of the monthly billing cycle applicable to the meter correction.

### **3.6.6 Correction Limits.**

A Market Participant may not assert a claim for an adjustment in billing as a result of a meter error for any error discovered more than two years after the date on which the metering occurred. Any claim for an adjustment in billing as a result of a meter error shall be limited to bills for transactions occurring in the most recent annual accounting period of the billing Market Participant in which the meter error occurred, and the prior annual accounting period.

# Attachment B

## PJM Open Access Transmission Tariff and PJM Operating Agreement

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Section(s) of the  
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If a Market Participant or the Office of the Interconnection discovers a meter error affecting an interchange of energy with another Market Participant and makes the error known to such other Market Participant prior to the completion by the Office of the Interconnection of the accounting for the interchange, and if both Market Participants are willing to adjust hourly load records to compensate for the error and such adjustment does not affect other parties, an adjustment in load records may be made by the Market Participants in order to correct for the meter error, provided corrected information is furnished to the Office of the Interconnection in accordance with the Office of the Interconnection's accounting deadlines. No such adjustment may be made if the accounting for the Operating Day in which the interchange occurred has been completed by the Office of the Interconnection. If this is not practical, the error shall be accounted for by a correction at the end of the billing cycle. The Market Participants experiencing the error shall account for the full amount of the discrepancy and an appropriate debit or credit shall be applied to the Market Participants. For Market Participants that are Electric Distributors that request the debit and credit to be further allocated to all Network Service Users in their territory (as documented in the PJM Manuals), where all Load Serving Entities in the respective Electric Distributor territory agree, the appropriate debit or credit shall be applied among Network Service Users in proportion to their deliveries to load served in the applicable territory.

### **3.6.3 500 kV Meter Errors.**

Billing shall be adjusted to account for errors in meters on 500 kV Transmission Facilities within the PJM Pre-Expansion Zones (excluding Allegheny Power) or between the PJM Pre-Expansion Zones (excluding Allegheny Power) and Allegheny Power. The Market Participant with the tie meter or generator meter experiencing the error shall account for the full amount of the discrepancy and an appropriate debit or credit shall be applied among Electric Distributors that report hourly net energy flows from metered Tie Lines in the Pre-Expansion Zones (excluding Allegheny Power) in proportion to the load consumed in their territories. The error shall be accounted for by a correction at the end of the billing cycle. For Market Participants that are Electric Distributors that request the debit and credit to be further allocated to all Network Service Users in their territory (as documented in the PJM Manuals), where all Load Serving Entities in the respective Electric Distributor territory agree, the appropriate debit or credit shall be applied among Network Service Users in proportion to their deliveries to load served in the applicable territory.

#### **3.6.4 Meter Corrections Between Control Areas.**

An error between accounted for and metered interchange between a Party in the PJM Region and an entity in a Control Area other than the PJM Region shall be corrected by adjusting the hourly meter readings. If this is not practical, the error shall be accounted for by a correction at the end of the billing cycle. The Market Participant with ties or Dynamic Transfers with such other Control Area experiencing the error shall account for the full amount of the discrepancy. However, if the meter correction applies to a tie on the 500 kV system between the PJM Pre-Expansion Zones (excluding Allegheny Power) and other Control Areas, Electric Distributors that report hourly net energy flows from metered Tie Lines in the Pre-Expansion Zones (excluding Allegheny Power) shall account for the full amount of the discrepancy in proportion to the load consumed in their territories. The appropriate debit or credit shall be applied among Network Service Users in proportion to their deliveries to load served in the PJM Region. The Office of the Interconnection will adjust the actual or scheduled interchange between the other Control Area and the PJM Region to maintain a proper record of inadvertent energy flow.

#### **3.6.5 Meter Correction Data.**

Meter error data shall be submitted to the Office of the Interconnection not later than the last Business Day of the month following the end of the monthly billing cycle applicable to the meter correction.

#### **3.6.6 Correction Limits.**

A Market Participant may not assert a claim for an adjustment in billing as a result of a meter error for any error discovered more than two years after the date on which the metering occurred. Any claim for an adjustment in billing as a result of a meter error shall be limited to bills for transactions occurring in the most recent annual accounting period of the billing Market Participant in which the meter error occurred, and the prior annual accounting period.