

SECTION 8 – FINANCIAL TRANSMISSION AND AUCTION REVENUE RIGHTS

Financial Transmission Rights (FTRs) and Auction Revenue Rights (ARRs) give transmission service customers and PJM members an offset against congestion costs in the Day-Ahead Energy Market. An FTR provides the holder with revenues, or charges, equal to the difference in congestion prices in the Day-Ahead Energy Market across the specific FTR transmission path. An ARR is a related product that provides the holder with revenues, or charges, based on the price differences across the specific ARR transmission path that result from the Annual FTR Auction. FTRs and ARRs provide a hedge against congestion costs, but neither FTRs nor ARRs provide a guarantee that transmission service customers will not pay congestion charges. ARR and FTR holders do not need to physically deliver energy to receive ARR or FTR credits and neither instrument represents a right to the physical delivery of energy.

In PJM, FTRs were available to network service and long-term, firm, point-to-point transmission service customers as a hedge against congestion costs from the inception of locational marginal pricing (LMP) on April 1, 1998. Effective June 1, 2003, PJM replaced the allocation of FTRs with an allocation of ARRs and an associated Annual FTR Auction.¹ Since then, all PJM members have been eligible to purchase FTRs in auctions. Network service and firm point-to-point transmission service customers can take allocated ARRs or convert the ARRs to the underlying FTRs through a self scheduling process. On June 1, 2007, PJM implemented marginal losses in the calculation of LMP. Since then, FTRs have been valued based on the difference in congestion prices rather than the difference in LMPs.

Firm transmission service customers have access to ARRs/FTRs because they pay the costs of the transmission system that enables firm energy delivery. Firm transmission service customers receive requested ARRs/FTRs to the extent that they are consistent both with the physical capability of the transmission system and with ARR/FTR requests of other eligible customers.

The *2011 Quarterly State of the Market Report for PJM: January through September* focuses on the Monthly Balance of Planning Period FTR Auctions during two FTR/ARR planning periods: the 2010 to 2011 planning period which covers June 1, 2010, through May 31, 2011, and the 2011 to 2012 planning period which covers June 1, 2011, through May 31, 2012.

¹ 87 FERC ¶ 61,054 (1999).

Table 8-1 *The FTR Auction Markets results were competitive*

Market Element	Evaluation	Market Design
Market Structure	Competitive	
Participant Behavior	Competitive	
Market Performance	Competitive	Effective

- The market structure was evaluated as competitive because the FTR auction is voluntary and the ownership positions resulted from the distribution of ARRs and voluntary participation.
- Participant behavior was evaluated as competitive because there was no evidence of anti-competitive behavior in the first nine months of 2011.
- Performance was evaluated as competitive because it reflected the interaction between participant demand behavior and FTR supply, limited by PJM's analysis of system feasibility.
- Market design was evaluated as effective because the market design provides a wide range of options for market participants to acquire FTRs and a competitive auction mechanism.

Highlights

- On June 1, 2011, the American Transmission Systems, Inc. (ATSI) Control Zone joined the PJM footprint. Network Service users and Firm Transmission Customers in the ATSI Control Zone participated in the Annual ARR Allocation and the Annual FTR Auction for the 2011 to 2012 planning period.
- The total cleared FTR buy bids from the Monthly Balance of Planning Period FTR Auctions for the first four months of the 2011 to 2012 planning period increased 84 percent from 580,753 MW, to 1,067,014 MW, compared to the first four months of the 2010 to 2011 planning period.

- FTRs were paid at 84.9 percent of the target allocation level for the full 2010 to 2011 planning period and 90.9 percent for the first four months of the 2011 to 2012 planning period.
- FTRs were profitable overall and were profitable for both physical and financial entities in the first nine months of 2011. Total FTR profits were \$363.7 million for physical entities and \$147.2 million for financial entities. Self scheduled FTRs account for a large portion of the FTR profits of physical entities.

Recommendations

- In this *2011 Quarterly State of the Market Report for PJM: January through September*, the recommendations from the *2010 State of the Market Report for PJM* remain MMU recommendations.

Overview

Financial Transmission Rights

Market Structure

- **Supply.** PJM operates an Annual FTR Auction for all control zones in the PJM footprint. PJM conducts Monthly Balance of Planning Period FTR Auctions for the remaining months of the planning period, to allow participants to buy and sell any residual transmission capability. PJM also runs a Long Term FTR Auction for the three consecutive planning years immediately following the planning year during which the Long Term FTR Auction is conducted. The first Long Term FTR Auction was conducted during the 2008 to 2009 planning period and covers three consecutive planning periods between 2009 and 2012. The most recent Long Term FTR Auction was conducted during the 2010 to 2011 planning period and covers three consecutive planning periods between 2011 and 2014. In addition, PJM administers a secondary bilateral market to allow participants to buy and sell existing FTRs. FTR products include FTR obligations and FTR options. FTR options are not available in the Long Term FTR Auction. For each time period, there are three FTR products: 24-hour, on peak and off peak. FTRs have terms varying from one month to three years. FTR supply is limited by the capability of the transmission system to simultaneously accommodate the set of requested FTRs and the numerous combinations of FTRs.

Market participants can also sell FTRs. In the Monthly Balance of Planning Period FTR Auctions for the first four months (June through September 2011) of the 2011 to 2012 planning period, total FTR sell offers were 2,527,945 MW.

- **Demand.** The PJM tariff specifies that PJM has the authority to limit the maximum number of FTR bids to 5,000 per participant for a monthly auction, or a single round of an annual auction, if necessary to avoid related system performance issues.² On this basis, PJM has limited the maximum number of bids that could be submitted by a participant for any individual period in an auction to 20,000 bids. Effective with the September 2011 Monthly FTR Auction, PJM implemented new limits restricting the maximum number of bids for any individual period in an auction to 10,000 bids. For example, a participant in the September 2011 Monthly FTR Auction can place 10,000 bids for each of the six periods of September, October, November, Q2, Q3 and Q4 for a total of 60,000 bids. “This enforcement is necessary due to the increased participation in the FTR markets which has resulted in degrading system performance in the FTR Auction clearing process.”³ The number of participants submitting more than 10,000 bids has ranged from two, in the 2010/2011 annual auction, to six, in recent monthly auctions. The total FTR buy bids from the Monthly Balance of Planning Period FTR Auctions for the first four months of the 2011 to 2012 (June through September 2011) planning period increased 62 percent from 4,924,599 MW, during the same time period of the prior planning period, to 7,977,088 MW.

Figure 8-1 shows the bid, net bid and cleared volume from the Annual and Monthly FTR auctions for June 2003 through September 2011. The net bid volume is the net volume of all buy bids minus all sell offers. The bid and cleared volume for Annual FTR auctions are included in the first month of each planning period. For example, the volume for the 2010 to 2011 Annual FTR Auction is shown in June 2010, which also includes the June 2010 Monthly FTR Auction volume. The increase in volume appearing every year in June is the additional volume from the Annual FTR Auction for that planning period.

- **FTR Credit Issues.** There were no participants that defaulted during the first nine months of 2011.

² OA Schedule 1 § 7.3.5(d).

³ See Messages section in eFTR within the PJM eSuite application <https://esuite.pjm.com/mui/>; Accessed November 4, 2011.

