FTRSTF FTR Funding

FTRSTF

July 16, 2014

MMU

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MMU Proposed Options

1. Report correct monthly payout ratios
2. Eliminate portfolio netting subsidizations
3. Eliminate counter flow FTR subsidizations
4. Eliminate cross geographic subsidies
5. Improve outage modeling in FTR auctions
6. Reduce FTR availability on persistently underfunded paths/facilities
7. Implement seasonal ARR and FTR allocation methods
8. **Eliminate over allocation of Stage 1A ARRs**
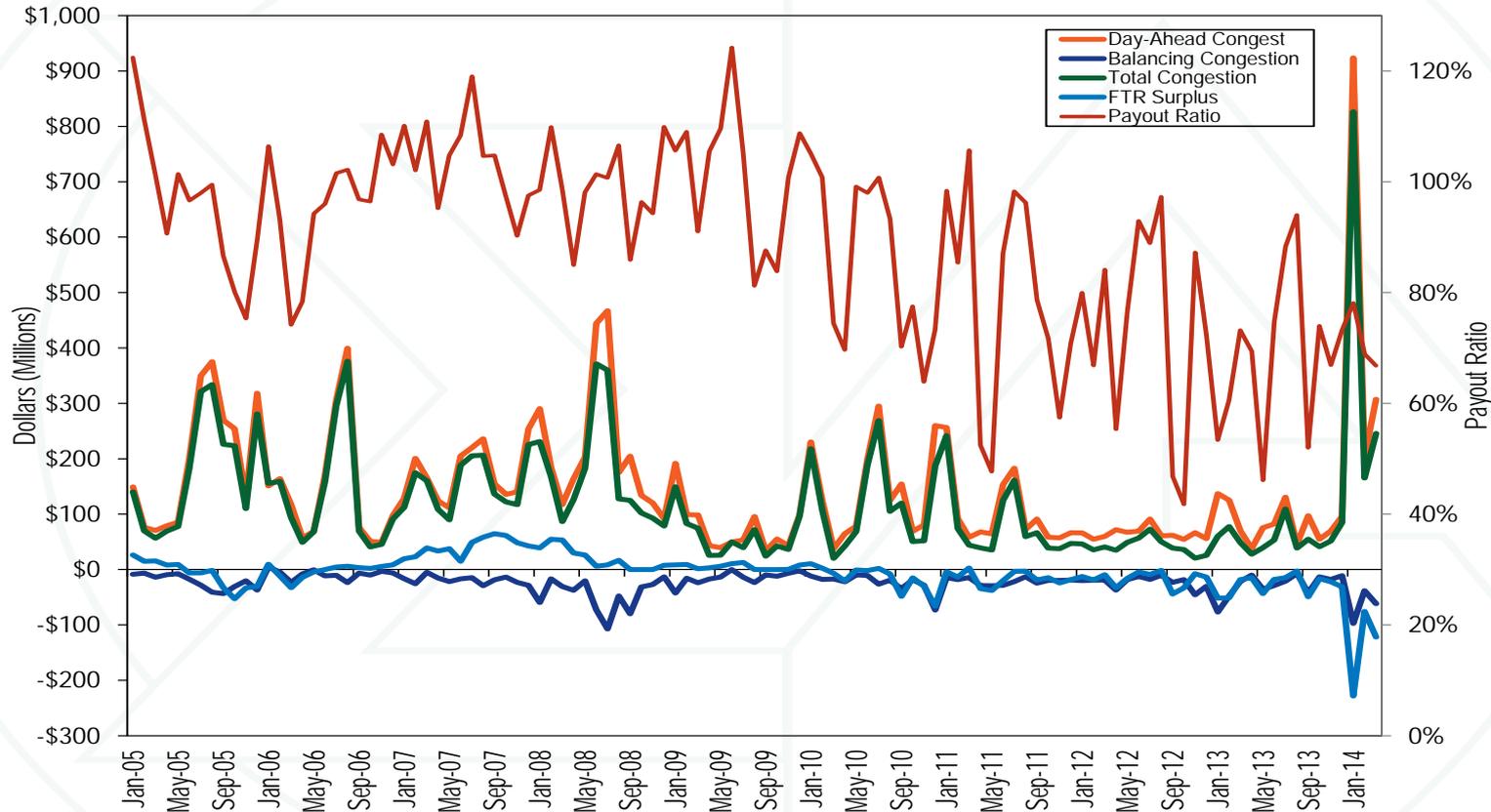
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Balancing Congestion

- **FTRs are currently properly paid based on both day-ahead and balancing congestion**

- **Balancing congestion is a symptom of modeling problems, not a root cause of underfunding**

- **In aggregate, FTR funding is providing an offset to congestion, individual results may vary**

- **Balancing congestion paid by load would force load to pay twice for congestion**

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Closed Loop Interfaces

- **Closed loop interfaces not modeled in any FTR auction created mass amounts of underfunding in 2013**

- **The ATSI Interface created $23.1 billion in negative balancing congestion in three days**

- **PJM should not have the authority to decide prices in a zone or closed loop, market prices should reflect market fundamentals**

- **If closed loop interfaces are necessary, their impact should be appropriately studied and modeled in the FTR Auctions**

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FTR Funding: 2005 through March 2014

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