UNITED STATES OF AMERICA

FEDERAL ENERGY REGULATORY COMMISSION

PJM Interconnection, L.L.C. Docket Nos. EL16-6-001

ER16-121-000

NOTICE INVITING POST-TECHNICAL CONFERENCE COMMENTS

(February 23, 2016)

On February 4, 2016, Federal Energy Regulatory Commission (Commission) staff conducted a technical conference concerning PJM Interconnection, L.L.C.'s (PJM) existing and proposed Auction Revenue Rights (ARR) and Financial Transmission Rights (FTR) tariff provisions. All interested persons are invited to file post-technical conference comments on PJM's filings and the topics discussed during the technical conference, including those indicated below.

Regarding PJM's filing and proposed changes, specifically:

- Whether PJM's conservative modeling of outages that limited the allocation of Stage 1B ARRs have resulted in an inequitable cost shift, and please explain why.

- PJM proposes to eliminate portfolio netting. Comment on the current practice of netting positively valued FTRs against negatively valued FTRs within an FTR holder's portfolio. Do the current tariff provisions on netting work to protect the markets against the potential exercise of manipulation, and if so, how? If netting is eliminated and causes the potential for the exercise of manipulation, what measures would need to be put into place to prevent potential market manipulation? Would allocating surplus funds to load rather than to FTR holders, or carrying surplus funds forward to fund any future revenue inadequacy be ways of addressing potential manipulation?

- The appropriateness of using the 1.5 percent adder for all zones, regardless of the actual zonal load growth rate and negative load growth projections for some areas; and the appropriateness of conducting the 10-year study with different growth rates as a sensitivity study, as is done for other RTEP studies. Is the cost of building transmission as a result of the 1.5 percent adder justified by the benefit of being able to accommodate the current allocations in Stage 1A?

Regarding PJM's proposed solutions in the context of its current tariff, please discuss if there are other solutions to consider. Specifically, please comment on:

- If infeasible Stage 1A ARRs should continue to be awarded and treated as they are today.
- The options and implications for, and potential benefits or drawbacks of, ARR allocation based on more frequent updates of the Simultaneous Feasibility Test model, which could, for example, allow for seasonal variations of line ratings, as well as more timely recognition and modeling of transmission outages and upgrades placed into service.
- The options to update PJM's Simultaneous Feasibility Test model, including source points and sink points, to reflect current system usage and topology; concerns about updating the model; the potential benefits or drawbacks for updating the model; and processes for allowing more frequent updates. If the Simultaneous Feasibility Test model were to be updated more frequently, would infeasible ARRs continue to exist?
- Whether the incentives for Transmission Owners to schedule outages and conduct timely work align with ARR/FTR construct, and whether there are any proposals that can improve this alignment; and the effectiveness of the current reporting requirements for Transmission Owners to share information with PJM.
- Whether continuing to include balancing congestion[1] in the definition of FTRs is appropriate (and why), or whether FTRs should be defined and settled only including day-ahead congestion. Are there any aspect(s) of balancing congestion that should be included in the definition of FTRs, and, if so, what are they and why they should be included?

[1] Negative balancing congestion occurs when real-time transmission capacity is less than day-ahead transmission capacity. FTRs are allocated negative balancing congestion charges, which in turn can result in FTR underfunding because the revenues allocated for meeting the FTR funding target amount are decreased.

Commenters need not address every question and may provide comments on relevant issues other than those listed above. These comments are due no later than 5:00 PM Eastern Standard Time (EST) on **March 15, 2016**. Reply comments are due on or before 5:00 PM EST on **March 29, 2016**. The written comments will be included in the formal record for the proceeding, which, together with the record developed to date, will form the basis for further Commission action.

For more information about this Notice, please contact:

Pamela Quinlan (Technical Information)
Office of Energy Market Regulation
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426
(202) 502-6179
Pamela.Quinlan@ferc.gov

Kent Carter (Legal Information)
Office of General Counsel
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426
(202) 502-8604
Kent.Carter@ferc.gov

Daniel Kheloussi (Technical Information)
Office of Energy Policy and Innovation
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426
(202) 502-6391
Daniel.Kheloussi@ferc.gov

Nathaniel J. Davis, Sr.
Deputy Secretary.