On September 15, 2011, the FERC conditionally approved PJM's proposed revisions to its credit policy filed in compliance with FERC's Order No. 741, which required tighter credit standards for all RTOs.⁴ The FERC determined that PJM was already compliant in a number of respects, and, effective October 1, 2011, permitted PJM to implement the following changes: the maximum aggregate unsecured limit for affiliated groups was reduced to \$50 million from \$150 million; minimum financial criteria for participation in PJM market; and PJM is now required to explain in writing application of its Material Adverse Change provisions.⁵

PJM plans to file in November, 2011, in response to the September 15th order, provisions that would: include Seller Credit (including RPM Seller Credit) in the calculation of an individual member's and an affiliated group's unsecured credit limit; eliminate Seller Credit as a means to fulfill FTR credit requirements;⁶ and revise the Minimum Criteria for Participation officer certification form to clarify the term "hedging" as it pertains to FTR transactions and "expand the applicability of the risk management policies, procedures and practices verification process." As a result of the extended period of compliance, PJM states that it will require submittal of officer certification forms and risk management procedures during the first four months of 2012.⁷

Smaller financial traders have asserted that the new requirements may exclude them from the markets and negatively impact liquidity.⁸

- **Patterns of Ownership.** The ownership concentration of cleared FTR buy bids resulting from the 2011 to 2012 Annual FTR Auction was low for peak and off peak FTR obligations and moderately concentrated for 24-hour FTR obligations. The ownership concentration was also low for peak and off peak FTR buy bid options and highly concentrated for 24-hour FTR buy bid options for the same time period. The level of concentration is only descriptive and is not a measure of the competitiveness of FTR market structure as the ownership positions resulted from a competitive auction. In order to provide additional information about the ownership of prevailing flow and counter flow

⁴ *PJM Interconnection, L.L.C.*, 136 FERC ¶61,190; *Credit Reforms in Organized Wholesale Electric Markets*, Order No. 741, FERC Stats. & Regs. ¶31,317 (2010), *order on reh'g*, Order No. 741-A, FERC Stats. & Regs. ¶31,320, *reh'g denied*, Order No. 741-B, 135 FERC ¶61,242 (2011).

⁵ *Id.*

⁶ See OATT Attachment Q (PJM Credit Policy). Section II.C provides for all markets other than RPM: "Participants that have maintained a Net Sell Position for each of the prior 12 months are eligible for Seller Credit, which is an additional form of Unsecured Credit." Section IV.E. provides RPM seller credit provisions, stating: "If a supplier has a history of being a net seller into PJM markets, on average, over the last 12 months, then PJM Settlement will count as available Unsecured Credit twice the average of that participant's total net monthly PJM Settlement bills over the past 12 months."

⁷ Email from Suzanne Daugherty, PJM Vice President and CFO to Members, "Summary of FERC Order on PJM's Credit Order 741 Compliance Filing" (September 16, 2011) ("PJM Email Summary").

⁸ See FERC Docket No. ER11-3972.

FTRs, the MMU categorized all participants owning FTRs in PJM as either physical or financial. Physical entities include utilities and customers which primarily take physical positions in PJM markets. Financial entities include banks and hedge funds which primarily take financial positions in PJM markets. Financial entities purchased 87 percent of prevailing flow and 86 percent of counter flow FTRs in the Monthly Balance of Planning Period Auctions for the first nine months of 2011. The net position of all FTRs, including all auctions, is calculated for every organization each day. The organization's net position is the difference between all FTR buys and FTR sells from all relevant auctions and bilateral trades for each day. The data is summarized for the first nine months of 2011 to show ownership patterns by FTR direction. Financial entities owned 65 percent of all prevailing and counter flow FTRs, including 60 percent of all prevailing flow FTRs and 77 percent of all counter flow FTRs during the same time period.

Market Performance

- **Volume.** For the first four months of the 2011 to 2012 planning period, the Monthly Balance of Planning Period FTR Auctions cleared 1,067,014 MW (13.4 percent) of FTR buy bids and 250,318 MW (9.9 percent) of FTR sell offers.
- **Price.** The weighted-average price paid for buy bid FTRs in the Monthly Balance of Planning Period FTR Auctions for the first four months of the 2011 to 2012 planning period was \$0.12 per MWh, compared with \$0.14 per MWh for the full 12-month 2010 to 2011 planning period.
- **Revenue.** The Monthly Balance of Planning Period FTR Auctions generated \$17.0 million in net revenue for all FTRs during the first four months of the 2011 to 2012 planning period. This is a \$5.86 million increase from the comparable time period in the 2010 to 2011 planning period.
- **Revenue Adequacy.** FTRs were 84.9 percent revenue adequate for the 2010 to 2011 planning period. FTRs were paid at 90.9 percent of the target allocation level for the first four months of the 2011 to 2012 planning period. Congestion revenues are allocated to FTR holders based on FTR target allocations. PJM collected \$452.5 million of FTR revenues during the first four months of the 2011 to 2012 planning period and \$1,431.5 million during the 2010 to 2011 planning period. For the first four months of the 2011 to 2012 planning period, the top

sink and top source with the highest positive FTR target allocations were the AEP without Mon Power aggregate⁹ and the Western Hub. Similarly, the top sink and top source with the largest negative FTR target allocations were AEP without Mon Power and the Kammer aggregate.

- **Profitability.** FTR profitability is the difference between the revenue received for an FTR and the cost of the FTR. The cost of self scheduled FTRs is zero in the FTR profitability calculation. FTRs were profitable overall and were profitable for both physical entities and financial entities in the first nine months of 2011. FTR profits tended to increase in the summer and winter months when congestion was higher and decrease in the shoulder months when congestion was lower.

Auction Revenue Rights

Market Structure

- **ARR Reassignment for Retail Load Switching.** When retail load switches among load-serving entities (LSEs), a proportional share of the ARRs and their associated revenue are reassigned from the LSE losing load to the LSE gaining load. ARR reassignment occurs only if the LSE losing load has ARRs with a net positive economic value. An LSE gaining load in the same control zone is allocated a proportional share of positively valued ARRs within the control zone based on the shifted load. There were 14,676 MW of ARRs associated with approximately \$254,300 of revenue that were reassigned in the first four months of the 2011 to 2012 planning period. There were 51,645 MW of ARRs associated with approximately \$1,016,500 of revenue that were reassigned for the full twelve months of the 2010 to 2011 planning period.

Market Performance

On June 1, 2011, the American Transmission Systems, Inc. (ATSI) Control Zone was integrated into PJM. Network Service Users and Firm Transmission Customers in the ATSI Control Zone participated in the 2011 to 2012 Annual ARR Allocation. For a transitional period, those customers that receive, and pay for, firm transmission service that sources or sinks in newly integrated PJM control zones may elect to receive a direct allocation of FTRs instead of an allocation of ARRs. This transitional period covers

the succeeding two Annual FTR Auctions after the integration of the new zone into PJM.

- **Revenue Adequacy.** During the 2011 to 2012 planning period, the ARR target allocations were \$982.9 million while PJM collected \$1,082.5 million from the combined Long Term, Annual and Monthly Balance of Planning Period FTR Auctions through September 30, 2011, making ARRs revenue adequate. For the 2010 to 2011 planning period, the ARR target allocations were \$1,029.3 million while PJM collected \$1,097.8 million from the combined Long Term, Annual and Monthly Balance of Planning Period FTR Auctions, making ARRs revenue adequate.

Figure 8-4 shows the original FTR payout ratio with adjustments by month, excluding excess revenue distribution, for January 2004 through September 2011. The months with payout ratios above 100 percent are overfunded and the months with payout ratios under 100 percent are underfunded. Unlike Figure 8-4, the FTR payout ratios in Figure 8-5 include excess revenue distributions across months within the planning period. Excess revenues from one month are distributed to prior or future months that were revenue deficient.

- **ARRs and FTRs as a Hedge against Congestion.** The effectiveness of ARRs and FTRs as a hedge against actual congestion can be measured several ways. The effectiveness of ARRs as a hedge can be measured by comparing the revenue received by ARR holders to the congestion costs experienced by these ARR holders in the Day-Ahead Energy Market and the balancing energy market. For the 2010 to 2011 planning period, all ARRs and FTRs hedged more than 96.9 percent of the congestion costs within PJM. During the first four months of the 2011 to 2012 planning period, total ARR and FTR revenues hedged more than 100 percent of the congestion costs within PJM.
- **ARRs and FTRs as a Hedge against Total Energy Costs.** The value provided by ARRs and FTRs can also be measured by comparing the value of the ARRs and FTRs that sink in a zone to the cost of real time energy in the zone. The total value of ARRs plus FTRs was 3.0 percent of the total real time energy charges in the first nine months of 2011.

Conclusion

The annual ARR allocation and the FTR auctions provide market participants with the opportunity to hedge positions or to speculate. The

⁹ The AEP without Mon Power aggregate is the AEP Control Zone without Monongahela Power.

Long Term FTR Auction, the Annual FTR Auction and the Monthly Balance of Planning Period FTR Auctions provide a market valuation of FTRs. The FTR auction results for the 2011 to 2012 planning period were competitive and succeeded in providing all qualified market participants with equal access to FTRs.

