



Performance Assessment Interval Billing Timeline

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Market Implementation Committee
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- The current PJM Tariff language specifies that Non-Performance Charges are to be billed in equal installments in the remaining months of the Delivery Year following the determination of the charges.
 - This means Non-Performance Charges from the December 2022 PAI event would be divided in three monthly bills (March, April, May)
 - Given the magnitude of estimated charges for this event, some market participants may have difficulty meeting payment obligations in this timeframe
- PJM reviewed a proposal to extend the billing period to 9 months and provided notice and consultation with the PJM Members and Transmission Owners in accordance with Tariff, section 9.2 and CTOA, section 7.5.1 in soliciting feedback from the RMC, MC & TOA-AC in January
 - Goal is to minimize disruption to the market and maximize the collection of charges



Amended Billing Timeline – Future Events

Based on feedback received, PJM filed the following amendment with FERC pursuant to section 205 of the FPA on February 2, 2023, in Docket ER23-1038-000:

For future PAI events:

Number of billing months remaining in Delivery Year:	6 or More (events in or before September)	Less than 6 (events occurring in October or later)
Billing Timeline:	No change. Bill charges in equal installments over the remaining months in the Delivery Year.	PJM may follow the status quo or extend the billing period to up to 9 months with no interest due. <ul style="list-style-type: none">• Notice to membership is required.• Any extension to the billing period would uniformly apply to all market participants.• Charges are billed in equal installments over the selected billing period.

For the December 2022 PAI events:

A transitional rule was proposed. Members will have two options for payment schedules.

3 month billing option: Pay over the remainder of the delivery year consistent with the current tariff. No interest will be applied.



9 month billing option: Interest would be calculated for the months that go past the current delivery year based on the FERC interest rate at the time of election.



Interest calculated for last 6 months and then levelized and billed over entire 9 month period

- The proposal helps mitigate risks of member defaults and provide additional opportunities to collect Non-Performance Charges
 - This ultimately decreases the reliability risk that would otherwise arise if resources defaulted and could no longer be relied upon as capacity for the remainder of the Delivery Year
 - The goal is to increase the pool of bonus payments available for resources that over performed during the event
- In recognition of the reasonable expectation that all bonus payments would have been received by the June monthly bill based on the current tariff, members owed bonus payments will receive the interest payments collected.

All members receiving non-performance charges must notify PJM whether they are electing the 3 month or 9 month billing option by **March 17.**

- Elections are contingent on FERC approval of the proposed tariff revisions.
- Elections must be made at the sub-account level (not resource-specific).
- A form is being added to the [Billing Line Item Transfer](#) application to facilitate this election.
- Additional details are forthcoming.

Tariff, Attachment DD, Section 10A

(j) The Office of the Interconnection shall bill charges and credits for performance during Performance Assessment Intervals within three calendar months after the calendar month that included such Performance Assessment Intervals, provided, for any Non-Performance Charge, the amount shall be divided by the number of months remaining in the Delivery Year for which no invoice has been issued, and the resulting amount shall be invoiced each such remaining month in the Delivery Year. Notwithstanding, or during the first month of the next Delivery Year if ~~three~~ there are less than six months ~~do not~~ remaining in the current Delivery Year for which no invoice has been issued, the Office of the Interconnection may, with prior notice to PJM Members, allocate in equal amounts any Non-Performance Charge in the remaining monthly bills for the current Delivery Year plus up to six monthly bills into the following Delivery Year (but in no event shall the total Non-Performance Charge be divided in more than nine monthly bills). Provided, for any Non-Performance Charges associated with Performance Assessment Intervals from December 23, 2022 and December 24, 2022, a Capacity Market Seller may elect, by providing notice to the Office of Interconnection by March 17, 2023, to divide the total amount of Non-Performance Charges by either (i) the number of remaining monthly bills in the current Delivery Year (i.e., 3 bills) or (ii) the number of remaining monthly bills in the current Delivery Year plus six additional monthly bills into the following Delivery Year (i.e., 9 bills); provided further, however, that for an election under subsection (ii) above, the monthly Non-Performance Charge shall be levelized to include interest for the six month period following the current Delivery Year, such interest amount being determined at the electric interest rate established by the Federal Energy Regulatory Commission at the time of such election. All interest collected in accordance with this provision shall be allocated to the total pool of bonus performance payments and distributed in accordance with Tariff, Attachment DD, section 10A(g).

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