

## **ATSI FRR Plan Load Settlements Approach Summary**

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## **Introduction**

ATSI will integrate into PJM on June 1, 2011, coincident with the start of the 2011/2012 Delivery Year (DY). However, since the Base Residual Auctions (BRAs) for the 2011/2012 DY and 2012/2013 DY had already been held prior to the announcement of the ATSI integration, capacity resources were not procured in those BRAs to cover the capacity obligation of the ATSI zone. Therefore, the ATSI Utilities have submitted out-of-time FRR Plans to meet the capacity obligation of the entire ATSI zone for these two transitional delivery years. For these two transitional years, the ATSI Utilities have the obligation to include in their FRR Plan enough capacity resources to meet the capacity obligation of the entire ATSI zone, including the capacity obligation belonging to other Load Serving Entities (LSEs) serving load in the zone.

LSEs serving load in the ATSI zone were given the following options for meeting their individual capacity obligations:

1. Have the ATSI Utilities procure capacity on their behalf through the FRR Integration Auctions, then compensate the ATSI Utilities for the capacity procured on their behalf. LSEs exercising this option are referred to as “Non-Opt Out LSEs”.
2. Provide the ATSI Utilities with capacity resources to meet all or a portion of the LSE’s capacity obligation so that the ATSI Utilities could commit that capacity in their FRR Plan. In this case, the ATSI Utilities would not procure the amount of capacity the LSE elected to remove from the capacity procurement process (“Opt Out MW”). LSEs exercising this option are referred to as “Opt Out LSEs”.
  - a. This option was available to both wholesale and retail LSEs. Based on the interpretation of Section D.9 of Section 8.1 of the RAA, retail LSEs that elect this option become directly responsible to PJM for meeting their capacity obligation, while wholesale LSEs remain responsible to the FRR Entity for meeting their capacity obligation since the treatment of wholesale Opt Out LSEs is not addressed in the RAA. Only wholesale LSEs elected to opt out of the ATSI Utilities’ capacity procurement process and therefore for the remainder of this document, any reference to Opt Out LSEs will only refer to the treatment of wholesale Opt Out LSEs.
3. Elect the FRR Alternative and submit their own FRR Plan to PJM to cover their capacity obligation. This option was only available to wholesale load serving entities with fully metered boundaries. If a wholesale LSE elects this option, the LSE becomes solely responsible for meeting their capacity obligation and that LSE’s capacity obligation would be removed from the capacity requirement the ATSI Utilities’ FRR Plan must cover. Wholesale LSEs exercising this option are referred to as “Independent FRR Entities”.
  - a. No Wholesale LSEs elected this option, so it will not be further discussed in this document.

In the case of both Non-Opt Out LSEs and Opt Out LSEs, the ATSI Utilities remain responsible to PJM for ensuring the ATSI zone FRR Plan has enough capacity to cover the capacity obligations of all such LSEs, as well as the compliance of all resources committed in that plan. Therefore,

the ATSI Utilities will be billed by PJM for all charges and credits assessed in relation to all load covered by the FRR Plan and all capacity resources committed in the FRR Plan.

At the ATSI Utilities request, PJM will act as a billing agent between the ATSI Utilities and the LSEs with respect to charges and credits incurred based on each LSE's capacity obligation and any resources provided by LSEs to meet those obligations. However, this is only an administrative billing arrangement which does not change the responsibilities between the ATSI Utilities and the LSEs as set forth in the RAA Schedule 8.1 section D.8.

In that regard, pursuant to the administrative billing arrangement, PJM is issuing bills to Non-Opt Out LSEs and Opt Out LSEs on behalf of the ATSI Utilities to recover any money that is owed to the ATSI Utilities by the LSEs for capacity the ATSI Utilities procured on their behalf or in relation to the performance of capacity resources committed by Opt Out LSEs. To be clear, the money collected from the LSEs for the amounts billed for the ATSI Utilities is not money owed to PJM by those LSEs and therefore is not being billed on behalf of PJM. Instead, PJM is merely serving as the conduit between the ATSI Utilities and the LSE, acting as the ATSI Utilities' agent. That being the case, if an LSE that owes money to the ATSI Utilities doesn't pay the money to PJM as the ATSI Utilities' agent, the default is as between that LSE and the ATSI Utilities. Thus, it is not a default on an obligation owed to PJM.