FTRs were paid at 84.9 percent of the target allocation level for the 2010 to 2011 planning period. FTRs for the first four months of the 2011 to 2012 planning period were paid at 90.9 percent of the target allocation level. Revenue adequacy for a planning period is not final until the end of the period. Total congestion revenues are allocated to FTR holders based on FTR target allocations.¹⁰ Revenue inadequacy occurs when total congestion, which is comprised of day-ahead congestion plus balancing congestion, is less than the FTR target allocation. There has been significant underfunding since the spring of 2010. PJM and its stakeholders identified discrepancies between auction modeling and actual system conditions as the primary drivers of the underfunding. These discrepancies included outages not modeled in the annual or monthly auctions and additional transmission switching decisions not incorporated in the model. The impact of including balancing congestion in the calculation of revenues was also noted.¹¹ Although the annual FTR auction represents the entire year, the auction model reflects the PJM system for a single point in time. PJM must evaluate transmission line outage schedules and thermal operating limits for transmission lines for inclusion in the model for the Annual FTR Auction. FTR revenue adequacy is not guaranteed nor should it be. PJM should model the system as accurately as possible and participants should bid prices that reflect their evaluations of the expected profitability of FTRs.

Revenue adequacy must be distinguished from the adequacy of FTRs as a hedge against congestion. Revenue adequacy is a narrower concept that compares the revenues available to cover congestion to target allocations.

The total of ARR and FTR revenues hedged 96.9 percent of the congestion costs in the Day-Ahead Energy Market and the balancing energy market within PJM for the 2010 to 2011 planning period and more than 100 percent of the congestion costs in PJM during the first four months of the 2011 to 2012 planning period. The ARR and FTR revenue adequacy results are aggregate results and all those paying congestion charges were not necessarily hedged at that level. Aggregate numbers do not reveal the

underlying distribution of ARR and FTR holders, their revenues or those paying congestion.

Financial Transmission Rights

Market Structure

Patterns of Ownership

Table 8-2 Monthly Balance of Planning Period FTR Auction patterns of ownership by FTR direction: January through September 2011 (See 2010 SOM, Table 8-6)

Trade Type	Organization Type	FTR Direction		All
		Prevailing Flow	Counter Flow	
Buy Bids	Physical	13.0%	13.8%	13.3%
	Financial	87.0%	86.2%	86.7%
	Total	100.0%	100.0%	100.0%
Sell Offers	Physical	28.3%	21.7%	27.4%
	Financial	71.7%	78.3%	72.6%
	Total	100.0%	100.0%	100.0%

Table 8-3 Daily FTR net position ownership by FTR direction: January through September 2011 (See 2010 SOM, Table 8-7)

Organization Type	FTR Direction		All
	Prevailing Flow	Counter Flow	
Physical	39.6%	22.7%	35.1%
Financial	60.4%	77.3%	64.9%
Total	100.0%	100.0%	100.0%

¹⁰ PJM Financial Transmission Rights Task Force (FTRTF), <<http://pjm.com/committees-and-groups/task-forces/ftrtf.aspx>>

¹¹ The Market Implementation Committee (MIC) approved the creation of the Financial Transmission Rights Task Force (FTRTF) to investigate the causes of the FTR revenue inadequacy that occurred in the 2010 to 2011 Planning Period and identify potential improvements that could be made to minimize the revenue inadequacy going forward.

Market Performance

Volume

Table 8-4 Monthly Balance of Planning Period FTR Auction market volume: January through September 2011 (See 2010 SOM, Table 8-11)

Monthly Auction	Hedge Type	Trade Type	Bid and Requested Count	Bid and Requested Volume (MW)	Cleared Volume (MW)	Cleared Volume	Uncleared Volume (MW)	Uncleared Volume
Jan-11	Obligations	Buy bids	189,084	1,101,808	164,743	15.0%	937,065	85.0%
		Sell offers	50,981	261,888	28,189	10.8%	233,699	89.2%
	Options	Buy bids	1,040	105,293	8,691	8.3%	96,602	91.7%
		Sell offers	2,927	43,161	12,380	28.7%	30,781	71.3%
Feb-11	Obligations	Buy bids	185,625	1,090,475	181,977	16.7%	908,497	83.3%
		Sell offers	41,609	220,079	20,957	9.5%	199,122	90.5%
	Options	Buy bids	959	93,909	9,372	10.0%	84,536	90.0%
		Sell offers	2,555	33,140	9,643	29.1%	23,497	70.9%
Mar-11	Obligations	Buy bids	192,349	1,154,132	216,165	18.7%	937,967	81.3%
		Sell offers	48,727	256,121	30,492	11.9%	225,629	88.1%
	Options	Buy bids	1,026	96,152	7,254	7.5%	88,898	92.5%
		Sell offers	2,351	41,200	10,587	25.7%	30,613	74.3%
Apr-11	Obligations	Buy bids	149,735	847,575	164,278	19.4%	683,297	80.6%
		Sell offers	37,737	220,966	22,108	10.0%	198,858	90.0%
	Options	Buy bids	919	66,008	5,387	8.2%	60,621	91.8%
		Sell offers	1,834	32,136	9,327	29.0%	22,810	71.0%
May-11	Obligations	Buy bids	138,353	741,926	189,851	25.6%	552,075	74.4%
		Sell offers	27,642	122,217	13,661	11.2%	108,556	88.8%
	Options	Buy bids	759	20,612	2,485	12.1%	18,127	87.9%
		Sell offers	1,184	19,631	9,065	46.2%	10,566	53.8%
Jun-11	Obligations	Buy bids	332,116	1,924,420	312,144	16.2%	1,612,276	83.8%
		Sell offers	135,073	585,528	40,839	7.0%	544,689	93.0%
	Options	Buy bids	7,625	256,153	11,013	4.3%	245,140	95.7%
		Sell offers	18,794	103,002	24,097	23.4%	78,904	76.6%
Jul-11	Obligations	Buy bids	343,986	2,085,575	286,143	13.7%	1,799,432	86.3%
		Sell offers	124,629	554,483	37,933	6.8%	516,549	93.2%
	Options	Buy bids	3,239	147,732	13,337	9.0%	134,395	91.0%
		Sell offers	12,897	76,029	20,259	26.6%	55,770	73.4%

Table 8-4 Monthly Balance of Planning Period FTR Auction market volume: January through September 2011 (See 2010 SOM, Table 8-11) [continued]

Monthly Auction	Hedge Type	Trade Type	Bid and Requested Count	Bid and Requested Volume (MW)	Cleared Volume (MW)	Cleared Volume	Uncleared Volume (MW)	Uncleared Volume
Aug-11	Obligations	Buy bids	310,562	1,830,992	252,468	13.8%	1,578,524	86.2%
		Sell offers	117,597	529,879	40,335	7.6%	489,545	92.4%
	Options	Buy bids	3,070	150,896	6,736	4.5%	144,160	95.5%
		Sell offers	10,680	66,968	14,427	21.5%	52,541	78.5%
Sep-11	Obligations	Buy bids	255,744	1,352,484	180,231	13.3%	1,172,252	86.7%
		Sell offers	111,846	538,916	54,686	10.1%	484,230	89.9%
	Options	Buy bids	3,368	228,757	4,942	2.2%	223,815	97.8%
		Sell offers	10,816	73,140	17,741	24.3%	55,399	75.7%
2010/2011*	Obligations	Buy bids	2,378,154	12,888,263	1,975,624	15.3%	10,912,639	84.7%
		Sell offers	709,605	3,448,995	311,688	9.0%	3,137,308	91.0%
	Options	Buy bids	16,090	1,403,272	67,536	4.8%	1,335,736	95.2%
		Sell offers	60,091	568,271	147,251	25.9%	421,021	74.1%
2011/2012**	Obligations	Buy bids	1,242,408	7,193,470	1,030,987	14.3%	6,162,484	85.7%
		Sell offers	489,145	2,208,806	173,794	7.9%	2,035,012	92.1%
	Options	Buy bids	17,302	783,537	36,028	4.6%	747,510	95.4%
		Sell offers	53,187	319,139	76,524	24.0%	242,615	76.0%

* Shows twelve months for 2010/2011; ** Shows four months ended 30-Sep-2011 for 2011/2012

