

130 FERC ¶ 61,058  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;  
Marc Spitzer, Philip D. Moeller,  
and John R. Norris.

PJM Interconnection, L.L.C.

Docket No. ER10-320-000

ORDER ACCEPTING TARIFF REVISIONS,  
SUBJECT TO CONDITIONS

(Issued January 22, 2010)

1. On November 24, 2009, PJM Interconnection, L.L.C. (PJM) filed, pursuant to section 205 of the Federal Power Act,<sup>1</sup> proposed revisions sections 3.6.2 and 3.6.3 to Schedule 1 of its Amended and Restated Operating Agreement (Operating Agreement), as well as the parallel provisions to Attachment K- Appendix of the Open Access Transmission Tariff (Tariff), governing pass-through of meter error correction charges or credits.<sup>2</sup> In its filing, PJM proposes to provide a voluntary billing service for electric distributions companies (EDCs) that elect to have PJM allocate meter correction charges directly to the Load Serving Entities (LSEs) within the respective EDC territory. In addition, PJM proposes to modify section 3.6.5 to reflect a new deadline for the submission of meter correction data to PJM.
2. For the reasons discussed below, we conditionally accept PJM's proposal and make the tariff revisions effective February 1, 2010, as requested.

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<sup>1</sup> 16 U.S.C. § 824d (2006).

<sup>2</sup> Schedule 1 of PJM's Operating Agreement and Attachment K-Appendix of the Open Access Transmission Tariff are identical. For convenience, where proposed revisions are referenced to the Operating Agreement, such references are also intended to encompass the corresponding provisions of and proposed changes to Attachment K-Appendix of the Tariff.

## **I. Background**

3. According to section 3.6, metering errors and corrections are reconciled at the end of each month by a meter correction charge or credit. The meter errors and corrections are reported to PJM by EDCs and generators to account for any accumulated tie line and generation metering errors that have occurred during each month. The monthly meter error correction charge or credit is determined by the product of a positive or negative deviation in energy amounts times the load-weighted average Locational Marginal Prices (LMPs) for all load buses in the PJM region, as applicable for tie meter corrections, or times the generation-weighted average LMP for individual generation buses for generation meter corrections. These charges or credits are directly assigned to PJM EDCs, which are passed through to their underlying LSEs.

## **II. PJM's Proposal**

### **A. Voluntary Billing Service**

4. On June 11, 2009, the PJM Market Settlement Working Group proposed and discussed possible modifications to the existing allocation of net charges or credits related to metering errors and corrections to various stakeholder committees. After extensive discussions, PJM discovered that the majority of the EDCs requested that the net metering errors and corrections charges or credits should be directly allocated by PJM to all LSEs in their territories based on real-time load ratio shares. Thereafter, PJM determined that it is able to implement settlement software enhancements to accommodate this change for EDCs that wish to opt in to this voluntary billing service by the first quarter of 2010.

5. In order to provide this voluntary billing option to EDCs, PJM proposes to add new language to section 3.6.2 as follows:

No such adjustment may be made if the accounting for the Operating Day in which the interchange occurred has been completed by the Office of the Interconnection. If this is not practical, the error shall be accounted for by a correction at the end of the billing cycle. The Market Participants experiencing the error shall account for the full amount of the discrepancy and an appropriate debit or credit shall be applied to the Market Participants. For Market Participants that are Electric Distributors that request the debit and credit to be further allocated to all Network Service Users in their territory (as documented in the PJM Manuals), the appropriate debit or credit shall be applied among Network

Service Users in proportion to their deliveries to load served in the applicable territory.<sup>3</sup>

PJM also proposes to add the following language to section 3.6.3 as follows:

The Market Participant with the tie meter or generator experiencing the error shall account for the full amount of the discrepancy and an appropriate debit or credit shall be applied among Electric Distributors that report hourly net energy flows from metered tie lines in the Pre-Expansion Zones (excluding Allegheny Power) in proportion to the load consumed in their territories. The error shall be accounted for by a correction at the end of the billing cycle. For Market Participants that are Electric Distributors that request the debit and credit to be further allocated to all Network Service Users in their territory (as documented in the PJM Manuals), the appropriate debit or credit shall be applied among Network Service Users in proportion to their deliveries to load served in the applicable territory.<sup>4</sup>

#### **B. Meter Correction Data Deadline**

6. PJM also proposes a clean-up revision to the meter error data submission deadline in section 3.6.5. Specifically, PJM argues that the "noon" deadline does not accurately reflect the extended 3pm EST deadline that PJM allows for Mondays and the day after holidays. Therefore, PJM suggests that section 3.6.5 regarding meter error data be revised to eliminate the deadline of "noon" on the third working day. PJM proposes to revise section 3.6.5 to state that "meter error data shall be submitted to the Office of Interconnection not later than ~~noon~~ *the PJM meter data accounting deadlines* on the third working day of the Office of the Interconnection after the end of the billing cycle applicable to the meter correction."<sup>5</sup>

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<sup>3</sup> PJM Proposed section 3.6.2, Proposed Fourth Revised Sheet No. 122 & Fourth Revised Sheet No. 390 & First Revised Sheet No. 390A (emphasis included in original).