The sections below summarize the billing line items that will be used to bill the ATSI Utilities and both Non-Opt Out LSEs and Opt Out LSEs for capacity market activity in the ATSI FRR Plans that cover the capacity transition years (2011/2012 DY and 2012/2013 DY). New billing line items have been created to separate charges and credits that are being billed on behalf of PJM versus being billed on behalf of the ATSI Utilities (or any other FRR Entity in the future). It should be noted that the newly created line items that represent charges and credits being billed on behalf of the FRR Entity are being calculated in the same manner as proscribed by the RAA and PJM tariff for the corresponding PJM billing line items. For each new line item below, the corresponding PJM billing line item has been identified where applicable. The settlement procedures listed in the RAA or PJM tariff for such corresponding billing line item supersede the summarization of the calculations of the new line items listed herein. The ATSI Utilities will directly settle with suppliers that cleared in the FRR Integration Auctions or with whom they bilaterally contract for capacity. PJM will not act as the billing agent in this regard and therefore supplier settlements are not discussed in this document. The ATSI zone load was included in the 2013/2014 BRA; therefore both load and supply in the ATSI zone will be billed via traditional PJM billing arrangements outlined in the RAA and PJM tariff for all capacity market activity for the 2013/2014 DY forward.

## Billing Line Items Used to Settle ATSI FRR Plan

### **FRR LSE Reliability Charge**

Billed on behalf of: FRR Entity (ATSI Utilities)

New billing line item: Yes

Corresponding PJM billing line item: N/A

Description: This is equivalent to the Locational Reliability Charge that is paid by RPM LSEs. It is charged to all LSEs serving load under an FRR plan owned by a different entity. It serves to compensate the FRR Entity for capacity procured on the behalf of the LSEs serving load within that FRR Entity's FRR service area.

<u>Paid By:</u>	<u>ATSI Utilities</u>	<u>Opt Out LSE</u>	<u>Non-Opt Out LSE</u>
		X	X

Calculation:

Opt Out LSEs: (Daily UCAP Obligation – Opt Out MW) \* Weighted Average Cost of Procurement

- For Opt Out LSEs, if Daily UCAP Obligation < Opt Out MW, this results in a negative charge (credit) for the additional capacity they provided which is ultimately meeting other LSEs' obligations

Non-Opt Out LSEs: Daily UCAP Obligation \* Weighted Average Cost of Procurement

Weighted Average Cost of Procurement = [(Total MWs procured in FRR Integration Auction \* Auction Clearing Price) + Σ(Capacity MW procured bilaterally \* bilateral price)] / Total capacity MW procured in FRR Integration Auction and bilaterally

- The ATSI Utilities will bilaterally procure any additional capacity that is needed to meet the increase from the Preliminary Zonal UCAP Obligation at the time of the FRR Integration Auctions to the Final Zonal UCAP Obligation.

Additional Notes:

Opt Out LSEs will not be charged for their Opt Out MW, nor will they be credited for the capacity MW they commit in the FRR Plan. Since these two amounts should be equal and would be settled at the same rate, if a charge were calculated for their obligation and a credit were calculated for the capacity MW committed to meet that obligation, the charge and credit would always net to zero. This is also consistent with the fact that PJM does not charge FRR Entities for their Daily UCAP Obligation or credit them for the capacity MW they committed in the FRR Plan.

## FRR LSE Reliability Credit

Billed on behalf of: FRR Entity (ATSI Utilities)

New billing line item: Yes                      Corresponding PJM billing line item: N/A

Description: This is the distribution of the FRR LSE Reliability Charges to the FRR Entity, to reimburse the FRR Entity for capacity it procured on the behalf of other LSEs serving load in its FRR service area.

