Market Settlements Changes: Load Reconciliation Adjustments

Markets and Reliability Committee
September 23, 2009
Today’s Load Reconciliation (Settlement B)

- PJM currently performs a single settlement on a two-month lag for load reconciliations between EDCs and their zonal LSEs

- The following billing line items are reconciled in this process:
  - Spot Market Energy charges
  - Transmission Congestion charges
  - Transmission Losses charges and credits
  - Inadvertent Interchange charges
  - PJM Scheduling, System Control, and Dispatch Service charges
  - TO Scheduling, System Control, and Dispatch Service charges
  - FERC, OPSI, NERC, RFC, MMU, and AC² charges
  - Regulation charges
  - Synchronized Reserve charges
  - Day-ahead Scheduling Reserve charges
  - Balancing Operating Reserve charges (load-related only)
  - Synchronous Condensing charges
  - Reactive Services charges
A second load reconciliation settlement ("Settlement C") for a given quarter is proposed to be re-settled on a 7-9 month lag for only those EDCs that are interested in utilizing this service.

- EDCs not submitting "Settlement C" reconciliation data will not be affected.

<table>
<thead>
<tr>
<th>Original Reconciliation Billing Month</th>
<th>Re-settlement Month</th>
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</thead>
<tbody>
<tr>
<td>Q1 – Jan, Feb, Mar</td>
<td>October</td>
</tr>
<tr>
<td>Q2 – Apr, May, Jun</td>
<td>January</td>
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<tr>
<td>Q3 – Jul, Aug, Sep</td>
<td>April</td>
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<tr>
<td>Q4 – Oct, Nov, Dec</td>
<td>July</td>
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</tbody>
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Settlement C reconciliation data submission window will be open until the 20th of the month in which the re-settlement will occur.

Reconciliation data should reflect the difference between the original eScheduled load MWh and the final "Settlement C" MWh.
Proposed Reconciliation Adjustments (Settlement C)

• EDCs support this proposal for the following reasons:
  – Eliminate need to duplicate PJM’s many reconciliation calculations
  – Eliminate compilation/submittal of results to LSEs and PJM
  – Eliminate PJM effort for manually producing billing adjustments
  – Eliminate potential inconsistencies/approximations related to EDC calculations
  – Utilization of this resettlement will likely go away with advanced metering
  – Resettlements are justified since the most accurate data is being applied
  – EDCs have no financial incentive to perform these, since it is a “zero-sum game”
  – Greater transparency of load reconciliation adjustments via PJM billing reports

• Two options were voted on at 8/14/2009 MIC meeting:
  – Perform resettlements upon EDC request with advanced notification by EDC to affected LSEs *(55 for, 43 against, 2 abstained)*
  – Perform resettlements upon EDC request with advanced notification by EDC to affected LSEs and consent from affected LSEs *(57 for, 34 against, 1 abstained)*