

RULES AND REGULATIONS

8. Reconciliation Service

8.1 General Description. Reconciliation service accounts for mismatches between an EGS's load schedule (with PJM approved load schedule changes) for serving its Customers and the energy that was actually used by those Customers. This service differs from Energy Imbalance Service - a related service performed exclusively by the PJM OI under the PJM Tariff - because the latter accounts for differences between an EGS's scheduled energy obligation and the quantity of energy actually delivered by the EGS. Because at the absence of universal real-time metering, the calculation of reconciliation quantities typically must occur after the monthly reading of Customers' meters.

8.2 Billing. The Company and the EGS will rely on PJM to perform calculations to determine the monetary value of reconciliation quantities and to bill and/or credit EGSs and the Company for oversupplies and undersupplies at an hourly price through the PJM grid accounting system. Effective April 1, 1998, with the implementation of Locational Marginal Pricing within PJM, the oversupplies and undersupplies will be calculated at the LMP as warranted.

8.3 The Company's Role. The Company will assist PJM in accounting for reconciliation quantities by (1) collecting all Customer usage data; (2) determining hourly reconciliation quantities for each EGS or Scheduling Coordinator; (3) calculating monthly reconciliation quantities for each EGS or Scheduling Coordinator; and (4) submitting the reconciliation quantities to the PJM OI. The Company also shall provide all algorithms and data necessary for an EGS to independently determine the reconciliation calculations.

8.4 Meter Data Collection. Meter data supplied to or collected by the Company shall be utilized to calculate the quantity of energy actually consumed by an EGS's Customers for a particular reconciliation period. The meter data shall be available for use following the time of a Customer's monthly meter reading. Thus, in order to measure the energy consumed by all Customers on a particular day, at least one month is required for data collection. In general, on each day that new metered-usage data is posted, one or more days in the previous month will become "fully metered."

8.4.1 Monthly Metered Customers. Data from monthly metered Customers is collected in subsets corresponding to customer billing cycles (billing routes), which close on different days of the month. To reconcile energy mismatches on an hourly basis, the Company shall convert such meter data for Customers to the equivalent hourly usage. Rate class load profiles adjusted for system load values will be applied to metered usage to derive an estimate for the hour-by-hour usage.

8.4.2 Hourly Metered Customers. Data from hourly metered Customers will also be collected by or provided to the Company monthly on a billing route basis.

8.5 Daily Reconciliation. Each business day that new fully metered days are available, the Company will determine hourly reconciliation quantities for that portion of the previous month's usage corresponding to new fully metered days. This information will be made available to the EGS via the website and enable EGSs and the Company to track the day-by-day buildup toward the monthly reconciliation billing that the Company and the EGS will rely on PJM to perform.

The following calculations will be used to determine the reconciliation quantities:

Step 1:

Monthly-metered Customers' actual usage (the billing usage reported by or to the Company) will be spread over each hour in the usage period based on each Customer's weather-adjusted hourly usage

curve using actual hourly weather data for the usage period. The monthly-metered Customer's weather-adjusted usage by hour will be multiplied by the loss factor determined by Customer rate class to determine the Customer's gross usage by hour.

Each hourly-metered Customer's hourly usage will be multiplied by a loss factor determined by Customer rate class to determine the Customer's gross usage by hour.

Step 2:

The gross hourly usage quantity for each Customer will be aggregated by the Company to arrive at a total gross Customer usage quantity by hour for each EGS for use in Step 3 of this Rule 8.5. For Scheduling Coordinators, this aggregation will account for usage of Coordinated Suppliers' Customers.

Step 3:

The hourly reconciliation quantity for each hour will be calculated by subtracting an EGS's hourly total gross Customer usage amount from the hourly load schedule submitted to PJM for that EGS, including the effect of any confirmed changes to the load schedule entered before the PJM accounting deadline.

8.6 Monthly Reconciliation. By the third business day after a calendar month becomes fully metered, the Company will compute and make available the complete hourly reconciliation quantities for the entire month to the Company Website.

By the third business day after a calendar month becomes fully metered, the Company will also transfer the monthly reconciliation quantity to PJM. The Company and the EGS will rely on PJM to calculate the EGS reconciliation dollar amounts for each hour. The Company and the EGS will rely on PJM to include EGS reconciliation dollar amounts in the monthly PJM bills to each EGS or Scheduling Coordinator