<u>Credited</u>	<u>ATSI Utilities</u>	<u>Opt Out LSE</u>	<u>Non-Opt Out LSE</u>
<u>To:</u>	X		

Calculation:

ATSI Utilities: Sum (FRR LSE Reliability Charge) for all LSEs in the ATSI zone

## PJM Scheduling, System Control and Dispatch Service – Capacity Resource/Obligation Mgmt. Charge (Schedule 9-5)

Billed on behalf of: PJM

New billing line item: No

Description: This is the standard Schedule 9-5 Charge that is charged to all participants in PJM’s capacity market, regardless of whether they participant via RPM or the FRR Alternative.

<u>Paid By:</u>	<u>ATSI Utilities</u>	<u>Opt Out LSE</u>	<u>Non-Opt Out LSE</u>
	X		

Calculation:

**ATSI Utilities** – (ATSI zone’s total Daily UCAP Obligation + total capacity MW committed in the FRR Plan) \* Schedule 9-5 Rate

**PJM Scheduling, System Control and Dispatch Service – Capacity Resource/Obligation Mgmt. Refund Charge (Schedule 9-5 Refund)**

Billed on behalf of: PJM

New billing line item: No

Description: This is the standard Schedule 9-5 Refund Charge that is charged to all participants in PJM’s capacity market, regardless of whether they participant via RPM or the FRR Alternative. The Schedule 9-5 Refund Rate is a negative value, making this a negative charge (credit).

<u>Paid By:</u>	<u>ATSI Utilities</u>	<u>Opt Out LSE</u>	<u>Non-Opt Out LSE</u>
	X		

Calculation:

**ATSI Utilities:** (ATSI zone’s total Daily UCAP Obligation + total capacity MW committed in the FRR Plan) \* Schedule 9-5 Refund Rate

## FRR LSE Schedule 9-5 Charge

Billed on behalf of: FRR Entity (ATSI Utilities)

New billing line item: Yes

Corresponding RPM billing line items: Schedule 9-5 Charge and Schedule 9-5 Refund Charge

Description: Per the PJM Tariff, the FRR Entity is billed PJM Schedule 9-5 Charges and PJM Schedule 9-5 Refund Charges for the entire Daily UCAP Obligation in its FRR service area and the total capacity MW committed in its FRR plan. This is the allocation of those PJM Schedule 9-5 Charges and PJM Schedule 9-5 Refund Charges to LSEs serving load in an FRR Entity's FRR service area. It is charged based on an LSE's Daily Unforced Capacity Obligation and any capacity MW that LSE committed in the FRR Entity's FRR Plan.

<u>Paid By:</u>	<u>ATSI Utilities</u>	<u>Opt Out LSE</u>	<u>Non-Opt Out LSE</u>
		X	X

Calculation:

Opt Out LSEs: (Daily UCAP Obligation + Capacity MW committed in the FRR Plan by that LSE) \* (Schedule 9-5 rate + Schedule 9-5 refund rate)

- Similar to how FRR Entities pay the Schedule 9-5 and Schedule 9-5 Refund Charges for their Daily UCAP Obligation MW plus any capacity MW committed in the FRR Plan, Opt Out LSEs must pay the FRR LSE Schedule 9-5 Charge for their Daily UCAP Obligation plus any capacity MW they committed in the FRR Entity's FRR Plan.

Non-Opt Out LSEs: Daily UCAP Obligation \* (Schedule 9-5 rate + Schedule 9-5 refund rate)

**FRR LSE Schedule 9-5 Credit**

Billed on behalf of: FRR Entity (ATSI Utilities)

New billing line item: Yes                      Corresponding RPM billing line item: N/A

Description: This is the distribution of the FRR LSE Schedule 9-5 Charges to the FRR Entity, to reimburse the FRR Entity for PJM Schedule 9-5 and Schedule 9-5 Refund Charges it paid related to the load of other LSEs or capacity MW committed to the FRR Entity’s FRR Plan by LSEs serving load in its FRR service area.

