

# Transactions Issues Senior Task Force Charter

Members Committee  
November 18, 2010

Joseph Bowring



Monitoring Analytics

# Issue

## Proposed Charter:

- **Analyze potential alternatives to the endorsed/approved short term Operating Agreement and Tariff revisions in addressing the identified transaction issues.**

## Issues:

- **Does not explicitly allow for addressing the root cause of the issue (the Marginal Loss Surplus Allocation).**
- **Allocation must follow FERC Order.**
  - **Only address the Marginal Loss Surplus Allocation as it relates to the FERC Order.**



# MMU Recommendation

**The IMM recommends that the following be included in the “Key Areas for Activity” in the TITF Charter document, to resolve the identified issues:**

**Analyze potential alternatives to the endorsed/approved short term Operating Agreement and Tariff revisions in addressing the identified transaction issues:**

- **Determine all transaction types that contribute to the fixed costs of the transmission system.**
- **Define an allocation method based on the contributions to the fixed costs of the transmission system.**
- **Limit the allocation method so that it is fully consistent with the final FERC Order on allocation.**



# MMU Recommendation

February 24, 2009 Order On Request For Clarification

The Commission “clarify[ied] that we did not intend to exclude virtual traders to the extent that those traders make transmission payments that contribute to the fixed costs of the transmission grid. Accordingly, ... **PJM must either propose tariff revisions that allocate transmission losses equitably among all parties that support the fixed costs of the transmission system, without regard to whether such parties serve load, or show good cause why such a credit should not be provided to all those who pay transmission charges.** In addition to virtual traders who pay transmission charges associated with Up-To congestion transactions, such proposed revisions also would include any customer with point to point transmission service or grandfathered transmission service.”



# MMU Recommendation

**The current marginal loss surplus distribution method still does not comport with the Commission's February 24<sup>th</sup> directive that all parties that contribute to the fixed costs of the transmission system should receive an allocation of the surplus marginal losses.**



# MMU Recommendation

DA/RT	Schedule Type	Transmission	Direction	Pays for transmission	Receives Allocation
DA	Fixed	Non-firm	Import	Y	N
DA	Fixed	Non-firm	Export	Y	N
DA	Fixed	Non-firm	Wheel	Y	N
DA	Dispatchable	Non-firm	Import	Y	N
DA	Dispatchable	Non-firm	Export	Y	N
DA	Dispatchable	Non-firm	Wheel	Y	N
DA	Up-To	Non-firm	Import	N	N
DA	Up-To	Non-firm	Export	N	N
DA	Up-To	Non-firm	Wheel	N	N
DA	Fixed	Firm	Import	Y	N
DA	Fixed	Firm	Export	Y	N
DA	Fixed	Firm	Wheel	Y	N
DA	Dispatchable	Firm	Import	Y	N
DA	Dispatchable	Firm	Export	Y	N
DA	Dispatchable	Firm	Wheel	Y	N
DA	Up-To	Firm	Import	N	N
DA	Up-To	Firm	Export	N	N
DA	Up-To	Firm	Wheel	N	N
RT	Normal	Non-firm	Import	Y	N
RT	Normal	Non-firm	Export	Y	Y
RT	Normal	Non-firm	Wheel	Y	Y
RT	Dispatchable	Non-firm	Import	Y	N
RT	Dispatchable	Non-firm	Export	Y	Y
RT	Dispatchable	Non-firm	Wheel	Y	Y
RT	Normal	Firm	Import	Y	N
RT	Normal	Firm	Export	Y	Y
RT	Normal	Firm	Wheel	Y	Y
RT	Dispatchable	Firm	Import	Y	N
RT	Dispatchable	Firm	Export	Y	Y
RT	Dispatchable	Firm	Wheel	Y	Y



# MMU Recommendation

February 24, 2009 Order On Request For Clarification

The Commission “clarify[ied] that we did not intend to exclude virtual traders to the extent that those traders make transmission payments that contribute to the fixed costs of the transmission grid. Accordingly, ... PJM must either propose tariff revisions that allocate transmission losses **equitably among all parties that support the fixed costs of the transmission system**, without regard to whether such parties serve load, or show good cause why such a credit should not be provided to all those who pay transmission charges. In addition to virtual traders who pay transmission charges associated with Up-To congestion transactions, **such proposed revisions also would include any customer with point to point transmission service or grandfathered transmission service.**”



# MMU Recommendation

**The current marginal loss surplus distribution method still does not comport with the Commission's February 24<sup>th</sup> directive that any customer with point to point transmission service or grandfathered transmission service is eligible to receive loss surplus allocations.**

**The current marginal loss surplus distribution is based on total MWh of energy scheduled, and not based on total contributions to the fixed costs of the transmission system.**





## MMU Recommendation

**The MMU recommended that the allocation methodology be modified to reflect the Commission's Orders to allocation Marginal Loss Surpluses to all entities that contribute to the fixed costs of the transmission system.**

**FERC's September 17<sup>th</sup> Order stated "... [the IMM concerns] may be considered in the stakeholder process to analyze possible alternatives to PJM's proposed changes to which PJM is committed, including *inter alia* the various issues raised by Monitoring Analytics."**



# MMU Recommendation

## Section 5.5 of PJM Tariff revision

**The total Transmission Loss Charges accumulated by the Office of Interconnection shall be distributed pro-rata to each Network Service User and Transmission Customer in proportion to its ratio shares of the total contribution to the fixed costs of the transmission system.**



**Monitoring Analytics, LLC**

**2621 Van Buren Avenue**

**Suite 160**

**Eagleville, PA**

**19403**

**(610) 271-8050**

**MA@monitoringanalytics.com**

**www.MonitoringAnalytics.com**

