

RTOR Notification

In light of the recent FERC orders on the elimination of Regional Through and Out Rates, PJM Interconnection will implement changes to transmission service rates. Unless otherwise stated, the following changes become effective Dec. 1, 2004:

- The PJM “through-and-out rate” (the rate for delivery to the Border of PJM) and Transitional Revenue Neutrality Charge (collectively, “RTOR”) for reserved capacity with a point of delivery of MISO pursuant to requests submitted on or after November 17, 2003 for service commencing on or after April 1, 2004 will be eliminated. (Effective April 1, 2006, all RTORs for reserved capacity with a point of delivery of MISO will be eliminated).
- Eliminate the credit which applied to certain transactions exiting PJM through the Commonwealth Edison transmission zone following creation of that transmission zone;
- Amend Section 34.1 of the PJM Tariff to eliminate Network Integration Transmission Service (“NITS”) charges to PJM Non-Zone Network Load that is subject to NITS charges under the MISO tariff if such PJM Non-Zone Network Load commenced being served on or after April 1, 2004 pursuant to an application for service submitted on or after November 17, 2003
- Amend Schedule 13 of the PJM Tariff as directed by the FERC’s Order, effective May 1, 2004, to eliminate application of the “Expansion Integration Charge” in such schedule to exports from PJM, and delete such schedule, which made up a portion of the RTOR revenue lost as a result of integration of the New PJM Companies into PJM, in its entirety;
- Amend as of December 1, 2004, Attachment R of the PJM Tariff to set forth the PJM Transmission Owners’ calendar year 2002 RTOR revenue from transactions sinking in MISO for use by the MISO Transmission Owners in developing the SECAs charged to load in MISO and to set forth the distribution among the PJM Transmission Owners of the proceeds from any SECA charges paid to PJM by MISO; and
- Set forth in a new Attachment, the SECAs applicable to each transmission zone and certain sub-zones in PJM designed to collect the lost revenue from transactions sinking in PJM claimed by the MISO Transmission Owners. The SECA is to be in place for a transition period beginning on December 1, 2004, and ending on March 31, 2006.

The FERC orders require the elimination of through and out transmission rates with a “Point of Delivery” (POD) in the PJM/MISO “Combined Region”. Therefore, PJM will not charge for transmission service with a POD in a control area in the MISO. Import (In) service and all other ancillary service charges still will apply.

These rate changes also will apply to PJM charges for redirected service. Effective Dec. 1, 2004, PJM will charge for firm service *redirected on a firm basis from* a POD that represents delivery to a control area in the Midwest RTO to a POD that represents

delivery to a non-MISO control area (e.g. a *redirect from* PJM-IP *to* PJM-NYIS). Charges for redirects on a non-firm basis will not change. Current billing practices for other redirect service will remain the same.

Rates for reservations currently posted on the OASIS node do not reflect RTOR elimination. Reservations and ATC postings for which RTOR elimination applies will be updated to reflect rate elimination by Dec. 31, 2004. Regardless of the rates currently posted, RTOR elimination will be applied appropriately to bills.

The FERC orders also require the PJM and MISO Market Monitoring Units to closely observe the effects of the elimination of through and out rates and to report any activities that are indicative of hoarding or any other potential market-gaming activities. Reported activities may lead to mitigation measures.

For questions regarding the RTOR elimination, please contact the PJM OASIS Hotline at 610-666-8972 or the PJM Market Settlements Hotline at 610-666-8825.