<u>Credited</u>	<u>ATSI Utilities</u>	<u>Opt Out LSE</u>	<u>Non-Opt Out LSE</u>
<u>To:</u>	X		

Calculation:

ATSI Utilities: Sum (FRR LSE Schedule 9-5 Charge) for all LSEs in the ATSI zone

**PJM Scheduling, System Control and Dispatch Service – Advanced Second Control Center Charge  
(Schedule 9-6) Capacity Market (Schedule 9-5) Portion Only**

Billed on behalf of: PJM

New billing line item: No

Description: Schedule 9-6 Charges are the monthly accrued actual costs related to the construction of PJM’s advanced second control center, which are collected across all users of Schedules 9-1 through 9-5 based on usage shares with the costs allocated to the applicable schedules in accordance with the PJM tariff. This section addresses the calculation of only the portion of the charge that is allocated to all participants in PJM’s capacity market based on Schedule 9-5 usage (or capacity market activity). The FRR Entity and LSE may still be charged Schedule 9-6 charges for their Schedule 9-1 through 9-4 usage; however, those calculations are not addressed in this document.

<b>Paid By:</b>	<u>ATSI Utilities</u>	<u>Opt Out LSE</u>	<u>Non-Opt Out LSE</u>
	X		

Calculation:

**ATSI Utilities:** ATSI Utilities' Schedule 9-5 Usage \* (Total PJM AC2 Charge allocated to Schedule 9-5 Usage /Total PJM Schedule 9-5 Usage)

Additional Notes:

Schedule 9-5 Usage is the amount of MW for which the FRR Entity was charged Schedule 9-5 Charges.

**FRR LSE Schedule 9-6 Charge**

Billed on behalf of: FRR Entity (ATSI Utilities)

New billing line item: Yes                      Corresponding RPM billing line item: Schedule 9-6 Charge

Description: Per the PJM Tariff, the FRR Entity is billed PJM Schedule 9-6 Charges that are allocated to Schedule 9-5 usage for the entire Daily UCAP Obligation in its FRR service area and the total capacity MW committed to its FRR plan. This is the transfer of those PJM Schedule 9-6 Charges to LSEs serving load in an FRR Entity's FRR service area. It is charged based on an LSE's Daily Unforced Capacity Obligation and any capacity MW they committed to the FRR Entity's FRR Plan.

<b>Paid By:</b>	<u>ATSI Utilities</u>	<u>Opt Out LSE</u>	<u>Non-Opt Out LSE</u>
		X	X

Calculation:

**Opt Out LSEs and Non-Opt Out LSEs:** LSE's Schedule 9-5 Usage \* (Total PJM AC2 Charge allocated to Schedule 9-5 Usage /Total PJM Schedule 9-5 Usage)

Additional Notes:

Schedule 9-5 Usage is the amount of MW for which the LSE was charged FRR LSE Schedule 9-5 Charges.

**FRR LSE Schedule 9-6 Credit**

Billed on behalf of: FRR Entity (ATSI Utilities)

New billing line item: Yes

Corresponding RPM billing line item: N/A

Description: This is the distribution of the FRR LSE Schedule 9-6 Charges to the FRR Entity, to reimburse the FRR Entity for PJM Schedule 9-6 Charges it paid related to the load of other LSEs or capacity MW committed to the FRR Entity's FRR Plan by LSEs serving load in its FRR service area.

<u>Credited</u>	<u>ATSI Utilities</u>	<u>Opt Out LSE</u>	<u>Non-Opt Out LSE</u>
<u>To:</u>	X		

Calculation:

**ATSI Utilities:** Sum (FRR LSE Schedule 9-6 Charge) for all LSEs in the ATSI zone

**FRR Capacity Resource Deficiency Charge**

Billed on behalf of: PJM

New billing line item: No

Description: This is the standard FRR Capacity Resource Deficiency Charge that is assessed to FRR Entities if their FRR Capacity Plan does not have enough resources committed to meet the Final Daily Unforced Capacity Obligation for the FRR service area.

<u>Paid By:</u>	<a href="#">ATSI Utilities</a>	<a href="#">Opt Out LSE</a>	<a href="#">Non-Opt Out LSE</a>
	X		

Calculation:

**ATSI Utilities:** Deficiency MW \* 1.2 \* FRR Integration Auction Clearing Price for the applicable Delivery Year

Deficiency MW = Max(Daily Unforced Capacity Obligation for the ATSI zone - Capacity MW committed in the FRR Entity's FRR Plan, 0)

**FRR LSE Capacity Resource Deficiency Charge**

Billed on behalf of: FRR Entity (ATSI Utilities)

New billing line item: Yes                      Corresponding RPM billing line item: FRR Capacity Resource Deficiency Charge

Description: This is the allocation of PJM FRR Capacity Resource Deficiency Charges to Opt Out LSEs that have not committed sufficient resources to the FRR Entity's FRR Plan to meet the Opt Out LSE's Opt Out MW, thereby contributing to the resource shortfall that caused the FRR Entity to incur FRR Capacity Resource Deficiency Charges.