Table 8-5 Monthly Balance of Planning Period FTR Auction buy-bid bid and cleared volume (MW per period): January through September 2011 (See 2010 SOM, Table 8-12)

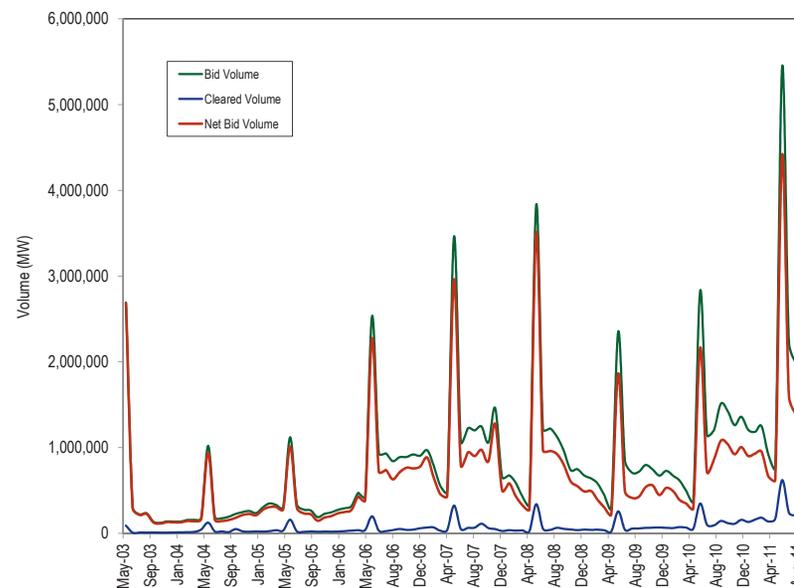
Monthly Auction	MW Type	Current Month	Second Month	Third Month	Q1	Q2	Q3	Q4	Total
Jan-11	Bid	677,552	197,260	140,265				192,024	1,207,101
	Cleared	134,232	18,200	8,548				12,454	173,434
Feb-11	Bid	705,015	157,482	139,776				182,111	1,184,383
	Cleared	156,562	11,243	11,107				12,438	191,350
Mar-11	Bid	774,291	206,225	205,539				64,228	1,250,283
	Cleared	173,607	22,830	20,602				6,380	223,419
Apr-11	Bid	698,577	215,007						913,583
	Cleared	153,834	15,832						169,666
May-11	Bid	762,538							762,538
	Cleared	192,336							192,336
Jun-11	Bid	893,961	247,465	245,244	87,002	241,008	219,128	246,765	2,180,573
	Cleared	176,087	28,040	27,497	10,733	28,673	26,805	25,321	323,157
Jul-11	Bid	924,620	300,178	148,980		293,107	287,862	278,560	2,233,307
	Cleared	171,384	28,868	14,197		27,365	31,676	25,990	299,480
Aug-11	Bid	892,507	181,881	169,691		238,458	248,517	250,833	1,981,888
	Cleared	168,550	16,915	15,175		15,479	20,858	22,227	259,204
Sep-11	Bid	743,395	186,272	182,067		49,451	206,242	213,814	1,581,240
	Cleared	120,684	16,207	15,317		3,983	14,362	14,621	185,173

Table 8-6 Secondary bilateral FTR market volume: Planning periods 2010 to 2011 and 2011 to 2012¹² (See 2010 SOM, Table 8-13)

Planning Period	Hedge Type	Class Type	Volume (MW)	
2010/2011	Obligation	24-Hour	1,729	
		On Peak	10,578	
		Off Peak	12,740	
		Total	25,047	
		Option	24-Hour	20
		Off Peak	0	
2011/2012*	Obligation	24-Hour	218	
		On Peak	604	
		Off Peak	336	
		Total	1,158	
		Option	24-Hour	0
		Off Peak	0	
		Total	0	

* Shows four months ended 30-Sep-2011

Figure 8-1 Annual and Monthly FTR Auction bid and cleared volume: June 2003 through September 2011 (New Figure)



¹² The 2011 to 2012 planning period covers bilateral FTRs that are effective for any time between June 1, 2011 through September 30, 2011, which originally had been purchased in a Long Term FTR Auction, Annual FTR Auction or Monthly Balance of Planning Period FTR Auction.

Price**Table 8-7 Monthly Balance of Planning Period FTR Auction cleared, weighted-average, buy-bid price per period (Dollars per MWh): January through September 2011 (See 2010 SOM, Table 8-16)**

Monthly Auction	Current Month	Second Month	Third Month	Q1	Q2	Q3	Q4	Total
Jan-11	\$0.13	\$0.36	\$0.02				\$0.28	\$0.17
Feb-11	\$0.08	\$0.13	\$0.11				\$0.18	\$0.10
Mar-11	\$0.09	\$0.16	\$0.15				\$0.04	\$0.09
Apr-11	\$0.07	\$0.23						\$0.08
May-11	\$0.06							\$0.06
Jun-11	\$0.06	\$0.15	\$0.07	\$0.33	\$0.12	\$0.20	\$0.13	\$0.13
Jul-11	\$0.10	\$0.15	\$0.03		\$0.01	\$0.14	\$0.02	\$0.08
Aug-11	\$0.12	\$0.04	\$0.10		\$0.17	\$0.20	\$0.13	\$0.14
Sep-11	\$0.11	\$0.24	\$0.18		\$0.20	\$0.24	\$0.15	\$0.16

Revenue**Monthly Balance of Planning Period FTR Auction Revenue****Table 8-8 Monthly Balance of Planning Period FTR Auction revenue: January through September 2011 (See 2010 SOM, Table 8-19)**

Monthly Auction	Hedge Type	Trade Type	Class Type			
			24-Hour	On Peak	Off Peak	All
Jan-11	Obligations	Buy bids	(\$1,205,888)	\$7,104,026	\$6,539,294	\$12,437,433
		Sell offers	\$1,138,221	\$2,625,465	\$4,050,289	\$7,813,975
	Options	Buy bids	\$0	\$136,353	\$87,800	\$224,153
		Sell offers	\$0	\$1,812,131	\$686,209	\$2,498,340
Feb-11	Obligations	Buy bids	(\$36,220)	\$4,296,859	\$3,345,841	\$7,606,480
		Sell offers	\$587,026	\$1,938,472	\$2,305,072	\$4,830,570
	Options	Buy bids	\$0	\$126,188	\$25,671	\$151,859
		Sell offers	\$1,947	\$1,218,343	\$389,391	\$1,609,682
Mar-11	Obligations	Buy bids	(\$101,074)	\$4,605,081	\$3,368,274	\$7,872,281
		Sell offers	\$423,197	\$2,274,909	\$1,933,265	\$4,631,371
	Options	Buy bids	\$14,085	\$292,986	\$178,090	\$485,161
		Sell offers	\$5,149	\$1,231,751	\$454,338	\$1,691,239
Apr-11	Obligations	Buy bids	\$374,217	\$2,884,005	\$1,629,459	\$4,887,681
		Sell offers	\$677,941	\$1,461,719	\$878,890	\$3,018,551
	Options	Buy bids	\$4,569	\$88,824	\$54,691	\$148,084
		Sell offers	\$3,727	\$721,783	\$403,883	\$1,129,392

Table 8-8 Monthly Balance of Planning Period FTR Auction revenue: January through September 2011 (See 2010 SOM, Table 8-19) [continued]

