



Reactive Service Charge Allocation Options

October 17, 2013

Service	Design Components ¹	Issue	Status Quo	A
Reactive Service/ Reactive Interface Control	Allocation of costs: Region (RTO, East/West, Zone(s), Other)	Review the changes made with FERC on Dec. 1.	Zone(s) that benefit (*12/1/2012)	
Reactive Service/ Reactive Interface Control	Allocation of costs: Final Payer (Deviations/Load/etc)	Review the changes made with FERC on Dec. 1.	RT Load (*12/1/2012)	RT Load + exports

- Allocation of cost for units called on in the day ahead market for reactive service and reactive interface control must match the allocation for the same service in real time.

1. Allocation of all reactive service > 345 kV to RTO load + exports
 - <345 kV allocated to RT load in the zone
2. Allocation of all reactive service just like Schedule 2: Reactive Service Revenue Requirements

- Will require OATT and Manual changes
- Does not affect imports
- Causes different allocations for greater than or less than 345 kV
 - Less than 345 kV → RT Load
 - Greater than 345 kV → RT Load + Exports

- **Schedule 2: Reactive Service allocated as charges to point-to-point customers (and to network customers in transmission zones with no reactive service charges) based on their monthly peak usage of the PJM transmission system.**

Appendix

- **Reactive Supply and Voltage Control from Generation and Other Sources Service**
 - All Transmission Customers purchase this from PJM to maintain acceptable transmission voltages.

- Credits:
 - Monthly credits provided to generation and transmission owners with FERC-approved reactive revenue requirements.

- Monthly pool-wide reactive revenue requirements allocated as charges to point-to-point customers (and to network customers in the transmission zones with no reactive revenue requirements) based on their monthly peak usage of the PJM transmission system.

- Monthly peak usage equals the total hourly amounts of transmission capacity reserved, and not curtailed by PJM, divided by 24. The remaining reactive revenue requirements for each transmission zone not recovered from point to point customers are allocated to the network customers serving load in that zone based on their monthly network service peak load contributions.