

**Draft Revisions to Tariff, Schedule 9
For Review and Vote at MC Meeting on October 29, 2020**

**SCHEDULE 9
PJM Interconnection, L.L.C. Administrative Services**

a) PJM Interconnection, L.L.C. is the Transmission Provider under this Tariff. It also operates the PJM Interchange Energy Market as described in Tariff, Attachment K-Appendix and provides various other services to market participants. The cost of operating the PJM Interconnection, L.L.C., including principal and/or depreciation expense, interest expense and financing costs, shall be recovered from users of the various PJM services pursuant to the rates set forth in this Schedule 9 and its subsidiary Schedules which correspond to categories of services (“Service Categories”) provided by PJM. The charge in any month to any user of PJM’s services under this Schedule 9 is the sum of the charges under the following subsidiary Schedules of this Schedule 9 to the extent determined to be applicable by the Transmission Provider to such user in such month:

Tariff, Schedule 9-1:	“Control Area Administration Service”
Tariff, Schedule 9-2:	“Financial Transmission Rights Administration Service”
Tariff, Schedule 9-3:	“Market Support Service”
Tariff, Schedule 9-4:	“Regulation and Frequency Response Administration Service”
Tariff, Schedule 9-5:	“Capacity Resource and Obligation Management Service”

b) The rates, terms, conditions, and applicability of these subsidiary services of this Schedule 9 are set forth on the subsidiary Schedules of this Schedule 9. These rates and charges do not include the charges for PJMSettlement services to Transmission Customers and Market Participants. The charges for PJMSettlement services to Transmission Customers and Market Participants are set forth in Tariff, Schedule 9-PJMSettlement.

c) In addition to subsidiary Tariff, Schedule 9-1through 9-5, this Schedule 9 also includes the following separate subsidiary schedules: (i) Tariff, Schedule 9-FERC, which is designed to recover Transmission Provider’s costs for the annual charges assessed on Transmission Provider by FERC; (ii) Tariff, Schedule 9-OPSI, which is designed to recover Transmission Provider’s payments to the Organization of PJM States, Inc.; (iii) Tariff, Schedule 9-CAPS, which is designed to recover Consumer Advocates of PJM States, Inc. costs; (iv) Tariff, Schedule 9-MMU which is designed to recover the cost of providing market monitoring functions to the PJM Region; (v) Tariff, Schedule 9-FINCON, which is designed to recover Transmission Provider’s costs of outside consultants engaged by the Finance Committee, and (vi) Tariff, Schedule 9-PJMSettlement, which is designed to recover PJMSettlement’s costs.

d) Revenues received under subsidiary Tariff, Schedules 9-1 through 9-5 shall be used in part to fund and maintain a reasonable reserve, and amounts received in excess of that necessary to recover costs and fund such reserve, shall be refunded to customers on a one-quarter lag basis, in accordance with the following:

(1) PJM shall record on its income statement deferred regulatory expense, and PJM’s balance sheet will reflect as a cumulative deferred regulatory liability, any revenues collected under subsidiary Tariff, Schedules 9-1 through 9-5 that are in excess of all expenses (exclusive of

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expenses recovered under Tariff, Schedule 9-FERC, Tariff, Schedule 9-OPSI, Tariff, Schedule 9-CAPS, Tariff, Schedule 9-FINCON, Tariff, Schedule 9-MMU, Tariff, Schedule 9-PJM Settlement and other similar schedules that may be added to the Tariff, and exclusive of expenses of PJM affiliates), and taking account of and including any accrued tax expense effects of this regulatory liability. The deferred regulatory liability will be reduced whenever after-tax PJM revenues collected under subsidiary Tariff, Schedules 9-1 through 9-5 during any calendar quarter are less than PJM's actual expenses, excluding the costs recovered under Tariff, Schedules 9-FERC, Tariff, Schedule 9-OPSI, Tariff, Schedule 9-CAPS, Tariff, Schedule 9-FINCON, Tariff, Schedule 9-MMU, Tariff, Schedule 9-PJM Settlement and other similar schedules that may be added to the Tariff.

(2) At the end of each calendar quarter, to the extent that the deferred regulatory liability exceeds six percent of PJM's revenues projected to be collected under Tariff, Schedules 9-1 through 9-5 during the current calendar year (exclusive of any credits to Tariff, Schedules 9-1 through 9-5 charges associated with a refund applied during the preceding calendar quarter(s)), such excess amounts in the deferred regulatory liability shall be refunded evenly over the applicable billing determinant volumes in the following calendar quarter through credits to charges to then-current customers under such schedules of Tariff, Schedules 9-1 through 9-5 customers in the following proportions: for which cumulative revenues for such schedule over the 12-month period ending at the end of such quarter exceeded (by any amount) the cumulative expenses for such schedule (consistent with those reported or to be reported to the Finance Committee) over such 12-month period, and apportioned among such Schedules with refunds based on the ratio of each such Schedule's excess revenues to the sum of the excess revenues of all Schedules that had excess revenues for such 12-month period.

Allocation of Refunds

<u>Schedule</u>	<u>Amount</u>
9-1	58.0%
9-2 (FTR Service Rate Component 1)	1.5%
9-2 (FTR Service Rate Component 2)	2.5%
9-3 (MS Service Rate Component 1)	31.4%
9-3 (MS Service Rate Component 2)	0.4%
9-4	2.0%
9-5	4.2%

The deferred regulatory liability shall be reduced by such refunds.

(3) Notwithstanding subsection (d)(2) above, PJM shall refund evenly over a three-month period commencing January 1, 2020 and every third year thereafter, the full cumulative regulatory liability as of December 31 of the previous calendar year, provided that refunds shall be limited to amounts that will not reduce any regulatory liability balance below an amount equal to two percent of the revenues projected to be collected under Tariff, Schedules 9-1 through 9-5 during the same calendar year. Such amounts that are not refunded shall continue to be recorded as a regulatory liability. All such refunds under this paragraph shall be made through credits to

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the charges to then-current Tariff, Schedules 9-1 through 9-5 customers in the proportions set forth in subsection (d)(2) above.

(4) If at any time the cumulative deferred regulatory liability on PJM's year-end balance sheet is projected to be less than two percent of the revenues projected to be collected under Tariff, Schedules 9-1 through 9-5 in the same calendar year, PJM will consult with the Finance Committee, in a manner consistent with the Finance Committee Protocol, to develop plans to restore the reserve.