Monthly Auction	Hedge Type	Trade Type	Class Type			
			24-Hour	On Peak	Off Peak	All
May-11	Obligations	Buy bids	\$451,258	\$2,063,976	\$1,214,403	\$3,729,637
		Sell offers	\$210,714	\$1,074,632	\$567,818	\$1,853,164
	Options	Buy bids	\$0	\$91,362	\$181,717	\$273,078
		Sell offers	\$185	\$539,763	\$393,717	\$933,665
Jun-11	Obligations	Buy bids	\$1,960,494	\$13,115,229	\$8,318,764	\$23,394,487
		Sell offers	\$5,175,453	\$5,288,319	\$2,797,969	\$13,261,740
	Options	Buy bids	\$0	\$186,515	\$192,243	\$378,758
		Sell offers	\$0	\$3,103,330	\$2,147,165	\$5,250,495
Jul-11	Obligations	Buy bids	\$2,169,505	\$6,367,118	\$4,209,356	\$12,745,978
		Sell offers	(\$2,192,924)	\$4,283,630	\$2,794,481	\$4,885,187
	Options	Buy bids	\$51,761	\$1,117,027	\$549,087	\$1,717,875
		Sell offers	\$0	\$2,862,215	\$1,919,105	\$4,781,320
Aug-11	Obligations	Buy bids	\$452,651	\$12,262,357	\$5,644,491	\$18,359,499
		Sell offers	\$331,875	\$7,816,757	\$3,706,720	\$11,855,353
	Options	Buy bids	\$0	\$596,709	\$482,609	\$1,079,318
		Sell offers	\$0	\$2,652,228	\$1,190,174	\$3,842,402
Sep-11	Obligations	Buy bids	\$1,787,959	\$8,393,963	\$3,116,850	\$13,298,772
		Sell offers	\$276,769	\$5,516,851	\$2,229,736	\$8,023,356
	Options	Buy bids	\$9,087	\$722,750	\$580,167	\$1,312,004
		Sell offers	\$0	\$2,173,747	\$1,218,088	\$3,391,835
2010/2011*	Obligations	Buy bids	\$4,299,849	\$72,821,616	\$53,395,404	\$130,516,869
		Sell offers	\$8,535,079	\$35,362,863	\$29,972,637	\$73,870,579
	Options	Buy bids	\$41,745	\$2,698,623	\$2,098,161	\$4,838,530
		Sell offers	\$1,878,318	\$20,472,308	\$14,658,870	\$37,009,496
2011/2012**	Obligations	Buy bids	\$6,370,609	\$40,138,666	\$21,289,461	\$67,798,736
		Sell offers	\$3,591,172	\$22,905,558	\$11,528,906	\$38,025,636
	Options	Buy bids	\$60,848	\$2,623,000	\$1,804,107	\$4,487,955
		Sell offers	\$0	\$10,791,520	\$6,474,532	\$17,266,052

* Shows twelve months for 2010/2011; ** Shows four months ended 30-Sep-2011 for 2011/2012

Figure 8-2 Ten largest positive and negative revenue producing FTR sinks purchased in the Monthly Balance of Planning Period FTR Auctions: Planning period 2011 to 2012 through September 30, 2011 (See 2010 SOM, Figure 8-7)

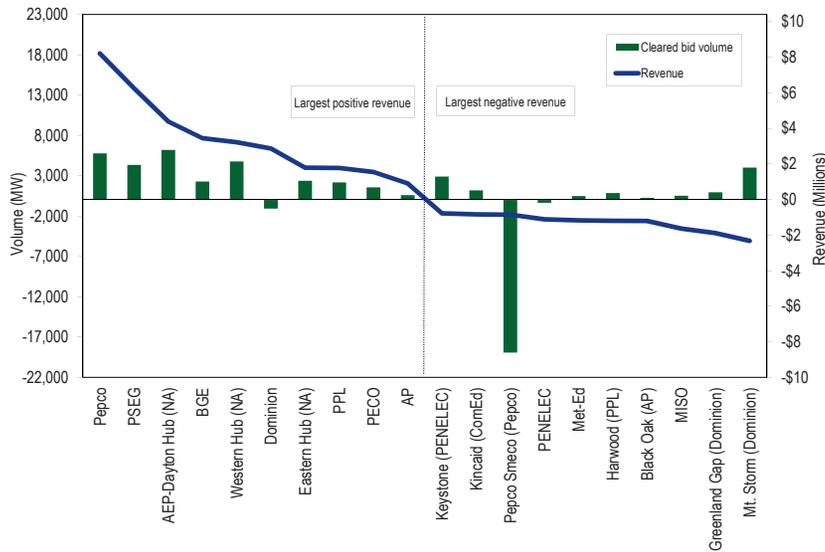
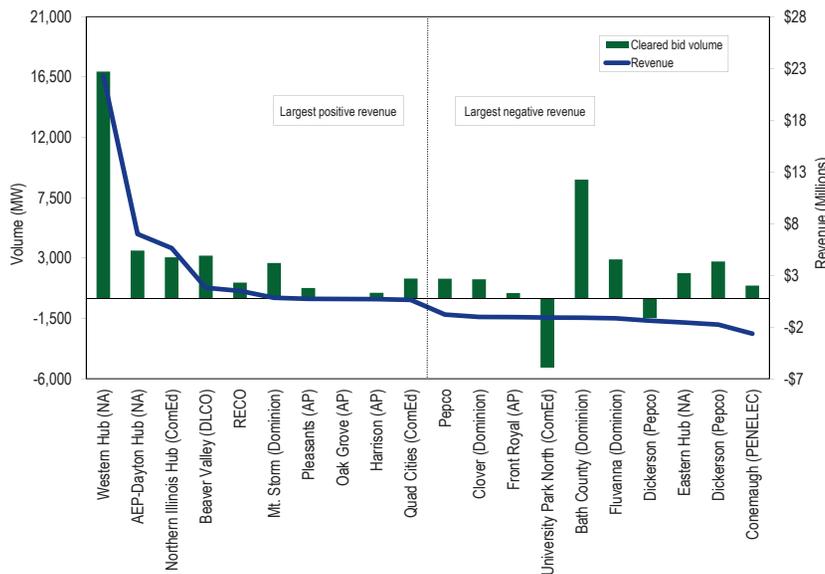


Figure 8-3 Ten largest positive and negative revenue producing FTR sources purchased in the Monthly Balance of Planning Period FTR Auctions: Planning period 2011 to 2012 through September 30, 2011 (See 2010 SOM, Figure 8-8)



Revenue Adequacy

Table 8-9 Total annual PJM FTR revenue detail (Dollars (Millions)): Planning periods 2010 to 2011 and 2011 to 2012 (See 2010 SOM, Table 8-20)

Accounting Element	2010/2011	2011/2012*
ARR information		
ARR target allocations	\$1,031.0	\$327.6
FTR auction revenue	\$1,097.8	\$364.9
ARR excess	\$66.9	\$37.2
FTR targets		
FTR target allocations	\$1,687.6	\$498.4
Adjustments:		
Adjustments to FTR target allocations	(\$1.8)	(\$0.8)
Total FTR targets	\$1,685.8	\$497.6
FTR revenues		
ARR excess	\$66.9	\$37.2
Competing uses	\$0.1	\$0.0
Congestion		
Net Negative Congestion (enter as negative)	(\$59.5)	(\$12.6)
Hourly congestion revenue	\$1,464.9	\$452.5
MISO M2M (credit to PJM minus credit to MISO)	(\$47.8)	(\$24.5)
Consolidated Edison Company of New York and Public Service Electric and Gas Company Wheel (CEPSW) congestion credit to Con Edison (enter as negative)	(\$0.8)	(\$0.1)
Adjustments:		
Excess revenues carried forward into future months	\$0.0	\$0.0
Excess revenues distributed back to previous months	\$4.6	\$0.0
Other adjustments to FTR revenues	\$0.5	(\$0.0)
Total FTR revenues	\$1,428.8	\$452.5
Excess revenues distributed to other months	(\$4.6)	\$0.0
Net Negative Congestion charged to DA Operating Reserves	\$7.3	\$0.0
Excess revenues distributed to CEPSW for end-of-year distribution	\$0.0	\$0.0
Excess revenues distributed to FTR holders	\$0.0	\$0.0
Total FTR congestion credits	\$1,431.5	\$452.5
Total congestion credits on bill (includes CEPSW and end-of-year distribution)	\$1,432.4	\$452.6
Remaining deficiency	\$254.2	\$45.2

* Shows four months ended 30-Sep-11

Table 8-10 Monthly FTR accounting summary (Dollars (Millions)): Planning periods 2010 to 2011 and 2011 to 2012 through September 30, 2011¹³ (See 2010 SOM, Table 8-21)

