



# FTR Bilateral Reform

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Markets & Reliability Committee

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**FTR market participants** may enter into bilateral agreements for the transfer of FTRs for their entire tenure or for specified periods.

Today, bilateral agreements must be reported to the Office of the Interconnection for verification of the purchaser's ability to perform its obligations.

Data provided by market participants in PJM's FTR reporting tool to be enhanced to provide additional data to enable PJM better visibility and assessment of **market participant risk** transferred in the bilateral contract.

Explore potential enhancements to PJM's Financial Transmission Right (FTR) reporting tool and process to ensure necessary data is reported to improve risk assessment.

**RMC met to discuss this 10 times** between October 2021 and August 2022.

- Two packages created and voted through the stakeholder process.
- RMC endorsed the solution package at September 2022 meeting with:

**88**  
In favor

**44**  
Opposed

**1**  
Abstain



# Endorsed Solution Package

## Proposed Change

Require reporting of FTR bilateral agreement within 48 hours of execution, including submission of required data

## Rationale:

- Ensures PJM has the necessary data to assess the bilateral agreement and market participant risk
- Ensures PJM is aware of the underlying contract as well as any changes to it, or related continuation data, in a timely fashion
- Primary Economic Term (PET) data including seller, purchaser, FTR start/end, quantity, source, sink, market/auction/period, class, price and execution date
- Continuation data; any subsequent changes to PET data after initial reporting should be reported.
- Purchaser is responsible for uploading the bilateral agreement to PJM within 48 hours of execution.

Report the FTR bilateral price as transacted – whether it be a path price for each FTR OR bundled price for a basket of FTRs.

## **Rationale:**

- Enables a more detailed understanding of price risk perspective outside of PJM auctions
- Provides additional data that may be helpful in alerting PJM to pockets of relative higher risk
- Promotes transparency and an accurate assessment of risk transfer between parties

## **Upload Bilateral Agreement**

Purchaser is responsible for uploading the underlying agreement or where standard master agreement is referenced, the transaction confirmation, within 48 hours of execution; such documents shall be treated as confidential.

### **Rationale:**

Verification of reported PET data and any special provisions



## **Seller Shall Have No Continuing Interest in FTR Bilateral Agreement**

The seller shall confirm to PJM, through the FTR reporting tool, that it has no continuing interest in the FTR(s) following their transfer to purchaser.

## **PJM Indemnity**

Status quo – Seller shall indemnify PJM and its membership for the purchaser’s obligations to pay PJM any charges associated with transferred FTR(s).

## **PJM Consent**

Status quo – Consent of PJM shall be required for a seller to transfer any FTR obligation to a purchaser based upon PJM’s assessment of the purchaser’s ability to perform the obligations.

## **PJM Does Not Settle Bilateral Price**

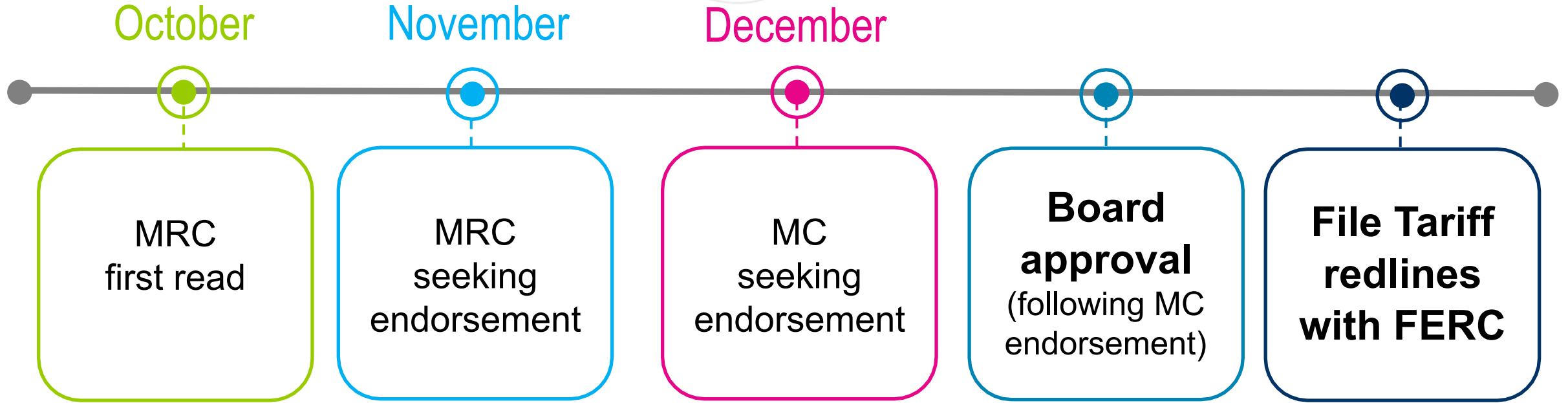
Status quo – Bilateral price shall not be billed or settled by PJM, nor will PJM or its members bear any responsibility for failure of a bilateral party to perform under the bilateral agreement.