<u>Paid By:</u>	<a href="#">ATSI Utilities</a>	<a href="#">Opt Out LSE</a>	<a href="#">Non-Opt Out LSE</a>
		X	

Calculation:

**Opt Out LSEs:** Opt Out LSE Share of Deficiency MW \* FRR Capacity Resource Deficiency Charge assessed to ATSI Utilities as defined above

Opt Out LSE Share of Deficiency MW = Max(Opt Out MW - Capacity MW committed in the ATSI Utilities' FRR Plan, 0) / Sum of All Supplier's Deficiency MW

**FRR LSE Capacity Resource Deficiency Credit**

Billed on behalf of: FRR Entity (ATSI Utilities)

New billing line item: Yes                      Corresponding RPM billing line item: N/A

Description: This is the distribution of the FRR LSE Capacity Resource Deficiency Charges to the FRR Entity, to reimburse the FRR Entity for PJM FRR Capacity Resource Deficiency Charges it paid related to insufficient commitment of resources by Opt Out LSEs.

<u>Credited</u>	<u>ATSI Utilities</u>	<u>Opt Out LSE</u>	<u>Non-Opt Out LSE</u>
<u>To:</u>	X		

Calculation:

ATSI Utilities: Sum (FRR LSE Capacity Resource Deficiency Charge) for all Opt Out LSEs in the ATSI zone

**Compliance Charges**

Billed on behalf of: PJM

New billing line item: No

Description: This is the standard set of compliance charges that are billed to FRR Entities for any performance issues with the capacity resources committed to the FRR Entity's FRR Plan. This includes the following billing line items:

- Qualifying Transmission Upgrade Compliance Penalty Charge (resource-specific)
- Peak-Hour Period Availability Charge (portfolio-based)
- Generation Resource Rating Test Failure Charge (resource-specific)
- Peak Season Maintenance Compliance Penalty Charge (resource-specific)
- Demand Resource and ILR Compliance Penalty Charge (portfolio-based)
- Load Management Test Failure Charge (portfolio-based)

<b>Paid By:</b>	<a href="#">ATSI Utilities</a>	<a href="#">Opt Out LSE</a>	<a href="#">Non-Opt Out LSE</a>
	X		

Calculation:

Please see PJM Manual 18: PJM Capacity Market for details on the calculating the individual compliance penalty charges listed above.

Additional Notes:

When calculating portfolio-based charges, the capacity resources provided by the FRR Entity and the capacity resources provided by each Opt Out LSE will be evaluated as a single portfolio.

<b>FRR LSE Compliance Charges</b>
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Billed on behalf of: FRR Entity (ATSI Utilities)

New billing line item: Yes

Corresponding RPM billing line item: See mapping below

Description: This is the allocation of the standard PJM compliance charges an FRR LSE may receive. These charges are allocated to Opt Out LSEs that committed capacity resources that experienced compliance issues in the FRR Entity’s FRR Plan, thereby contributing to the compliance issues that caused the FRR Entity to incur compliance charges.

This includes the following billing line items:

<u>New FRR LSE billing line item</u>	<u>Corresponding existing PJM billing line item</u>
FRR LSE Qualifying Transmission Upgrade Compliance Penalty Charge (resource-specific)	Qualifying Transmission Upgrade Compliance Penalty Charge
FRR LSE Peak-Hour Period Availability Charge (portfolio-based)	Peak-Hour Period Availability Charge
FRR LSE Generation Resource Rating Test Failure Charge (resource-specific)	Generation Resource Rating Test Failure Charge
FRR LSE Peak Season Maintenance Compliance Penalty Charge (resource-specific)	Peak Season Maintenance Compliance Penalty Charge
FRR LSE Demand Resource and ILR Compliance Penalty Charge (portfolio-based)	Demand Resource and ILR Compliance Penalty Charge
FRR LSE Load Management Test Failure Charge (portfolio-based)	Load Management Test Failure Charge