Period	FTR Revenues (with adjustments)	FTR Target Allocations	FTR Payout Ratio (original)	FTR Credits (with adjustments)	FTR Payout Ratio (with adjustments)	Monthly Credits Excess/Deficiency (with adjustments)
Jun-10	\$194.2	\$196.1	98.0%	\$194.2	99.0%	(\$1.9)
Jul-10	\$275.0	\$273.0	100.7%	\$273.0	100.0%	\$0.0
Aug-10	\$111.3	\$119.2	93.3%	\$111.3	93.4%	(\$7.9)
Sep-10	\$116.7	\$165.3	70.2%	\$116.7	70.6%	(\$48.5)
Oct-10	\$52.4	\$67.4	77.5%	\$52.4	77.8%	(\$14.9)
Nov-10	\$51.5	\$80.0	63.9%	\$51.5	64.4%	(\$28.5)
Dec-10	\$185.0	\$251.1	73.3%	\$185.0	73.7%	(\$66.2)
Jan-11	\$245.4	\$249.5	98.4%	\$245.4	98.4%	(\$4.0)
Feb-11	\$79.4	\$93.0	85.2%	\$79.4	85.4%	(\$13.6)
Mar-11	\$48.2	\$45.6	105.7%	\$45.6	100.0%	\$0.0
Apr-11	\$39.4	\$73.2	53.9%	\$39.4	53.9%	(\$33.8)
May-11	\$37.5	\$72.5	51.8%	\$37.5	51.8%	(\$34.9)
Summary for Planning Period 2010 to 2011						
Total	\$1,431.5	\$1,685.8		\$1,431.5	84.9%	(\$254.2)
Jun-11	\$134.6	\$154.6	87.1%	\$134.6	87.1%	(\$20.0)
Jul-11	\$177.8	\$181.4	98.0%	\$177.8	98.0%	(\$3.6)
Aug-11	\$70.7	\$73.4	96.3%	\$70.7	96.3%	(\$2.7)
Sep-11	\$69.4	\$88.3	78.6%	\$69.4	78.6%	(\$18.9)
Summary for Planning Period 2011 to 2012 through September 30, 2011						
Total	\$452.5	\$497.6		\$452.5	90.9%	(\$45.2)

¹³ FTR Payout Ratio calculation differs from previous State of the Market reports. The updated FTR Payout Ratio includes monthly adjustments, and excludes excess revenue distributions to or from other months.

Figure 8-4 Original FTR payout ratio with adjustments by month, excluding excess revenue distribution: January 2004 to September 2011 (New Figure)

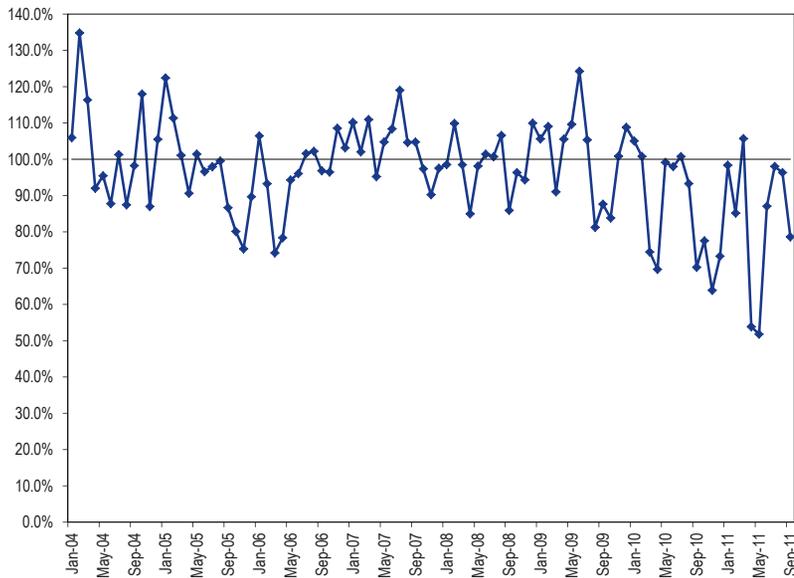


Table 8-11 FTR payout ratio by planning period (See 2010 SOM, Table 8-22)

Planning Period	FTR Payout Ratio
2003/2004	97.7%
2004/2005	100.0%
2005/2006	90.7%
2006/2007	100.0%
2007/2008	100.0%
2008/2009	100.0%
2009/2010	96.9%
2010/2011	84.9%
2011/2012*	90.9%

* through September 30, 2011

Figure 8-5 FTR payout ratio by month: June 2003 to September 2011¹⁴ (See 2010 SOM, Figure 8-9)

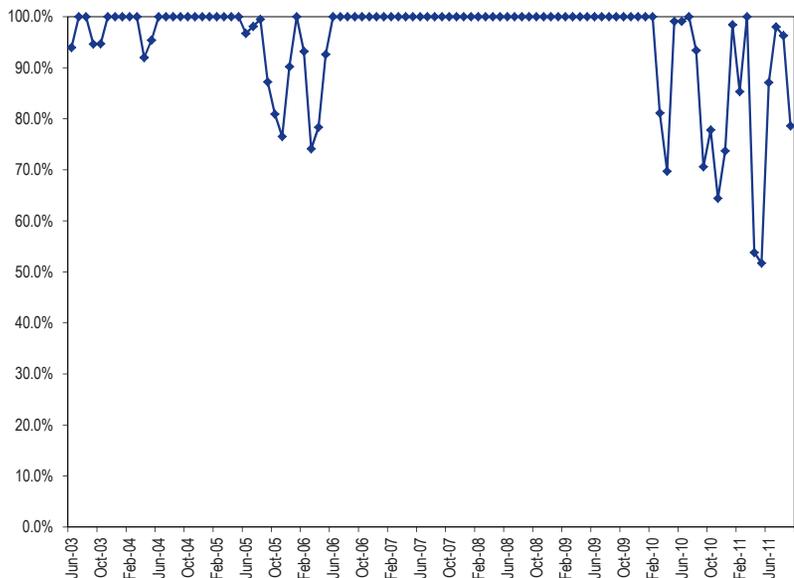
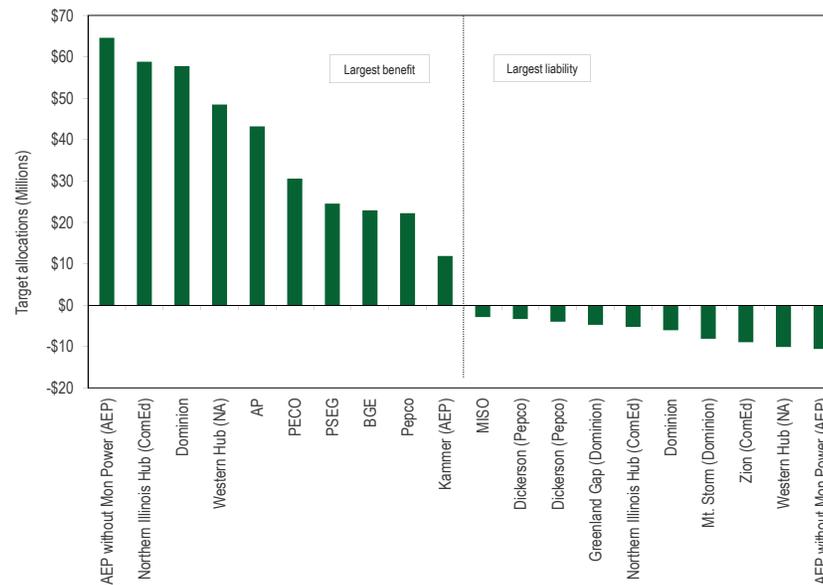


Figure 8-6 Ten largest positive and negative FTR target allocations summed by sink: Planning period 2011 to 2012 through September 30, 2011 (See 2010 SOM, Figure 8-10)



14 The underlying data for Figure 8-5 and Table 8-11 is from the "FTR Credit" spreadsheet posted on PJM's website at <<http://www.pjm.com/markets-and-operations/ftr/revenue-adequacy.aspx> and accessed on October 11, 2011>.

