

# FTR Issues

FTR Task Force  
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# Negative Target Allocation Counterflow FTRs

“If the Total Transmission Congestion Charge is a positive value that is less than the total positive FTR Target Allocation for the hour, then the Transmission Congestion Credit for each market participant is equal to that market participant’s FTR Target Allocation multiplied by the Total Transmission Congestion Charge and divided by the Total PJM positive FTR Target Allocations if the market participant’s FTR Target Allocation is a positive value, and is **equal to 100% of the market participant’s FTR Target Allocation if the market participant’s FTR Target Allocation is a negative value**. Each market participant’s hourly Congestion Credit Deficiency is calculated as its FTR Target Allocation minus its hourly Transmission Congestion Credit.”

-Manual 28 Section 8.4.3; p51



# Negative Target Allocation Counterflow Example

		Current Method				
Payout Ratio = 80%	Transaction	FTR	FTR	CF FTR	CF FTR	CF FTR
		Even	Loss	Gain	Loss	Even
Price paid for FTR	Auction	\$ 100	\$ 100	\$ (100)	\$ (100)	\$ (100)
CLMP differences	Target Allocation	\$ 100	\$ (20)	\$ 20	\$ (20)	\$ (100)
TA * Payout Ratio	Underfunded TA	\$ 80	\$ (20)	\$ 16	\$ (20)	\$ (100)
Profit	Total	\$ (20)	\$(120)	\$ 116	\$ 80	\$ -

  

		Adjusted Counterflows				
Payout Ratio = 80%	Transaction	FTR	FTR	CF FTR	CF FTR	CF FTR
		Even	Loss	Gain	Loss	Even
Price paid for FTR	Auction	\$ 100	\$ 100	\$ (100)	\$ (100)	\$ (100)
CLMP differences	Target Allocation	\$ 100	\$ (20)	\$ 20	\$ (20)	\$ (100)
TA * Payout Ratio	Underfunded TA	\$ 80	\$ (20)	\$ 16	\$ (24)	\$ (120)
Profit	Total	\$ (20)	\$(120)	\$ 116	\$ 76	\$ (20)

# Counter Flow Adjustment Example

Congestion = \$40	Current Reported	Current Paid	Proposed Paid
Positive Target Allocations	\$100	\$90	\$93
Negative prevailing flow TA	(\$10)	(\$10)	(\$10)
Negative counter flow TA	(\$40)	(\$40)	(\$43)
Total TA	\$50	\$40	\$40
Payout Ratio	80.00%	90.00%	92.85%

Reported = Congestion Collected / Total TA (Initial) = \$40/\$50

Positive TA Current = (Congestion Collected + All Negative TA) / Positive TAs =  
 $(\$40 + \$10 + \$40) / \$100$

Adjusted Payout = (Congestion Collected + Negative Prevailing TA + (Negative Counter TA \* Adjustment)) / Positive Target Allocation =  $((40 + 10 + 43) / \$100$

# Counter Flow Adjustment Impact: October 2012

	Available Funding	
Collected Congestion	\$	24,879,206
Collected Congestion + Negative TA Current	\$	104,333,962
Collected Congestion + Negative TA Adjusted	\$	114,008,068

	Initial TA		Current Method		Adjusted Method	
Positive Target Allocations	\$	137,698,279	\$	104,333,962	\$	114,008,061
Negative TA from prevailing flow	\$	(23,224,469)	\$	(23,224,469)	\$	(23,224,469)
Negative TA from counter flow	\$	(56,230,287)	\$	(56,230,287)	\$	(65,904,393)
Total	\$	58,243,523	\$	24,879,206	\$	24,879,199
Positive TA payout ratio		-		75.77%		82.80%

# Payout Ratios: 2012

	Reported Payout Ratio	Actual Payout Ratio	Adjusted Counterflow Payout Ratio
Jan-12	79.9%	90.2%	92.6%
Feb-12	66.9%	84.7%	88.7%
Mar-12	83.6%	93.6%	95.2%
Apr-12	55.2%	82.7%	87.0%
May-12	76.7%	90.9%	93.3%
Jun-12	92.9%	96.3%	97.1%
Jul-12	88.9%	94.9%	96.1%
Aug-12	97.1%	98.6%	98.9%
Sep-12	46.7%	75.4%	82.3%
Oct-12	41.8%	75.4%	82.5%
Nov-12	87.2%	93.8%	95.3%
Dec-12	71.9%	87.1%	90.5%
Total	73.4%	88.1%	91.2%



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