<b>Paid By:</b>	<a href="#">ATSI Utilities</a>	<a href="#">Opt Out LSE</a>	<a href="#">Non-Opt Out LSE</a>
		X	

Calculation:

Please see PJM Manual 18: PJM Capacity Market for details on the calculating the individual compliance penalty charges listed above. They will be calculated for Opt Out LSEs in the same manner that the corresponding existing PJM billing line items are calculated for the ATSI Utilities.

Additional Notes:

When calculating portfolio-based charges, the capacity resources provided by the FRR Entity and the capacity resources provided by each Opt Out LSE will be evaluated as a single portfolio. The Opt Out LSE will then receive a pro-rata share of the total compliance charge assessed to the FRR Entity based on the amount the Opt Out LSE’s resources contributed to the compliance issues.

## FRR LSE Compliance Credits

Billed on behalf of: FRR Entity (ATSI Utilities)

New billing line item: Yes

Corresponding RPM billing line item: N/A

Description: This is the distribution of the FRR LSE compliance charges to the FRR Entity, to reimburse the FRR Entity for PJM FRR compliance charges it paid related to compliance issues with resources committed to the FRR Entity's FRR Plan by Opt Out LSEs.

This includes the following billing line items:

- FRR LSE Qualifying Transmission Upgrade Compliance Penalty Credit
- FRR LSE Peak-Hour Period Availability Credit
- FRR LSE Generation Resource Rating Test Failure Credit
- FRR LSE Peak Season Maintenance Compliance Penalty Credit
- FRR LSE Demand Resource and ILR Compliance Penalty Credit
- FRR LSE Load Management Test Failure Credit

<u>Credited</u>	<u>ATSI Utilities</u>	<u>Opt Out LSE</u>	<u>Non-Opt Out LSE</u>
<u>To:</u>	X		

Calculation:

ATSI Utilities: Sum(FRR LSE compliance charge) for all Opt Out LSEs in the ATSI zone

- For example, FRR LSE Qualifying Transmission Upgrade Compliance Penalty Credits are calculated as Sum (FRR LSE Qualifying Transmission Upgrade Compliance Penalty Charges) for all Opt Out LSEs in the ATSI zone

## Peak-Hour Period Availability Credit

Billed on behalf of: PJM

New billing line item: No

Description: This represents the allocation of Peak-Hour Period Availability Charges to FRR Entities.

- Allocated to FRR Entities if they have net negative peak period capacity shortfalls in their FRR Plan
- In the event excess peak-hour period availability credits are allocated to LSEs, this credit is further allocated to FRR Entities based on the total Daily UCAP Obligation for the FRR Service Area

<u>Credited</u>	<a href="#">ATSI Utilities</a>	<a href="#">Opt Out LSE</a>	<a href="#">Non-Opt Out LSE</a>
<u>To:</u>	X		

Calculation:

Please see PJM Manual 18: PJM Capacity Market for details on the calculating Peak-Hour Period Availability Credits

## FRR LSE Peak-Hour Period Availability Credit

Billed on behalf of: FRR Entity (ATSI Utilities)

New billing line item: Yes

Corresponding RPM billing line item: Peak-Hour Period Availability Credit

Description: This is the allocation of PJM Peak-Hour Period Availability Credits to alternative LSEs.

- In the event the FRR Entity's FRR Plan receives a portion of credits as a result of generator over performance in the Peak-Hours (a net negative peak period capacity shortfall), this credit is further allocated to Opt Out LSEs if they helped contribute to the net negative peak period capacity shortfall in the FRR Entity's Plan

- In the event excess peak-hour period availability credits are allocated to LSEs, this credit is further allocated to all LSEs serving load under an FRR plan owned by a different entity, where the FRR Entity has received excess Peak Hour Period Availability Credits which are distributed based on Daily UCAP Obligation.

