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
    o Better price discovery/better valuation for load
    o Better price discovery/better valuation for credit evaluations
    o Easier to liquidate positions
  • Better alignment between ARR available rights and available FTRs
    o 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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