Figure 8-7 Ten largest positive and negative FTR target allocations summed by source: Planning period 2011 to 2012 through September 30, 2011 (See 2010 SOM, Figure 8-11)

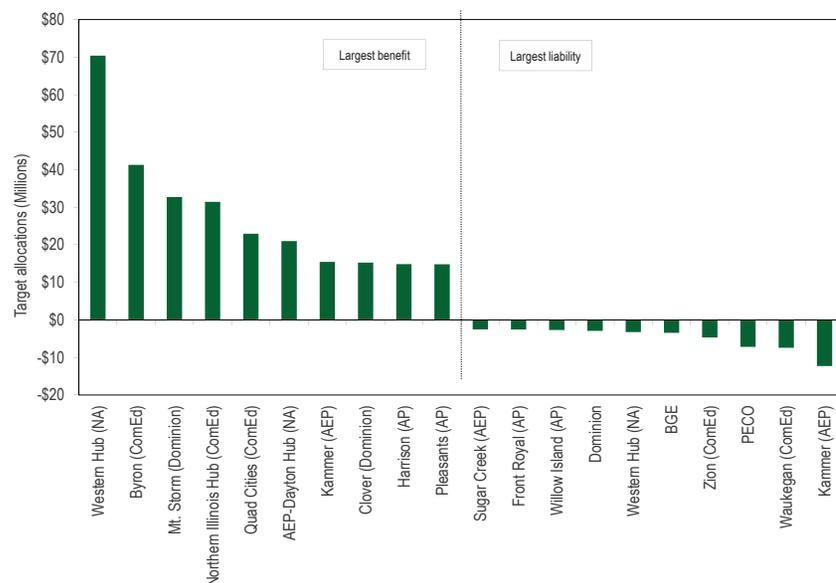


Table 8-13 Monthly FTR profits by organization type: January through September 2011 (See 2010 SOM, Table 8-24)

Month	Organization Type		Total
	Physical	Financial	
Jan	\$136,852,655	\$35,473,797	\$172,326,451
Feb	\$39,005,792	\$6,909,551	\$45,915,343
Mar	(\$12,240,829)	\$12,388,303	\$147,474
Apr	\$12,840,870	\$13,847,760	\$26,688,630
May	\$15,730,508	\$9,126,571	\$24,857,079
Jun	\$60,815,638	\$28,254,404	\$89,070,042
Jul	\$71,119,742	\$40,050,175	\$111,169,918
Aug	\$15,566,385	(\$2,910,408)	\$12,655,976
Sep	\$24,014,372	\$4,100,733	\$28,115,105
Total	\$363,705,133	\$147,240,885	\$510,946,018

Profitability

Table 8-12 FTR profits by organization type and FTR direction: January through September 2011 (See 2010 SOM, Table 8-23)

Organization Type	FTR Direction		All
	Prevailing Flow	Counter Flow	
Physical	\$347,542,911	\$16,162,222	\$363,705,133
Financial	\$48,146,057	\$99,094,828	\$147,240,885
Total	\$395,688,968	\$115,257,050	\$510,946,018

Auction Revenue Rights

Market Structure

ARR Reassignment for Retail Load Switching

Table 8-14 ARR and ARR revenue automatically reassigned for network load changes by control zone: June 1, 2009, through September 30, 2011 (See 2010 SOM, Table 8-28)

Control Zone	ARRs Reassigned (MW)		ARR Revenue Reassigned [Dollars (Thousands)]	
	2010/2011 (12 months)	2011/2012 (4 months)*	2010/2011 (12 months)	2011/2012 (4 months)*
AECO	887	230	\$6.0	\$2.5
AEP	961	1,695	\$21.4	\$33.3
AP	4,992	717	\$481.1	\$73.6
ATSI	0	2,049	\$0.0	\$9.4
BGE	3,359	1,225	\$50.5	\$22.0
ComEd	3,064	1,350	\$60.2	\$23.8
DAY	193	230	\$0.6	\$0.3
DLCO	1,834	478	\$8.6	\$1.6
Dominion	0	1	\$0.0	\$0.0
DPL	1,126	416	\$10.2	\$3.6
JCPL	3,490	560	\$28.8	\$5.2
Met-Ed	3,947	696	\$51.9	\$11.9
PECO	12,284	926	\$89.2	\$10.9
PENELEC	3,745	662	\$53.5	\$13.4
Pepco	2,469	859	\$27.3	\$8.7
PPL	5,734	1,710	\$74.4	\$20.0
PSEG	3,416	843	\$52.8	\$14.0
RECO	143	31	\$0.1	\$0.0
Total	51,645	14,676	\$1,016.5	\$254.3

* Through 30-Sep-11

Market Performance

Revenue Adequacy

Table 8-15 ARR revenue adequacy (Dollars (Millions)): Planning periods 2010 to 2011 and 2011 to 2012 (See 2010 SOM, Table 8-30)

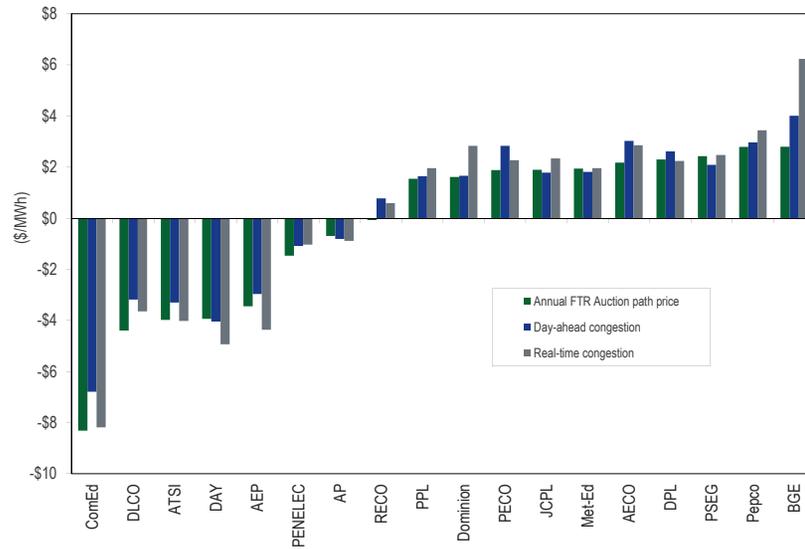
	2010/2011	2011/2012
Total FTR auction net revenue	\$1,097.8	\$1,082.5
Long Term FTR Auction net revenue	\$23.5	\$35.9
Annual FTR Auction net revenue	\$1,049.8	\$1,029.6
Monthly Balance of Planning Period FTR Auction net revenue*	\$24.5	\$17.0
ARR target allocations	\$1,029.3	\$982.9
ARR credits	\$1,029.3	\$982.9
Surplus auction revenue	\$68.5	\$99.6
ARR payout ratio	100%	100%
FTR payout ratio*	84.9%	90.9%

* Shows twelve months for 2010/2011 and four months ended 30-Sep-11 for 2011/2012

ARR and FTR Revenue and Congestion

FTR Prices and Zonal Price Differences

Figure 8-8 Annual FTR Auction prices vs. average day-ahead and real-time congestion for all control zones relative to the Western Hub: Planning period 2011 to 2012 through September 30, 2011 (See 2010 SOM, Figure 8-12)



Effectiveness of ARRs as a Hedge against Congestion

Table 8-16 ARR and self scheduled FTR congestion hedging by control zone: Planning period 2011 to 2012 through September 30, 2011 (See 2010 SOM, Table 8-31)

Control Zone	ARR Credits	Self-Scheduled FTR Credits	Total Revenue	Congestion	Total Revenue - Congestion Difference	Percent Hedged
AECO	\$10,192,033	\$10,045	\$10,202,078	\$24,371,091	(\$14,169,014)	41.9%
AEP	\$8,936,860	\$55,803,819	\$64,740,679	\$77,631,424	(\$12,890,745)	83.4%
AP	\$93,447,740	\$22,961,350	\$116,409,090	\$10,350,272	\$106,058,818	>100%
ATSI	\$12,342,717	\$37,960	\$12,380,677	(\$26,723,682)	\$39,104,359	>100%
BGE	\$37,873,359	\$1,281,188	\$39,154,547	\$20,067,359	\$19,087,189	>100%
ComEd	\$120,226,046	\$6,225,744	\$126,451,790	(\$118,241,494)	\$244,693,284	>100%
DAY	\$2,688,799	\$368,070	\$3,056,869	\$1,851,736	\$1,205,133	>100%
DLCO	\$3,529,256	\$15,587	\$3,544,843	\$1,656,061	\$1,888,783	>100%
Dominion	\$7,312,099	\$42,861,676	\$50,173,775	\$11,479,723	\$38,694,052	>100%
DPL	\$14,213,248	\$485,264	\$14,698,512	\$24,890,836	(\$10,192,324)	59.1%
JCPL	\$16,099,644	\$450,359	\$16,550,003	\$30,122,276	(\$13,572,273)	54.9%
Met-Ed	\$13,826,662	\$1,142,880	\$14,969,542	\$10,239,780	\$4,729,762	>100%
PECO	\$23,696,233	\$10,565,705	\$34,261,938	\$15,173,391	\$19,088,547	>100%
PENELEC	\$21,283,357	\$2,724,034	\$24,007,391	\$13,810,911	\$10,196,480	>100%
Pepco	\$44,345,533	\$2,639,081	\$46,984,614	\$45,245,917	\$1,738,698	>100%
PJM	\$5,741,746	\$1,102,664	\$6,844,410	\$10,703,990	(\$3,859,580)	63.9%
PPL	\$22,829,320	\$1,606,490	\$24,435,810	\$30,756,520	(\$6,320,710)	79.4%
PSEG	\$54,249,064	\$560,573	\$54,809,637	\$15,580,587	\$39,229,049	>100%
RECO	(\$637,482)	\$0	(\$637,482)	\$1,388,763	(\$2,026,245)	0.0%
Total	\$512,196,234	\$150,842,489	\$663,038,723	\$200,355,460	\$462,683,263	>100%

