

Stakeholder Interests noted:

- Load is already paying for the imbedded costs of the transmission system. Paying for negative balancing congestion is an additional, unjust cost.
- Fundamental changes have occurred since 2001, most notably: the size of PJM's footprint and the increase in causes for negative balancing congestion, e.g. thermal surrogates, NERC de-rates and uncontrollable RT events. The rules governing FTRs should be modified to address these fundamental changes.
- The DA/RT market construct was put in place for several reasons, in part due to the PJM resource mix. For target allocations, based on day ahead CLMPs, to reflect congestion and/or payments to FTRs is dependent upon a number of conditions/assumptions to be true. This set of assumptions no longer holds true, and the relationship between target allocations and congestion and/or payments to FTRs has broken down. This issue needs to be addressed.
- The FTR product should still be a DA hedging tool, as was its original intent. FTRs cannot effectively do this under the current rules.
- Balancing Congestion is another form of uplift and should be allocated as such, shared over a wide range of products (e.g. load, generation, virtual products, UTCs) to ensure a minimal \$/MW cost.
- Differences between the FTR, DA, and RT models are contributing to negative balancing congestion and thus FTR underfunding and need to be addressed.
- Over allocation in Stage 1A needs to be addressed as it impacts Stages 1b-2 and beyond. Infeasibilities need to be corrected either by proration or modeling enhancements. Also, there are some concerns having ARR that source at a retired generation source.
- FTRs should align with physical transmission rights. The current FTR Market is opaque. This causes many issues that need to be addressed in order to ensure proper alignment and market transparency.
- FTRs are a mechanism to allocate total congestion (DA + Balancing) and are currently effectively doing this.
- ARRs are today's vehicle to allocate property rights (to those who fund the transmission system) and are financial in nature. Some level of FTR Funding predictability is important and needs to be ensured.

- LSEs that own generation need to see allocations return to historic levels (near 100% and funding associated with those allocations above 90%).
- ARR allocations in total have been eroding over the last four years. The guarantees around stage 1A allowed an annual allocation to behave like a long term right.
- There is a concern that physical transmission expansion rules have not adequately reflected historical physical transmission rights (sufficient to allow for fully feasible stage 1A allocations).
- Is the current PJM approach (including balancing congestion) a financial equivalent to non-firm transmission service that was subject to TLRs?
- If PJM continues to use Closed Loop Interfaces as proposed, what impact would that have on the preferred definition of FTRs?
- Market to Market payments can contribute to FTR underfunding. There is a disconnect that needs to be addressed between PJM and MISO views on M2M coordination.