

FTR Forfeiture Update

Brian Chmielewski
Manager, Market Simulation
April 10, 2019
Market Implementation Committee

On January 15, 2019 PJM issued a notification stating staff was investigating the extent of an issue identified in the FTR Forfeiture rule

PJM has completed its investigation and determined the code is aligned with the PJM governing documents and no rebilling is necessary

PJM and IMM staff agree FTR Forfeiture code should be modified to enhance the hourly FTR cost calculation component

PJM and the IMM agree the existing language should be adjusted to account for the number of hours specific to FTR class and period types (on-peak and off-peak FTRs)

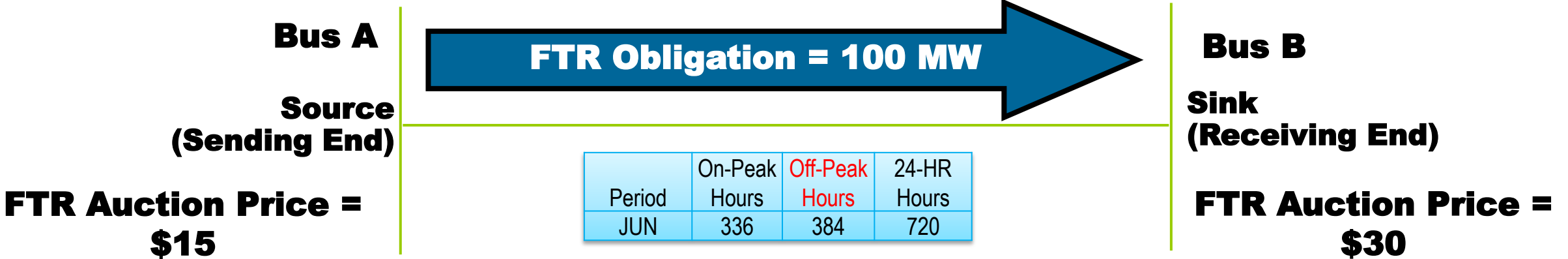
Section 5.2.1 (b) of Schedule 1 of the PJM Operating Agreement requires that if an Effective FTR Holder of a Financial Transmission Right between specified delivery and receipt buses increases the value of their FTR positions through a portfolio of virtual transactions, including Increment Offers and/or Decrement Bids and/or Up-to Congestion Transactions that was accepted by the Office of the Interconnection for an applicable hour in the Day-ahead Energy Market, then the Market Participant shall not receive any Transmission Congestion Credit, associated with such Financial Transmission Right in such hour, in excess of one divided by the number of hours in the applicable month multiplied by the amount that the Market Participant paid for the Financial Transmission Right in the Financial Transmission Rights Auction

Hourly FTR Cost Today

- \$1,500 / 30 / 24
- \$2.08

Hourly FTR Cost Proposal

- \$1,500 / 384
- \$3.91



JUN 2018 OffPeak FTR Obligation Cost = 100 MW * (\$30-\$15) = \$1500

Section 5.2.1 (b) of Schedule 1 of the PJM Operating Agreement requires that if an Effective FTR Holder of a Financial Transmission Right between specified delivery and receipt buses increases the value of their FTR positions through a portfolio of virtual transactions, including Increment Offers and/or Decrement Bids and/or Up-to Congestion Transactions that was accepted by the Office of the Interconnection for an applicable hour in the Day-ahead Energy Market, then the Market Participant shall not receive any Transmission Congestion Credit, associated with such Financial Transmission Right in such hour, in excess of one divided by the number of hours in the applicable ~~month~~ period multiplied by the amount that the Market Participant paid for the Financial Transmission Right in the Financial Transmission Rights Auction

- **Questions/Comments by March 31st**
Email questions to FTRGroup@pjm.com
- **Endorsements at April MIC/MRC/MC**
 - Manual 6 endorsement at April MIC/MRC
 - OA endorsement at April MC for August 1, 2019 effective date (exact TBD)