

FTR/ARR Senior Task Force
Draft Charter Discussion
June 26, 2014 Markets and Reliability Committee Meeting

Background

During discussion of the draft charter for the FTR/ARR Senior Task Force (FTRSTF) at its initial meeting on June 11, 2014, the independent Market Monitor objected to item 2.b. being included in the Group Objectives portion of the draft charter (highlighted below).

Group Objectives

The FTR/ARR Senior Task Force stakeholder group will conduct the following key work activities and produce the stated deliverables as described in the Issue Charge:

1. Provide education regarding derivations of underfunding and discuss as appropriate which could result in expansion of items in scope.
2. Determine whether enhancements can be made to the current ARR and FTR processes to improve FTR funding levels through:
 - a. Improving the alignment of the ARR allocation process with actual transmission system usage;
 - b. **Enhancing the mechanism by which balancing congestion is allocated.**
3. Determine whether a transition mechanism should be implemented such that any ARR and/or FTR process changes take effect over time.
4. If enhancements are identified, implement the Consensus Based Issue Resolution process to assess the need for market rule changes.

Stakeholders discussed the concern and recognized that this item was included in the issue charge for the group, which was approved by the Markets and Reliability Committee at its May 29, 2014 meeting. It was noted that since the MRC had included this item in its approved scope, removal from the draft charter would require MRC approval as well. PJM was requested to provide additional information on why this item was included in the issue charge, and the IMM was requested to provide additional information on why they felt it should be removed. Provided below is PJM's rationale for inclusion of item 2.b.

PJM Additional Information

Commitments made in the long term FTR auctions are for three years following the current planning period. As such, any solutions developed by the FTRSTF would need to have some sort of implementation or transition mechanism. PJM suggested that the transition mechanism could in some way encompass consideration of altered allocation of balancing congestion during the transition.

PJM recognized that the stakeholders had previously considered altering treatment of negative balancing congestion and not reached consensus. It was not PJM's intent to revisit that activity.