



Transmission Cost Allocation Summary of PJM Whitepaper

- *Who pays?*
 - *“Beneficiary”*
 - *“Socialization”*
 - *Other considerations – ease, understanding, stability*
- *Various Cost Allocation Methods*
 - *Between load and generation*
 - *By total usage*
 - *By peak usage*
 - *By flow*
 - *By monetary impact*

– *Key Conclusions*

- Consider priorities when determining cost allocation
- Cost allocation is a societal decision
- A combination of methods is common practice, reflecting the diversity of priorities

- SECTION 1: Transmission Basics
- SECTION 2: Why Build More Transmission
- SECTION 3: Transmission Planning Overview
- SECTION 4: Allocation of Costs – Interpreting Beneficiaries and Socialization
- SECTION 5: Evaluating Cost Allocation Methods – Practical Considerations

Additional Material Covered

- SECTION 6: Allocation of Costs – Generation Versus Load
- SECTION 7: Allocation of Costs over Megawatt-Hours of Consumption and/or Generation
- SECTION 8: Allocation of Costs Over Peak MW Usage and/or Generation
- SECTION 9: Allocation of Costs by Flow-Based Methods

Additional Material Covered

- SECTION 10: Allocation of Costs via Monetary Metrics
- SECTION 11: Moving Forward: Searching for Policy Consensus on a Cost Allocation Method
 - APPENDIX A: Guide of Cost Allocation Methods
 - Appendix B: Matrix of U.S. RTO Transmission Cost Allocation Provisions
 - Appendix C: Matrix of Selected International Transmission Cost Allocation Provisions
- <http://www.pjm.com/documents/~media/documents/reports/20100310-transmission-allocation-cost-web.ashx>