<sup>4</sup> PJM Proposed section 3.6.2, Proposed Fourth Revised Sheet No. 122 & First Revised Sheet No. 390A (emphasis in original).

<sup>5</sup> PJM Proposed section 3.6.2, Proposed First Revised Sheet No. 122A & Fourth Revised Sheet No. 391 (emphasis in original).

### **III. Notice and Responsive Pleadings**

7. Notice of PJM's filing was published in the *Federal Register*, 74 Fed. Reg. 65112 (2009), with protests and interventions due on or before December 16, 2009. American Municipal Power, Inc. (AMP) filed a timely motion to intervene and protest; Old Dominion Electric Cooperative and Exelon Corporation also filed timely motions to intervene.

8. Pursuant to rule 214 (18 C.F.R. § 385.214 (2009)), all timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention requests at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties.

### **IV. AMP's Protest**

9. AMP states that under PJM's proposal, an EDC may request that PJM allocate meter error correction charges directly to all of the EDCs' zonal LSEs based on real-time load ratio shares. AMP asserts that it opposes the transfer of this function to PJM on the terms proposed by PJM.

10. AMP argues PJM's filing fails to consider the impact of the proposed revisions on wholesale LSEs within a zone that have their own metering points. AMP states its members are municipal electric utility systems that use hourly integrated meters. AMP asserts the load of such systems, accordingly, is known (except in the case of a meter failure), and in contrast, meter values for other market participants within a transmission zone are estimated and subject to change. AMP avers that variations in the transmission zone meter values will not correlate to corresponding changes in the municipal system's load. AMP argues, however, that PJM's proposal ignores this distinction. AMP explains that under PJM's proposal, municipal systems would be "lumped in" with other LSEs for purposes of meter error correction charges being passed through by PJM. As a result, AMP argues that its municipal systems and other wholesale customers with hourly meters would be required to subsidize the load served by other LSEs, such as competitive retail suppliers, and retail load served by traditional investor-owned utilities. AMP requests that the Commission require PJM to revise its proposal to eliminate the subsidization of these charges to its members.

### **V. Discussion**

11. The Commission accepts PJM's proposed tariff revisions to its meter error and correction charges or credits, subject to conditions identified in this order, to become effective, as requested, on February 1, 2010.

12. Under PJM's existing tariff, metering errors and corrections are reconciled at the end of each month by a meter correction charge or credit. The metering errors and

corrections are reported to PJM by the EDCs and generators. PJM assigns the net charges or credits to the PJM EDC, which are subsequently passed through to their LSEs. We find PJM's proposal to allow EDCs to voluntarily participate in the billing service option reasonable, as it has the potential to decrease the burden of EDCs having to allocate the charges and credits directly to the underlying LSEs.

13. However, the Commission finds the opt-in provision is not fully voluntary because LSE's who will be billed under the tariff provision are not provided with an opportunity to decline to participate. As pointed out by AMP, the proposed tariff revisions fail to consider the impact of the proposed allocation on LSEs and if participation is beneficial to both the EDC and LSE. AMP argues that its members that use hourly-integrated meters would be required to unreasonably subsidize the load served by other LSEs. We agree with AMP's argument that an EDC's decision to voluntarily participate under this new system may have an adverse impact on certain LSEs that have made the investment in meters that more accurately measure the load on such systems. In order to ensure that all affected parties have the opportunity to balance the benefits of voluntarily participating in the new system against the costs they may incur, we will accept the filing conditioned on PJM submitting a revision, within 30 days of the date of this order, clarifying that EDCs can opt in to use this optional billing service only if both the EDC and the LSEs in the respective EDC zone agree to use this service.

14. We also accept PJM's tariff revisions to section 3.6.5. PJM states that the noon deadline does not accurately reflect the extended 3PM deadline that PJM allows for Monday and the day after holidays, which is part of the PJM meter data accounting deadlines found on the PJM website. As result, PJM proposes to remove the noon deadline from the tariff language and direct market participants to follow the PJM meter data accounting guidelines. We find this provision to be just and reasonable.

The Commission orders:

(A) PJM's proposed tariff revisions are hereby accepted, subject to condition, as discussed in the body of this order, to become effective on February 1, 2010.

(B) PJM is directed to make a compliance filing within 30 days of the date of this order, with respect to the condition discussed in the body of this order.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.