

## Issue Charge DRAFT

~~In Phase 1,~~ the PJM ARR/FTR Market Construct should be reviewed and changes considered to improve the alignment between allocated congestion rights and actual congestion.

~~Following Phase 1 and~~ In addition the identification of any solutions to improve the alignment between allocated congestion rights and actual congestion, in Phase 2, the PJM ARR/FTR Construct should be reviewed and changes considered to further improve the functioning of the PJM ARR/FTR market, ~~consistent with the changes considered in Phase 1.~~

### Issue Source

In its review of the ARR/FTR construct, the PJM MMU has identified issues with the current allocation of congestion and congestion rights.

### Issue Content

The work is intended to review and consider changes to the allocation of congestion rights to congestion rights holders to better align with payments of congestion. The work is also intended to review and consider other changes to further improve the functioning of the ARR/FTR market.

### ~~Phase 1~~ Key Work Activities

1. Review history and evolution of PJM ARR/FTR market design.
2. Review the current PJM ARR/FTR market design.
- ~~1.3.~~ Review the efficacy of PJM's ARR/FTR Market structure as an effective and efficient means of allocating the rights to congestion revenue to physical load based on network sources of actual congestion.
- ~~2.4.~~ Review the allocation of congestion rights.
- ~~3.5.~~ Review biddable points.
- ~~4.6.~~ Review IARRs and the process for allocating IARRs.
- ~~5.7.~~ Review the payment of congestion.
- ~~6.8.~~ Review the allocation of auction revenue rights.
- ~~7.9.~~ Review the alignment of congestion revenues with the payment of congestion.
10. Determine whether the ARR/FTR market construct can be revised to better align congestion rights with congestion payments.
11. Determine whether other changes should be considered to further improve the functioning of the PJM ARR/FTR market.

- ~~8.12.~~ Education regarding the definition and payment of congestion.
- ~~9.13.~~ Education regarding the current means of allocating congestion rights.
- 14. Education regarding the current allocation of ARR.
- 15. Education and review of the rules governing bilateral trades of FTRs.
- ~~10.~~

## ~~Phase 2 Key Work Activities~~

- ~~1.~~ Consider modifications to the PJM ARR/FTR Construct not considered under Phase 1 but consistent with the modifications made under Phase 1.
- ~~2.~~ Education and review of the rules governing bilateral trades of FTRs.

## Expected Deliverables

### Phase 1

- 1. Identification of causes of mismatch between the allocation of congestion rights and the payment of congestion.
- 2. Identification of any additional issues with the ARR/FTR market which should be addressed. ,not considered in Phase 1 and consistent with the modifications from Phase 1.
- ~~3.~~ 2. Decide whether to recommend changes to the ARR/FTR market design.
- 4. ~~3.~~ Proposed revisions to the ARR/FTR market construct to better align congestion rights with payment of congestion.
- 4.5. Proposed revisions to the ARR/FTR market construct to further improve the functioning of the PJM ARR/FTR market.

### Phase 2

- ~~1.~~ ~~Identification of additional issues with the ARR/FTR market, not considered in Phase 1 and consistent with the modifications from Phase 1.~~
- ~~1.~~ ~~Decide whether to recommend any additional changes to the ARR/FTR market design, consistent with the modifications from Phase 1.~~



### Decision-Making Method

Tier 1, consensus (unanimity) on a single proposal (preferred default option)

### Stakeholder Group Assignment

New task force: FTR Market Review Task Force

### Expected Duration of Work Timeline

The MMU expects that this work effort can be completed within twelve months.

| Start Date | Priority Level  | Timing   | Meeting Frequency  |
|------------|---|--|--|
|            | <input checked="" type="checkbox"/> High<br><input type="checkbox"/> Medium<br><input type="checkbox"/> Low | <input checked="" type="checkbox"/> Immediate<br><input type="checkbox"/> Near Term<br><input type="checkbox"/> Far Term | <input type="checkbox"/> Weekly<br><input checked="" type="checkbox"/> Monthly<br><input type="checkbox"/> Quarterly |

### Charter

(Check one Box)

|                                     |  |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | This document will serve as the Charter for a new group created by its approval.                 |
| <input type="checkbox"/>            | This work will be handled in an existing group with its own Charter (and applicable amendments). |

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