

# Reducing Risk in the current ARR/FTR Market Design

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# FTR Paths Should Match Congestion

- **If paths are kept, biddable points should be only gen to load paths.**
  - **Congestion only on gen to load paths**
  - **ARRs only on gen to load paths**
  - **Available FTR nodes should be physical source and delivery points.**
- **Gen to gen paths comprise a large portion of the annual market.**
  - **FTRs on gen to gen paths simply profit from price differences in an LMP market.**
  - **Congestion allocated to gen to gen FTRs reduces available congestion payments for gen to load paths.**

# FTR Paths Should Match Congestion

- **Reduction of bid points**
  - **Increase liquidity**
    - Better price discovery/better valuation for load
    - Better price discovery/better valuation for credit evaluations
    - Easier to liquidate positions
  - **Better alignment between ARR available rights and available FTRs**
    - ARRs are only available on gen to load (zone) paths
  - **Reduce congestion leakage from ARR rights**
  - **Reduce cross subsidies among available paths**

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