

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

PJM Interconnection, L.L.C.

Docket Nos. EL16-6-001  
ER16-121-000

SUPPLEMENTAL NOTICE OF TECHNICAL CONFERENCE

(January 28, 2016)

As announced in a Notice issued on January 13, 2016, the Federal Energy Regulatory Commission (Commission) will hold a technical conference on Thursday, February 4, 2016. The technical conference will focus on whether PJM Interconnection, L.L.C.'s (PJM) existing Auction Revenue Rights (ARR) and Financial Transmission Rights (FTR) tariff provisions are unjust and unreasonable and whether PJM's proposed revisions to its tariff addressing these matters are just and reasonable. The technical conference will commence at 9:30 a.m. and conclude at 5:00 p.m. and be held at the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426. This technical conference is free of charge and open to the public. The technical conference will be led by Commission staff, and Commission members may be in attendance and participate.

The agenda and a list of participants/speakers for this technical conference are attached. A schedule for post-technical comments will be established at the technical conference.

Those who plan to attend the technical conference are encouraged to complete the registration form located at: <https://www.ferc.gov/whats-new/registration/02-04-16-form.asp>. There is no registration deadline.

The technical conference will be transcribed. Transcripts of the technical conference will be available for a fee from Ace-Federal Reporters, Inc.<sup>1</sup> Additionally, there will be a free webcast of the technical conference. The webcast will allow persons to listen to the technical conference but not participate. Anyone with Internet access who

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<sup>1</sup> The website for ACE-Federal Reports, Inc. is [www.acefederal.com](http://www.acefederal.com) and the phone number is 202-347-3700.

wants to listen to the technical conference can do so by navigating to the Calendar of Events at [www.ferc.gov](http://www.ferc.gov), locating the technical conference in the Calendar, and clicking on the webcast link. The Capitol Connection provides technical support for the webcast and offers the option of listening to the meeting via phone-bridge for a fee.<sup>2</sup>

Commission technical conferences are accessible under section 508 of the Rehabilitation Act of 1973. For accessibility accommodations, please send an email to [accessibility@ferc.gov](mailto:accessibility@ferc.gov) or call toll free (866) 208-3372 (voice) or (202) 502-8659 (TTY), or send a fax to (202) 208-2106 with the requested accommodations.

For more information about the technical conference, please contact:

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<sup>2</sup> If you have any questions, visit Capitol Connection's website at [www.CapitolConnection.org](http://www.CapitolConnection.org), or call 703-993-3100.

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Nathaniel J. Davis, Sr.,  
Deputy Secretary.



## **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, Cornerstone Research, 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,<sup>3</sup> 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

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<sup>3</sup> “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> .

**12:30pm – 1:30pm                      Lunch**

**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, Cornerstone Research, 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**

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.
- Timothy Horger, PJM Interconnection, L.L.C.
- David Patton, Potomac Economics

**4:45pm – 5:00pm                      Closing**