



# Options for Allocating Balancing Congestion

Market Implementation Committee  
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## Allocation of Balancing Congestion

- Currently allocated to FTR Holders
- Reasons to change allocation method include:
  - ❖ FTRs valued from day-ahead congestion prices and not real-time.
  - ❖ Should improve confidence in FTR payout and reduce FTR discounted bids.
    - Balancing congestion typically negative.
    - Discounted bids result in a false indication of congestion.
    - Discounted bids result in lower auction revenues for funding FTRs.
    - Discounted bids result in lower auction prices and lower ARR values.
  - ❖ Up To transactions/virtuals available to hedge day-ahead vs. real-time.
  - ❖ Eliminates risk to FTR holders of real-time operations and known day-ahead vs. real-time differences.

Thirteen different options for allocation of balancing congestion were reviewed.

- Two options had most support if a change would occur.
  
- 1. Allocate Balancing Congestion to Real-time Load + Exports (same as current Marginal Loss credits)
- 2. Allocate Balancing Congestion to FTR MWh
  - Details of this option would need to be determined if approved.

Common to both Options:

Excess FTR Auction revenues and Day-ahead congestion after funding FTRs to be allocated to balancing congestion. Insufficient FTR Auction revenues and Day-ahead congestion to be allocated to FTR holders pro-rata based on Target Allocation. Change to be effective on 6/1/13.

Options receiving over 50% support will pass to MRC with option having greatest support as main motion.

Vote 1: Change allocation of Balancing Congestion to Real-time Load + Exports (same as current Marginal Loss credits)

Vote 2: Change allocation of Balancing Congestion to FTR MWh

- Details of this option would need to be determined if approved.