SCHEDULE 2
Reactive Supply and Voltage Control from
Generation or Other Sources Service

In order to maintain transmission voltages on the Transmission Provider’s transmission facilities within acceptable limits, generation facilities and non-generation resources capable of providing this service that are under the control of the control area operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation or Other Sources Service must be provided for each transaction on the Transmission Provider’s transmission facilities. The amount of Reactive Supply and Voltage Control from Generation or Other Sources Service that must be supplied with respect to the Transmission Customer’s transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider.

Reactive Supply and Voltage Control from Generation or Other Sources Service is to be provided directly by the Transmission Provider. The Transmission Customer must purchase this service from the Transmission Provider.

In addition to the charges and payments set forth in this Schedule 2, Market Sellers providing reactive services at the direction of the Office of the Interconnection shall be credited for such services, and Market Participants shall be charged for such services, as set forth in section 3.2.3B of the Appendix to Attachment K.

The Transmission Provider shall administer the purchases and sales of Reactive Supply. PJMSettlement shall be the Counterparty to (a) the purchases of Reactive Supply from owners of Generation or Other Sources and Market Sellers and (b) the sales of Reactive Supply to Transmission Customers and Market Participants.

Charges

Purchasers of Reactive Supply and Voltage Control from Generation or Other Sources Service shall be charged for such service in accordance with the following formulae.

Monthly Charge for a purchaser receiving Network Integration Transmission Service or Point-to-Point Transmission Service to serve Non-Zone Load = Allocation Factor * Total Generation Owner or other source Owner * Monthly Revenue Requirement

Monthly Charge for a purchaser receiving Network Integration Transmission Service or Point-to-Point Transmission Service to serve Zone Load = Allocation Factor * Zonal Generation Owner or other source Owner * Monthly Revenue Requirement * Adjustment Factor

Where:

Comment [b1]: Revised each instance of “Generation or other source Owner” to read “Generation Owner or other source owner” because “Generation” and “Owner” are not defined terms in the PJM OATT. “Generation Owner” is a defined term. This is a clean-up revision.
Purchaser serving Non-Zone Load is a Network Customer serving Non-Zone Network Load or serving Network Load in a zone with no revenue requirement for Reactive Supply and Voltage Control from Generation or Other Sources Service, or a Transmission Customer where the Point of Delivery is at the boundary of the PJM Region.

Zonal Generation Owner or other source Monthly Revenue Requirement is the sum of the monthly revenue requirements for each generator or other source located in a Zone, as such revenue requirements have been accepted or approved, upon application, by the Commission.

Total Generation Owner or other source Monthly Revenue Requirement is the sum of the Zonal Generation Owner or other source Monthly Revenue Requirements for all Zones in the PJM Region.

Allocation Factor is the monthly transmission use of each Network Customer or Transmission Customer per Zone or Non-Zone, as applicable, on a megawatt basis divided by the total transmission use in the Zone or in the PJM Region, as applicable, on a megawatt basis.

For Network Customers, monthly transmission use on a megawatt basis is the sum of a Network Customer’s daily values of DCPZ or DCPNZ (as those terms are defined in Section 34.1) as applicable, for all days of the month.

For Transmission Customers, monthly transmission use on a megawatt basis is the sum of the Transmission Customer’s hourly amounts of Reserved Capacity for each day of the month (not curtailed by PJM) divided by the number of hours in the day.

Adjustment Factor is determined as the sum of the total monthly transmission use in the PJM Region, exclusive of such use by Transmission Customers serving Non-Zone Load, divided by the total monthly transmission use in the PJM Region on a megawatt basis.

In the event that a single customer is serving load in more than one Zone, or serving Non-Zone Load as well as load in one or more Zones, or is both a Network Customer and a Transmission Customer, the Monthly Charge for such a customer shall be the sum of the Monthly Charges determined by applying the appropriate formulae set forth in this Schedule 2 for each category of service.

Payment to Generation or Other Source Owners

Each month, the Transmission Provider shall pay each Generation Owner or other source an amount equal to the Generation Owner’s monthly revenue requirement as accepted or approved by the Commission. In the event a Generation
Owner or other source Owner sells a Generation Capacity Resource(s) which is included in its current effective monthly revenue requirement accepted or approved by the Commission, payments in that Generation Owner’s Zone may be allocated as agreed to by the owners of Generation Capacity Resources in that Zone. Such Generation Owners or other source Owners shall inform the Transmission Provider of any such agreement and submit either a filing to revise its cost-based rate or an informational filing in accordance with the requirements below in this Schedule 2. In the absence of agreement among such Generation Owners or other source Owners, the Commission, upon application, shall establish the allocation. Generation Owners shall not be eligible for payment, pursuant to this Schedule 2, of monthly revenue requirement associated with those portions of generating units designated as Behind The Meter Generation. The Transmission Provider shall post on its website a list for each Zone of the annual revenue requirements for each Generation Owner receiving payment within such Zone and specify the total annual revenue requirement for all of the Transmission Provider.

At least 90 days prior to the Deactivation Date or disposition date of a generator or other source receiving payment in accordance with a Commission accepted or approved revenue requirement for providing reactive supply and voltage control service under this Schedule 2 of the Tariff, the Generation Owner or other source owner must either:

1. submit to the Commission the appropriate filings to terminate or revise its cost-based revenue requirement for supplying reactive supply and voltage control service under this Schedule 2 to account for the deactivated or transferred generator or other source; or

2. provide to the Transmission Provider and file with the Commission an informational filing that identifies the Deactivation Date or disposition date of the generator or other source and explains the basis for the decision by the Generation Owner or other source owner not to terminate or revise the cost-based rate approved or accepted by the Commission associated with the planned generator or other source deactivation or disposition.

The Generation Owner or other source owner must submit the informational filing in the docket in which its cost-based revenue requirement was approved or accepted by the Commission or as otherwise directed by the Commission.

Comment [b2]: This sentence applies to any generator sold that receives payments for providing reactive supply and voltage control under this Schedule 2, not only capacity resources (see FERC Letter Order issued on September 25, 2000 in Docket No. ER00-3327-000). Therefore, PJM proposes this clean-up revision to clarify that it applies to any generator or other source sold that receives payments under this Schedule 2.