## Tariff, Attachment K-Appendix, Section 5.2.2(d)

### Key Elements

Require additional data be submitted at the time an FTR bilateral agreement is reported to PJM:

- Reporting of Primary Economic Term (PET) data
- Submission of continuation data
- Submission of underlying agreement



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## **FTR Bilateral Review and Reporting**



### Member Hotline

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(866) 400-8980

[custsvc@pjm.com](mailto:custsvc@pjm.com)

# Appendix



# Proposed Price by Path Reporting View

Enter/upload negotiated path price; this will flow to confirmation.

New

- Path Price/MW/Period
- Aggregate Bundle value

Accepted Path Price/MW/Period

Accepted

Action	ID	Posted By	Accepted By	Source	Sink	Start	End	Clearing Price (\$/MW-Period)	Class	Hedge	Trade	MW	Price	MW*Price
Buy		BOND007	DrNo	BIRCHWD 18 KV	ARNOLDCR35 KV	3/1/2022	3/31/2022	\$ 600.00	OffPeak	Obligation	Buy	5	\$ 575.00	\$ 2,875.00
Buy		BOND007	DrNo	BIRCHWD 18 KV	ARNOLDCR35 KV	3/1/2022	3/31/2022	\$ 650.00	OffPeak	Obligation	Buy	5	\$ 575.00	\$ 2,875.00
Buy		BOND007	DrNo	CRANESCR35 KV	NRTHNECK13 KV	3/1/2022	3/31/2022	\$ 55.00	OnPeak	Obligation	Buy	2	\$ 50.00	\$ 100.00
Buy		BOND007	DrNo	BIRCHWD 18 KV	ARNOLDCR35 KV	3/1/2022	3/31/2022	\$ 1,000.00	OnPeak	Obligation	Buy	8	\$ 950.00	\$ 7,600.00

**Aggregate Total \$ 13,450.00**



# Proposed Bundled Price Reporting View

Enter/upload negotiated bundled basket aggregate total only; this will flow to confirmation.

New

- Path Price/MW/Period
- Bundled Aggregate value

Accepted

Action	ID	Posted By	Accepted By	Source	Sink	Start	End	Clearing Price (\$/MW-Period)	Class	Hedge	Trade	MW
Buy		BOND007	DrNo	BIRCHWD 18 KV NUG	ARNOLDCR35 KV KGORGELF	3/1/2022	3/31/2022	\$ 600.00	OffPeak	Obligation	Buy	5
Buy		BOND007	DrNo	BIRCHWD 18 KV NUG	ARNOLDCR35 KV KGORGELF	3/1/2022	3/31/2022	\$ 650.00	OffPeak	Obligation	Buy	5
Buy		BOND007	DrNo	CRANESCR35 KV STAFFOLF	NRTHNECK13 KV GT1	3/1/2022	3/31/2022	\$ 55.00	OnPeak	Obligation	Buy	2
Buy		BOND007	DrNo	BIRCHWD 18 KV NUG	ARNOLDCR35 KV KGORGELF	3/1/2022	3/31/2022	\$ 1,000.00	OnPeak	Obligation	Buy	8

Accepted Bundled Aggregate Total

**Aggregate Total \$ 13,450.00**

\* All statements, discussions, presentations, documents, and/or other materials, whether written or otherwise, used in the course of this PJM stakeholder process are to effectuate the objectives established under this issue charge prospectively. All participants acknowledge that there are ongoing disputes and litigation related to these matters and the aforementioned statements, discussions, presentations, documents, and/or other materials are not intended to be representative of any definitive position or practice of PJM or any other party, are of the nature of subsequent remedial measures, and should not be admissible in the aforementioned disputes and litigation.



**PROTECT THE  
POWER GRID  
THINK BEFORE  
YOU CLICK!**



Be alert to  
malicious  
phishing emails.

**Report suspicious email activity to PJM.**  
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