Effectiveness of ARRs and FTRs as a Hedge against Congestion

Table 8-17 ARR and FTR congestion hedging by control zone: Planning period 2011 to 2012 through September 30, 2011 (See 2010 SOM, Table 8-32)

Control Zone	ARR Credits	FTR Credits	FTR Auction Revenue	Total ARR and FTR Hedge	Congestion	Total Hedge - Congestion Difference	Percent Hedged
AECO	\$10,219,671	\$8,185,759	\$17,745,681	\$659,749	\$17,968,632	(\$17,308,883)	3.7%
AEP	\$172,400,543	\$91,740,466	\$165,311,168	\$98,829,841	\$90,405,544	\$8,424,297	>100%
AP	\$173,353,904	\$38,656,615	\$125,239,745	\$86,770,774	\$49,674,789	\$37,095,985	>100%
ATSI	\$12,280,544	\$5,938,400	(\$2,885,806)	\$21,104,750	(\$33,929,068)	\$55,033,818	>100%
BGE	\$41,124,662	\$35,592,366	\$41,569,161	\$35,147,867	\$30,664,198	\$4,483,669	>100%
ComEd	\$133,942,601	\$53,174,737	\$87,781,435	\$99,335,903	\$104,528,899	(\$5,192,995)	95.0%
DAY	\$5,410,276	\$739,617	\$3,233,080	\$2,916,813	\$3,755,202	(\$838,389)	77.7%
DLCO	\$3,624,433	\$2,790,268	\$1,804,497	\$4,610,204	\$4,223,681	\$386,523	>100%
Dominion	\$167,295,730	\$54,437,033	\$164,095,074	\$57,637,689	\$48,621,680	\$9,016,008	>100%
DPL	\$15,595,316	\$8,151,147	\$25,324,936	(\$1,578,473)	\$15,682,702	(\$17,261,175)	0.0%
JCPL	\$17,993,503	\$10,539,282	\$35,162,678	(\$6,629,893)	\$21,681,566	(\$28,311,459)	0.0%
Met-Ed	\$19,044,459	\$7,307,533	\$28,258,422	(\$1,906,430)	(\$4,040,867)	\$2,134,437	0.0%
PECO	\$36,549,743	\$33,962,891	\$35,933,726	\$34,578,908	\$8,658,905	\$25,920,002	>100%
PENELEC	\$29,176,150	\$29,419,597	\$81,483,032	(\$22,887,285)	\$25,011,822	(\$47,899,107)	0.0%
Pepco	\$52,624,626	\$41,076,193	\$143,371,222	(\$49,670,403)	\$35,210,299	(\$84,880,702)	0.0%
PJM	\$9,394,740	(\$1,976,290)	\$2,747,504	\$4,670,946	(\$9,315,796)	\$13,986,743	>100%
PPL	\$26,926,220	\$14,229,429	\$35,758,237	\$5,397,412	(\$3,455,863)	\$8,853,275	>100%
PSEG	\$56,597,442	\$20,623,828	\$101,491,038	(\$24,269,768)	\$5,881,713	(\$30,151,480)	0.0%
RECO	(\$637,482)	(\$1,446,674)	(\$10,897,967)	\$8,813,811	\$1,325,672	\$7,488,138	>100%
Total	\$982,917,081	\$453,142,197	\$1,082,526,863	\$353,532,415	\$412,553,708	(\$59,021,293)	85.7%

Table 8-18 ARR and FTR congestion hedging: Planning periods 2010 to 2011 and 2011 to 2012¹⁵ (See 2010 SOM, Table 8-33)

Planning Period	ARR Credits	FTR Credits	FTR Auction Revenue	Total ARR and FTR Hedge	Congestion	Total Hedge - Congestion Difference	Percent Hedged
2010/2011	\$1,030,977,744	\$1,433,088,990	\$1,097,817,297	\$1,366,249,437	\$1,409,897,924	(\$43,648,487)	96.9%
2011/2012*	\$327,638,546	\$453,142,197	\$364,868,837	\$415,911,906	\$412,553,708	\$3,358,199	>100%

* Shows four months ended 30-Sep-11

ARRs and FTRs as a Hedge against Total Real Time Energy Charges

Table 8-19 ARRs and FTRs as a hedge against energy charges by control zone: January through September 2011 (See 2010 SOM, Table 8-34)

Control Zone	ARR Related Hedge (Including Self-Scheduled FTRs)	FTR Hedge (Excluding Self-Scheduled FTRs)	Total ARR and FTR Hedge	Total Energy Charges	Percent of Energy Charges Covered by ARR and FTR Credits
AECO	\$6,129,521	\$3,496,415	\$9,625,936	\$496,119,328	1.9%
AEP	\$116,588,614	\$46,882,407	\$163,471,021	\$4,354,274,786	3.8%
AP	\$156,815,182	\$9,785,101	\$166,600,284	\$1,719,418,321	9.7%
ATSI	\$4,152,191	\$6,454,985	\$10,607,175	\$1,113,964,857	1.0%
BGE	\$27,639,416	\$7,641,805	\$35,281,221	\$1,511,516,265	2.3%
ComEd	\$83,742,856	\$24,614,519	\$108,357,374	\$2,978,427,202	3.6%
DAY	\$3,564,519	\$504,167	\$4,068,686	\$559,630,656	0.7%
DLCO	\$3,282,136	\$3,871,995	\$7,154,131	\$489,068,172	1.5%
Dominion	\$110,258,707	\$13,245,047	\$123,503,755	\$3,950,313,589	3.1%
DPL	\$10,454,684	(\$1,393,430)	\$9,061,254	\$811,599,331	1.1%
JCPL	\$13,030,310	\$11,452,594	\$24,482,904	\$1,049,925,982	2.3%
Met-Ed	\$11,306,671	(\$1,335,044)	\$9,971,627	\$623,749,955	1.6%
PECO	\$37,462,514	\$19,199,090	\$56,661,605	\$1,753,777,192	3.2%
PENELEC	\$19,625,850	\$331,825	\$19,957,675	\$634,674,584	3.1%
Pepco	\$26,374,421	(\$32,069,859)	(\$5,695,438)	\$1,366,413,037	(0.4%)
PJM	\$11,836,181	(\$1,695,362)	\$10,140,819	NA	NA
PPL	\$18,137,081	\$17,260,718	\$35,397,799	\$1,666,914,774	2.1%
PSEG	\$39,182,733	(\$2,225,614)	\$36,957,120	\$1,978,536,925	1.9%
RECO	(\$173,917)	\$1,434,648	\$1,260,731	\$62,254,427	2.0%
Total	\$699,409,670	\$127,456,007	\$826,865,677	\$27,148,521,603	3.0%

¹⁵ The FTR credits do not include after-the-fact adjustments. For the 2011 to 2012 planning period, the ARR credits were the total credits allocated to all ARR holders for the first four months (June through September 2011) of this planning period, and the FTR Auction Revenue includes the net revenue in the Monthly Balance of Planning Period FTR Auctions for the first four months of this planning period and the portion of Annual FTR Auction revenue distributed during those four months.