<u>Credited</u>	<u>ATSI Utilities</u>	<u>Opt Out LSE</u>	<u>Non-Opt Out LSE</u>
<u>To:</u>		X	X

Supplier Over Performance Credit Calculation:

**Opt Out LSEs:** Opt Out LSE Share of Over Performance MW \* Peak-Hour Period Availability Credit assessed to ATSI Utilities as defined above

Opt Out LSE Share of Over Performance MW =  $\text{Min}(\text{Opt Out Net Shortfall}, 0) / \text{Sum of All Supplier's Negative Shortfalls}$

LSE Credit Allocation Calculation:

**Opt Out LSEs** and **Non-Opt Out LSEs:** Portion of ATSI Utilities' Peak-Hour Period Availability Credit received during excess allocation \* (LSE's Daily UCAP Obligation / Total Daily UCAP Obligation for the ATSI zone)

Additional Note:

FRR LSE Peak-Hour Period Availability Credits are also listed in the FRR LSE Compliance Credits section above. This section represents the same line item; however in this section the credit is allocated to LSEs serving load under another entity's FRR Plan, whereas the FRR LSE Compliance Credits section describes the allocation of this credit to the FRR Entity.

<b>FRR LSE Peak-Hour Period Availability Charge</b>
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Billed on behalf of: FRR Entity (ATSI Utilities)

New billing line item: Yes

Corresponding RPM billing line item: N/A

Description: This is the distribution of the FRR LSE Peak-Hour Period Availability Credits to the FRR Entity, to reflect the fact that the PJM Peak-Hour Availability Credits originally received by the FRR Entity were based on another LSE’s Daily UCAP obligation.

<u>Paid By:</u>	<a href="#">ATSI Utilities</a>	<a href="#">Opt Out LSE</a>	<a href="#">Non-Opt Out LSE</a>
	X		

Calculation:

**ATSI Utilities:** Sum (FRR LSE Peak-Hour Period Availability Credit) for all LSEs in the ATSI zone

Additional Note:

FRR LSE Peak-Hour Period Availability Charges are also listed in the FRR LSE Compliance Charges section above. This section represents the same line item; however in this section the charge is allocated to the FRR Entity whereas the FRR LSE Compliance Charges section describes the allocation of this charge to Opt Out LSEs.

**Demand Resource & ILR Event Compliance Penalty Credit**

Billed on behalf of: PJM

New billing line item: No

Description: This represents the allocation of Demand Resource & ILR Compliance Penalty Charges to FRR Entities. FRR Entities receive an allocation of the revenue from these charges if the portfolio of demand resources committed to their FRR Plan provided load reductions in excess of the obligated amount.

<u>Credited</u>	<a href="#">ATSI Utilities</a>	<a href="#">Opt Out LSE</a>	<a href="#">Non-Opt Out LSE</a>
<u>To:</u>	X		

Calculation:

Please see PJM Manual 18: PJM Capacity Market for details on the calculating Demand Resource & ILR Compliance Penalty Credits

**FRR LSE Demand Resource & ILR Event Compliance Penalty Credit**

Billed on behalf of: FRR Entity (ATSI Utilities)

New billing line item: Yes                      Corresponding RPM billing line item: Demand Resource & ILR Compliance Penalty Credit

Description: This is the allocation of PJM Demand Resource & ILR Compliance Penalty Credits to Opt Out LSEs that contributed demand resources to the FRR Entity’s FRR Plan and where as a group, those demand resources committed by the Opt Out LSE provided a net load reduction in excess of the amount obligated.

<u>Credited</u>	<u>ATSI Utilities</u>	<u>Opt Out LSE</u>	<u>Non-Opt Out LSE</u>
<u>To:</u>		X	

Calculation:

Opt Out LSEs: Opt Out LSE Share of Over Performance MW \* FRR Entity’s Demand Resource & ILR Compliance Penalty Credit

Opt Out LSE Share of Over Performance MW = LSE’s load reduction in excess of amount obligated / Sum of All Suppliers’ load reductions in excess of amount obligated in the ATSI zone

Additional Note:

FRR LSE Demand Resource & ILR Compliance Penalty Credits are also listed in the FRR LSE Compliance Credits section above. This section represents the same line item; however in this section the credit is allocated to Opt Out LSEs, whereas the FRR LSE Compliance Credits section describes the allocation of this credit to the FRR Entity.

