# PJM FTR Undiversified Adder

Credit Subcommittee

December 21, 2015

- PJM has been analyzing historical FTR data to see if an alternative to the portfolio-based FTR undiversified credit adder could better address the credit exposure of counterflow FTRs

- Analysis of FTRs from 2008 – 2015 shows significantly greater volatility for paths with fewer nodes at source and sink points
    - Paths sourcing and sinking at single nodes have much greater volatility than paths with source and/or sink at aggregates or hubs

- PJM is further analyzing the data to see if a node-count-based alternate to the portfolio-based undiversified adder can be designed such that it would provide better counterflow FTR exposure protection for the same or lower credit requirement

total_count (y-axis), std_ta (x-axis)
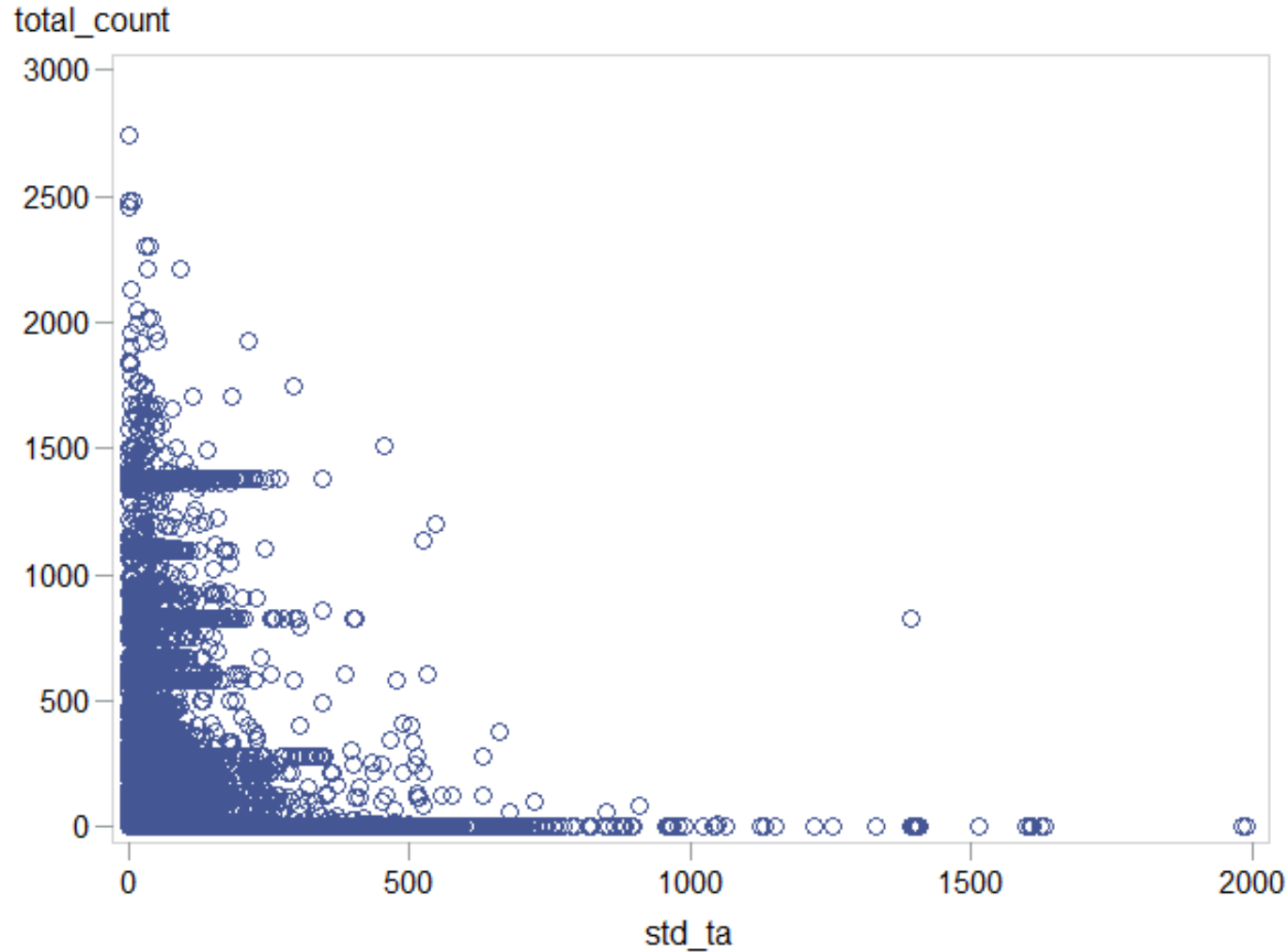
- Each data point represents one FTR path. The data runs from August 2008 to November 2015 and includes 253,284 unique data points.

- Total Count = total nodes at source and sink of path

- STD_TA = the standard deviation of the monthly target allocations of the path over the time period.

- This chart shows that there is a higher variance of Target Allocation for paths with lower node count.