

SCHEDULE 9-PJMSettlement
PJM Settlement, Inc. Administrative Services

- a) PJM Settlement, Inc. (“PJMSettlement”) is the entity that is (i) contracting with customers and conducting financial settlements regarding the use of the transmission capacity of the Transmission System; (ii) the Counterparty with respect to the agreements and “pool” transactions in the centralized markets that PJM Interconnection, L.L.C., as the Transmission Provider, administers under the Tariff and Operating Agreement; and (iii) the Counterparty to Financial Transmission Rights (“FTRs”) and Auction Revenue Rights instruments held by a Market Participant. PJMSettlement Services comprise all of the activities of PJMSettlement associated with PJMSettlement performing the services of being the Counterparty and conducting financial settlements.
- b) The cost of operating PJMSettlement, including principal and/or depreciation expense, interest expense and financing costs, if any, shall be recovered from users of the PJMSettlement Services pursuant to the PJMSettlement Rate set forth in this Schedule 9-PJMSettlement.
- c) **PJMSettlement Rate:** PJM will charge each user of PJMSettlement Services on the following basis: (i) PJMSettlement Rate, Component 1, as defined in subpart d) below, times the number of invoices PJMSettlement issues to such user for such month; and (ii) the sum of the products of each of Components 2a through 2f times, respectively, the corresponding determinant specified for such subcomponent.
- d) The PJMSettlement Rate shall be calculated monthly, in accordance with the following formulas:

PJMSettlement Rate, Component 1 =

$$\frac{[\text{PMSC} * 0.68]}{[\text{Per-Invoice Determinants}]}$$

PJMSettlement Rate, Component 2a =

$$\frac{[\text{PMSC} * 0.32 * 0.25]}{\text{PJMTHTU}}$$

PJM will charge each user of PJMSettlement Services each month a charge equal to the Monthly PJMSettlement Rate, Component 2a rate defined above times the total quantity in MWhs of energy delivered (including losses, but excluding Direct Charging Energy) during such month by such user as a transmission customer under this Tariff for Point-to-Point Transmission Service or Network Integration Transmission Service.

PJMSettlement Rate, Component 2b =

$$\frac{[\text{PMSC} * 0.32 * 0.25] * 0.6}{\text{Monthly FTR MWh Determinants}}$$

PJM will charge each user of PJMSettlement Service each month a charge equal to PJMSettlement Rate, Component 2b, as defined above, times the total FTRs in megawatt-hours

during such month held by such user as an FTR Holder. Component 2b of this charge applies to all bids submitted into any round of the Long-term, Annual, or monthly FTR Auctions.

PJMSettlement Rate, Component 2c =

$$\frac{[\text{PMSC} * 0.32 * 0.25] * 0.4}{\text{Monthly FTR Bid/Offer Hours Determinants}}$$

PJM will charge each user of PJMSettlement Service each month a charge equal to the PJMSettlement Rate, Component 2c, as defined above, times the sum of (1) the number of hours in all bids to buy Financial Transmission Rights Obligations submitted by such user during such month, plus (2) five times the number of hours in all bids to buy Financial Transmission Rights Options submitted by such user during such month. Component 2c of this charge applies to all bids submitted into any round of the Annual FTR Auction and to all bids submitted into the applicable monthly FTR Auction.

PJMSettlement Rate, Component 2d =

$$\frac{[\text{PMSC} * 0.32 * 0.25] * 0.987}{\text{Monthly MS MWh Determinants}}$$

PJM will charge each user of PJMSettlement Service each month a charge equal to PJMSettlement Rate, Component 2d, as defined above, times (1) the total quantity in MWhs of energy delivered to load (including losses and net of operating Behind The Meter Generation, but not to be less than zero) in the PJM Region or for export from such region during such month by such user as a customer under Point-to-Point Transmission Service (other than Wheeling-Through Service, as defined below) or Network Integration Transmission Service, plus (2) the total quantity in MWhs of energy input into the Transmission System during such month by such user as a Generation Provider, as defined below, plus (3) the total quantity in MWhs of all accepted Increment Offers and accepted Decrement Bids, and all accepted “Up-to” Congestion Transactions submitted pursuant to Tariff, Attachment K-Appendix, section 1.10.1A(c), submitted by such user during such month.