**FRR LSE Demand Resource & ILR Event Compliance Penalty Charge**

Billed on behalf of: FRR Entity (ATSI Utilities)

New billing line item: Yes

Corresponding RPM billing line item: N/A

Description: This is the distribution of the FRR LSE Demand Resource & ILR Compliance Penalty Credits to the FRR Entity, to reflect the fact that the PJM Demand Resource & ILR Compliance Penalty Credits originally received by the FRR Entity were at least partially based on the performance of another LSE’s demand resources.

<u>Paid By:</u>	<u>ATSI Utilities</u>	<u>Opt Out LSE</u>	<u>Non-Opt Out LSE</u>
	X		

Calculation:

ATSI Utilities: Sum (FRR LSE Peak-Hour Period Availability Credit) for all LSEs in the ATSI zone

Additional Note:

FRR LSE Demand Resource & ILR Compliance Penalty Charges are also listed in the FRR LSE Compliance Charges section above. This section represents the same line item; however in this section the charge is allocated to the FRR Entity whereas the FRR LSE Compliance Charges section describes the allocation of this charge to Opt Out LSEs.

**Matrix: List of Billing Line Items used to settle load served under ATSI FRR Plan**

The below table lists the capacity market-related billing line items each type of LSE may receive on their PJM billing statement, based on the MW type listed in the heading of the table.

Legend:

	PJM Billing (counts toward PJM credit requirements), Represents Original PJM Billing Line Items
	Billed by PJM on behalf of the ATSI Utilities, Represents Adjustment Billing Line Items to facilitate billing between the ATSI Utilities and the LSEs serving load under the ATSI FRR Plan

<b>LSE Type:</b>	<b>ATSI Utilities</b>	<b>Opt Out LSE</b>	<b>Non-Opt Out LSE</b>
FRR LSE Reliability Charge		X	X
FRR LSE Reliability Credit	X		
Schedule 9-5 Charge	X		
Schedule 9-5 Refund Charge	X		
FRR LSE Schedule 9-5 Charge		X	X
FRR LSE Schedule 9-5 Credit	X		
Schedule 9-6 Charge	X		
FRR LSE Schedule 9-6 Charge		X	X
FRR LSE Schedule 9-6 Credit	X		
FRR Capacity Resource Deficiency Charge	X		
FRR LSE Capacity Resource Deficiency Charge		X	
FRR LSE Capacity Resource Deficiency Credit	X		
Qualifying Transmission Upgrade Compliance Penalty Charge	X		
FRR LSE Qualifying Transmission Upgrade Compliance Penalty Charge		X	
FRR LSE Qualifying Transmission Upgrade Compliance Penalty Credit	X		
Peak-Hour Period Availability Charge	X		
FRR LSE Peak-Hour Period Availability Charge		X	

FRR LSE Peak-Hour Period Availability Credit	X		
Generation Resource Rating Test Failure Charge	X		
FRR LSE Generation Resource Rating Test Failure Charge		X	
FRR LSE Generation Resource Rating Test Failure Credit	X		
Peak Season Maintenance Compliance Penalty Charge	X		
FRR LSE Peak Season Maintenance Compliance Penalty Charge		X	
FRR LSE Peak Season Maintenance Compliance Penalty Credit	X		
Demand Resource & ILR Event Compliance Penalty Charge	X		
FRR LSE Demand Resource & ILR Event Compliance Penalty Charge		X	
FRR LSE Demand Resource & ILR Event Compliance Penalty Credit	X		
Load Management Test Failure Charge	X		
FRR LSE Load Management Test Failure Charge		X	
FRR LSE Load Management Test Failure Credit	X		
Peak-Hour Period Availability Credit	X		
FRR LSE Peak-Hour Period Availability Credit		X	X
FRR LSE Peak-Hour Period Availability Charge	X		
Demand Resource & ILR Event Compliance Penalty Credit	X		
FRR LSE Demand Resource & ILR Event Compliance Penalty Credit		X	
FRR LSE Demand Resource & ILR Event Compliance Penalty Charge	X		