



Technical Conference on PJM's FTR/ARR Allocation

**Docket Nos. EL16-6-001 and ER16-121-000
February 4, 2016**

Agenda

The technical conference will focus on PJM's existing and proposed ARR/FTR tariff provisions. As specified by the Commission, issues to be addressed at the technical conference will include, but are not limited to: (i) PJM's ARR modeling and allocation processes; (ii) treatment of portfolio positions in allocating underfunding or surplus among FTR holders and the potential for market manipulation; and (iii) balancing congestion in ARR/FTR product design.

9:30am - 9:45am Welcome and Opening Remarks

9:45am – 11:00am Panel 1: ARR and FTR Modeling

Panel 1 will discuss the current process for ARR and FTR modeling: the incorporation of congestion caused by power flows in neighboring systems into the model and the process for updating the model to reflect transmission outages and other changes to the system topology.

Panelists should be prepared to address the following:

- A description of the model and its parameters, and how normal operating conditions are defined.
- Options for updating model assumptions at the start of the year and within the year to reflect updated information on outages and system topology.
- Duration between the establishment of the model and the start of the auction process.
- The role of the transmission owners in both determining and reporting to PJM information, such as outages and ratings.

Panelists:

- Timothy Horger, PJM Interconnection, L.L.C.
- Roy Shanker, Independent Consultant, speaking on behalf of DC Energy, LLC, Inertia Power, LP, Saracen Energy East, LP, and Vitol Inc.
- Adam Rousselle, TranSource, LLC

11:15am – 12:30pm Panel 2: Sources and Apportionment of Underfunding

Panel 2 will discuss the sources of FTR underfunding, the current allocation of that underfunding, and alternative options for apportionment.

Panelists should be prepared to address the following:

- Cost causation principles relating to ARR/FTR markets.
- The relationship between real-time congestion and day-ahead congestion, and causes of difference between the two.
- The effects of the reduction of ARRs in Stage 1B.
- The causes and solutions of FTR underfunding as discussed in the PJM April 20, 2012 options paper,¹ and the degree to which they are still relevant.
- Alternative proposals, including those raised in the stakeholder process and how these are consistent with cost causation principles.

Panelists:

- Stu Bresler, PJM Interconnection, L.L.C.
- Noha Sidhom, Inertia Power, LLC
- David Mabry, PJM Industrial Customer Coalition
- Abram Klein, Appian Way Energy Partners
- Joseph Bowring, Monitoring Analytics, LLC
- David Patton, Potomac Economics

12:30pm – 1:30pm Lunch

¹ “Options to Address FTR Underfunding”, 4/30/2012, PJM, available at: <https://www.pjm.com/~media/documents/reports/20120430-pjm-options-to-address-ftr-underfunding.ashx> .

1:30pm – 3:00pm Panel 3: PJM’s Proposed Modifications to ARR and FTR Provisions (ER16-121-000 / EL16-6-001)

Panel 3 will discuss PJM’s proposed modifications in its October 19, 2015 filings. The Panel will discuss: (1) the proposed 1.5 percent adder; and (2) netting of portfolio positions.

During the discussion on the 1.5 percent adder, Panelists should be prepared to address the following:

- The basis for, and the historical accuracy of, the existing zonal growth rate.
- The basis for the 1.5 percent adder and its relationship to the other planning criteria established by the PJM Planning Committee and other RTEP studies.
- The effectiveness of the 1.5 percent adder and what effect it would have had in identifying transmission upgrades and preventing infeasible ARRs.
- Whether the cost of identified transmission upgrades that would be needed to meet the escalated growth rate is cost-justified by the expected benefits realized in the ARR/FTR market.

During the discussion on portfolio netting, Panelists should be prepared to address the following:

- The advantages and disadvantages to the existing treatment of portfolio positions compared to the PJM proposal and how this differs under different levels of funding.
- Whether the current and proposed constructs are susceptible to manipulation, and if so, how.

Panelists:

- Susan Pope, FTI Consulting, speaking on behalf of Elliott Bay Trading, LLC
- Steve Lieberman, Old Dominion Electric Cooperative
- Roy Shanker, Independent Consultant, speaking on behalf of DC Energy, LLC, Inertia Power, LP, Saracen Energy East, LP, and Vitol Inc.
- Joseph Bowring, Monitoring Analytics, LLC
- Timothy Horger, PJM Interconnection, L.L.C.

3:15pm – 4:45pm Panel 4: Alternative Solutions

Docket Nos. EL16-6-001, *et al.*

Panel 4 will explore comprehensive alternatives to the current ARR/FTR construct. Items to consider include: common modeling of the transmission system and congestion across RTOs, dynamic outage updates, maintaining accurate and up-to-date models reflecting current system topology, and maintaining the integrity of the ARR and FTR products.

Panelists:

- Joseph Bowring, Monitoring Analytics, LLC
- Harry Singh, J.Aron & Company
- Joseph Wadsworth, Vitol Inc.
- Stu Bresler, PJM Interconnection, L.L.C.
- David Patton, Potomac Economics

4:45pm – 5:00pm

Closing