For purposes of this Schedule, a Generation Provider shall be: (i) a Generation Owner, as such term is defined in the Operating Agreement; provided, however, that if a Generation Owner is not the entity credited on PJM’s records for the energy input into the Transmission System from the generation facilities owned or leased (with rights equivalent to ownership) by such Generation Owner, as, for example, in the case of a qualifying facility selling energy to a public utility pursuant to section 210 of the Public Utility Regulatory Policies Act of 1978, then, with respect to such energy, the Generation Provider shall be the entity credited on PJM’s records for the energy input into the Transmission System from such generation facilities; (ii) a Network Customer or Point-to-Point Transmission Service customer, with respect to energy arranged by such customer to be delivered for import into the PJM Region; or (iii) a Market Seller with respect to energy arranged by such Market Seller to be delivered for import to the boundaries of the PJM Region and for which there is no separately identifiable Transmission Customer. As the term is used in this Schedule 9-3, energy “credited on PJM’s records” does not necessarily mean that a monetary credit resulted on any billing statement provided by PJM.

Furthermore, for purposes of this Schedule, Wheeling-Through Service is Point-to-Point Transmission Service for which both the Point of Receipt and the Point of Delivery are at interconnections of the PJM Region with other Control Areas.

PJMSettlement Rate, Component 2e =

$$\frac{[\text{PMSC} * 0.32 * 0.25] * 0.013}{\text{Monthly MS Bid/Offer Segment Determinants}}$$

PJM will charge each user of PJMSettlement Service each month a charge equal to the sum of the PJMSettlement Rate, Component 2e, as defined above, times the number of Bid/Offer Segments, as defined below, submitted by such user during such month.

For purposes of this Schedule, a Bid/Offer Segment shall be each price/quantity pair submitted into the Day-ahead Energy Market, including those submitted in the generation rebidding period pursuant to Tariff, Attachment K-Appendix, section 1.10.9(a). Segments shall be hourly for each bid to purchase energy, each Increment Offer, each Decrement Bid, each “Up-to” Congestion Transaction, and each Day-ahead Pseudo-Tie Transaction. Segments shall be daily for each offer to sell other than an Increment Offer. Each “Up-to” Congestion Transaction also shall be considered a Bid/Offer Segment.

PJMSettlement Rate, Component 2f =

$$\frac{[\text{PMSC} * 0.32 * 0.25]}{\text{CROM Determinants}}$$

PJM will charge each user of PJMSettlement Services each month a charge equal to the PJMSettlement Rate, Component 2f defined above times the summation for each day of such month of the Daily Unforced Capacity Obligation of such user as a Load Serving Entity, as determined for each such day pursuant to RAA, Schedule 8 or RAA, Schedule 8.1. In addition to any charge under this section, PJM will charge each month, to each user as an entity that included in an FRR Capacity Plan, self-scheduled, or sold and cleared, in a Reliability Pricing Model Auction, a Capacity Resource committed to serve load for such month, a charge equal to the Capacity Resource and Obligation Management Service Rate defined below times such entity’s total share, in MWs, of the Unforced Capacity of all Capacity Resources cleared or self-scheduled (including through an FRR Capacity Plan) by such entity, for commitment to serve load during such month.

where

PMSC (PJMSettlement Costs) is the Actual Costs of PJMSettlement associated with PJMSettlement Services, calculated as the sum of PSI A.1 plus PSI A.2 plus PSI A.3 for the month for which the PJMSettlement Rate is being calculated, where

“PSI A.1” equals the product of 4.0% times the Actual Costs for all Divisions in the month for which the PJMSettlement Rate is being calculated.

“PSI A.2” equals an allocation to the PJMSettlement Services of PJM’s Actual Costs for Management Service Cost during the month for which the PJMSettlement Rate is being calculated, based on the formula in Schedule 9-5.

“PSI A.3” equals PJM’s Actual Costs for Non-Divisional Costs that are assigned to PJMSettlement Services for the month for which the PJMSettlement Rate is being calculated.

And where,

“Per-Invoice Determinants” are the number of invoices PJM Settlement, Inc. issues to Transmission Customers and Market Participants in the month for which PJMSettlement Rate is being calculated.

And where:

“PJMTHTU” are the same determinants as listed in Schedule 9-1 Control Area Administration Service.

“Monthly FTR MWh Determinants” are the same determinants as listed in Schedule 9-2 Financial Transmission Rights Administration Service.

“Monthly FTR Bid/Offer Hours Determinants” are the same determinants as listed in Schedule 9-2 Financial Transmission Rights Administration Service

“Monthly MS MWh Determinants” are the same determinants as listed in Schedule 9-3 Market Support Service

“Monthly MS Bid/Offer Segment Determinants” are the same determinants as listed in Schedule 9-3 Market Support Service; and

“CROM Determinants” are the same determinants as listed in Schedule 9-4 Capacity Resource and Obligation Management Service