



MSS

Settlement C Package Proposal

Direct Energy
PHI

- Impacted LSE consent no longer required
- PJM and EDC notify all LSEs in impacted zone
 - PJM and EDC notify all zonal LSEs of Settlement C initiation
 - PJM coordinates with zonal EDC and LSEs on timing, bills impacted, etc.
- Only affected zone resettled
- Retain 2 year window

- Reporting of all Settlement C instances through MSS/MRC/MC
 - Include nature of issue leading to resettlement, dollar amount, number of impacted LSEs, LSE, EDC, others?
 - Establish metrics to trigger additional review (specific number of Settlement Cs in an EDC zone?)
 - Any additional review conducted through MSS – PJM and relevant EDC/LSE

- Include all RLR & WLR InSchedule changes in the zone after Settlement B?
- Allow LSE validation of RLR/WLR by providing for regular Settlement C (by zone)?

- Two Distinct Settlement Processes Occurring – Retail and Wholesale
- Retail level rebilling *will occur* for specific customer(s) regardless of whether wholesale resettlement occurs
- Without wholesale resettlement imbalance/cross-subsidy is created

RTO reconciliation settlements ensure that LSE wholesale costs align with revenues billed through the retail market

- **Retail Billing** - Conducted based on EDI transactions between EDC and LSE
- **Wholesale Billing** - Conducted based on RLR transactions between RTO and LSE utilizing RLR schedules submitted by EDC to RTO



EDC Zone
Zonal Load 8 KWH

LSE 1
RLR → 3 KWH

LSE 2
RLR → 5 KWH

Customer 1 → 1 KWH

Customer 3 → 1 KWH

Customer 2 → 2 KWH

Customer 4 → 4 KWH

RTO Bills LSE 1
3 KWH x LMP

RTO Bills LSE 2
5 KWH x LMP

LSE Bills Customers
Customer 1 - 1 KWH x Rate
Customer 2 - 2 KWH x Rate
3 KWH

LSE Bills Customers
Customer 1 - 1 KWH x Rate
Customer 2 - 4 KWH x Rate
5 KWH



LSE Customer Billing



EDC Zone
Zonal Load 8 KWH

LSE 1
RLR → 3 KWH

LSE 2
RLR → 5 KWH



RTO Bills LSE 1
3 KWH x LMP

RTO Bills LSE 2
5 KWH x LMP



- EDC reads customer meters
- **Bill Ready/Dual Bill Market**
 - Read sent to LSE via EDI Transaction
 - LSE calculates customer bill
 - Provides data to EDC/Sends bill
- **Rate Ready Market** – EDC bills customer based on LSE submitted rate

RTO LSE Billing



EDC Zone
Zonal Load 8 KWH

LSE 1
RLR → 3 KWH

LSE 2
RLR → 5 KWH

Customer 1 → 1 KWH

Customer 3 → 1 KWH

Customer 2 → 2 KWH

Customer 4 → 4 KWH

RTO Bills LSE 1
3 KWH x LMP

RTO Bills LSE 2
5 KWH x LMP

LSE Bills Customers

Customer 1 - 1 KWH x Rate
Customer 2 - 2 KWH x Rate
3 KWH

LSE Bills Customers

Customer 1 - 1 KWH x Rate
Customer 2 - 4 KWH x Rate
5 KWH

- EDC develops LSE RLR schedules based on aggregated meter reads and PJM requirement that sum of aggregated meter reads tie to PJM pMTR Load with Losses
- EDC provides LSE RLR schedules to RTO
- RTO bills LSE based on RLR schedule

Issues Causing Reconciliation and Impacts

- Specific issues that can result in incorrect RLRs:
 - Customer incorrectly assigned to LSE - can occur even with AMI because EDI/legacy systems still utilized for customer registrations, timing of registration processing
 - Meter programming protocol errors (in the field or within systems)
 - Calculation error – systems, spreadsheets, human error
 - Enrollment errors
 - Estimation errors due to:
 - Accessibility issues
 - Meter failure
 - Multiple read cycles (i.e., more than twice)



EDC Zone
Zonal Load 8 KWH

LSE 1
RLR → 34 KWH

LSE 2
RLR → 54 KWH

Customer 1 → 1 KWH

Customer 3 → 1 KWH

Customer 2 → 2 KWH

Customer 4 → 4 KWH

RTO Bills LSE 1
34 KWH x LMP

RTO Bills LSE 2
54 KWH x LMP

LSE Bills Customers

Customer 1 - 1 KWH x Rate
Customer 2 - 2 KWH x Rate
3 KWH

LSE Bills Customers

Customer 1 - 1 KWH x Rate
Customer 2 - 4 KWH x Rate
5 KWH

- LSE's Retail Customer Billing
 - No impact
- RTO LSE Settlement
 - LSEs billed based on improper volume by RTO

- LSE Customer Billing
 - None
- RTO LSE Settlement
 - Both LSEs billed based on proper RLR volumes

Reconciliation sets proper supply volume/cost for both LSEs

- Customer 1's meter isn't read



EDC Zone
Zonal Load 8 KWH

LSE 1
RLR → 23 KWH

LSE 2
RLR → 65 KWH

Customer 1 → 04 KWH

Customer 3 → 1 KWH

Customer 2 → 2 KWH

Customer 4 → 4 KWH

RTO Bills LSE 1
23 KWH x LMP

RTO Bills LSE 2
65 KWH x LMP

LSE Bills Customers
Customer 1 - 04 KWH x Rate
Customer 2 - 2 KWH x Rate
23 KWH

LSE Bills Customers
Customer 1 - 1 KWH x Rate
Customer 2 - 4 KWH x Rate
5 KWH

- LSE Customer Billing
 - LSE 1 (EDC in rate ready) bills Customer 1 based on improper EDI meter data
- RTO LSE Settlement
 - Both LSEs billed based on improper volume by RTO

- LSE Customer Billing Reconciliation
 - LSE 1/EDC rebills Customer 1 based on EDI meter value correction
- RTO LSE Settlement
 - Both LSEs billed based on proper RLR volumes

Reconciliation ensures RTO settlement/LSE cost aligns with LSE Customer Billing Reconciliation