



Updated Plan for Hill FTR Portfolio

PJM Members Committee
February 24, 2022

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Performance Compliance

Consider Additional Feedback From Stakeholders

Feb. 2
Special MC
Present PJM
Initial
Recommendation

Feb 2. through
Feb. 15
**Congestion
Reduction
Impacts
Known**

Feb. 18
Special MC
Present PJM
Updated
Recommendation

Feb. 22
**Stakeholder
Feedback
Due**

Feb. 24
Today
**Final
PJM
Notice
of Plan**

**Proceed
With
Plan**

FEBRUARY 2022

Attempt to Sell Positions in Regularly Scheduled FTR Auctions

Typically would expect liquidation at a significant loss given that negatively valued positions are what precipitated the default.

Given impacts of changes impacting congestion, liquidation value may be significantly less negative, or even positive.

Hill portfolio size is small; analysis suggests sufficient competition given high liquidity in auctions.

Multiple auctions available in near term to facilitate liquidation.

Reserve price can be applied to limit losses.

No risk associated with FTR infeasibilities or revenue inadequacy.

Cancellation option introduces uncertainty with FTR revenue inadequacy (FTR holders).

Allowing positions to go to settlement introduces uncertainty with portfolio value over time (all PJM members).

Proceeds from sale of Hill portfolio would net against default



Plan for Resolving Hill Portfolio Steps for Short-Term and Long-Term Positions

Short-Term Positions (April-May 2022)		Long-Term Positions (June 2022 – May 2025)	
Auction to Sell	Reserve Price	Auction to Sell	Reserve Price
April 2022 FTR Auction (Mar. 15, 2022) <ul style="list-style-type: none"> April and May positions April positions will go to settlement if unsuccessful 	Considerations: <ul style="list-style-type: none"> Previous auction prices Hill original portfolio auction costs Combination 	2022/2025 LT Auction Round 5 (Mar. 1, 2022) All positions from June 2022 – May 2025	Considerations: <ul style="list-style-type: none"> Previous auction prices Hill original portfolio auction costs. Combination
May FTR Auction (Apr. 14, 2022) <ul style="list-style-type: none"> May positions if not liquidated in April auction May positions will go to settlement if unsuccessful 		2022/2023 Annual FTR Auction (Apr. 5, 2022) All 2022/2023 positions not liquidated in 2022/2025 Long-Term Auction	
		If any positions not liquidated then PJM will seek stakeholder feedback on next steps (April-May 2022)	
March 2022 positions will go to settlement		<ul style="list-style-type: none"> Existing collateral requirements would apply to all positions PJM will provide clarity if any additional collateral requirements are necessary before liquidating any positions in an auction 	

- Billing of any default allocations will occur in one billing cycle
- Earliest billing of any default allocations will occur in the April 2022 final Bill which will be issued on May 6, 2022
- Amount of default allocation and/or any changes to the billing timeline will be communicated at the April MC meeting scheduled April 27, 2022.

FTR Default Feedback and Questions
FTRquestions@pjm.com

FTR Default information

PJM.com – Markets and Operations – Financial
Transmission Rights – FTR Default

<https://www.pjm.com/markets-and-operations/fttr>



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