

Market Monitor Report

MC Webinar
February 22, 2016

Joseph Bowring



Monitoring Analytics

Estimated up to congestion credit risk: September 8, 2014 through December 31, 2015

Uplift (\$/MWh)	Credit Risk if uplift is applied to both sides of UTC
\$0.05	\$20,134,462
\$0.10	\$40,268,925
\$0.15	\$60,403,387
\$0.20	\$80,537,850
\$0.25	\$100,672,312
\$0.30	\$120,806,775
\$0.35	\$140,941,237
\$0.40	\$161,075,700
\$0.45	\$181,210,162
\$0.50	\$201,344,624
\$0.55	\$221,479,087
\$0.60	\$241,613,549
\$0.65	\$261,748,012
\$0.70	\$281,882,474
\$0.75	\$302,016,937
\$0.80	\$322,151,399
\$0.85	\$342,285,861
\$0.90	\$362,420,324
\$0.95	\$382,554,786
\$1.00	\$402,689,249

Estimated up to congestion credit risk: September 8, 2014 through December 31, 2015

Company	Percent of Total	Cumulative Percent
1	14.91%	14.91%
2	9.40%	24.31%
3	5.92%	30.23%
4	4.09%	34.32%
5	3.78%	38.11%
6	3.55%	41.65%
7	3.49%	45.15%
8	2.87%	48.02%
9	2.80%	50.82%
10	2.59%	53.40%
All Others	46.60%	100.00%

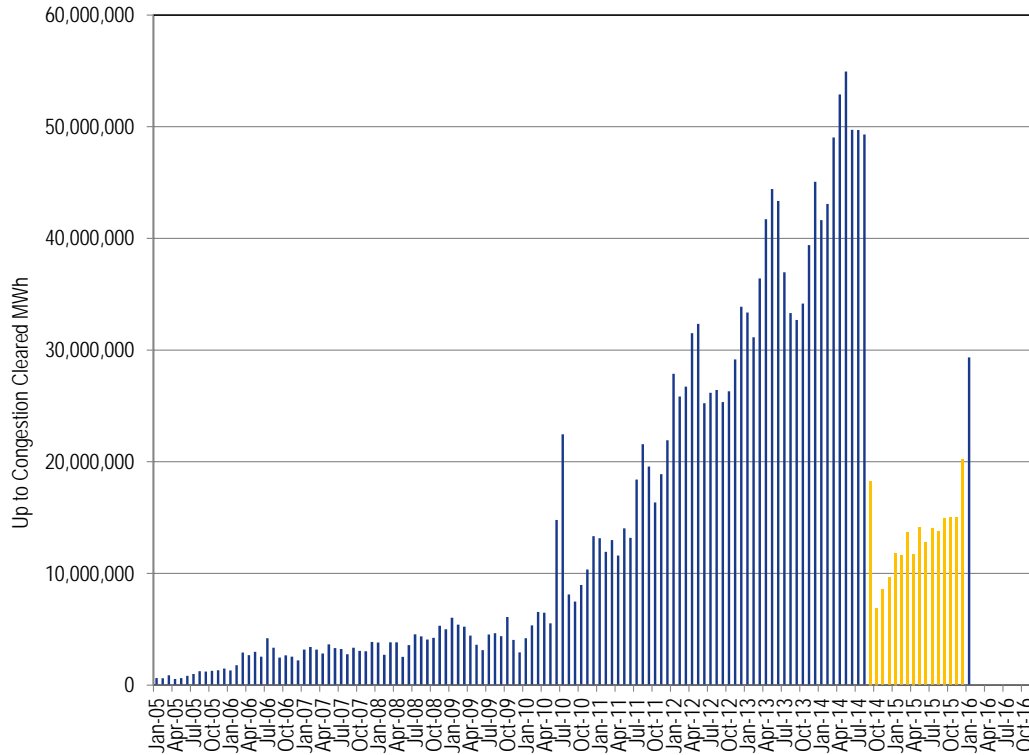
15 Month Refund Effective Date Limitation

§ 206(b) of the Federal Power Act states:

“... the Commission may order refunds of any amounts paid, for the period subsequent to the refund effective date through a date fifteen months after such refund effective date...”

The 15 month period for this proceeding ended in December 2015. The volume of up to congestion transactions have since increased significantly.

Monthly up to congestion cleared bids: January 2005 through January 2016



Note: Orange Represents months where refund period is in effect

Daily FTR Net Position Ownership

Organization Type	FTR Direction		
	Prevailing Flow	Counter Flow	All
Physical	39.4%	20.4%	32.1%
Financial	60.6%	79.6%	67.9%
Total	100.0%	100.0%	100.0%

FTR Profits 2013/2014 (millions)

Physical	Self Scheduled Physical FTRs	Financial	Total
\$368.0	\$416.4	\$609.5	\$1,393.8

FTR Profits 2014/2015 (millions)

Physical	Self Scheduled Physical FTRs	Financial	Total
\$148.2	\$349.2	\$249.2	\$746.5

Mathematically Equivalent FTR Positions

FTR Path(s)	Net TA	Positive TA	Negative TA	Netting Revenue Received	No Netting Revenue Received (Joint Protesters)	Payout Ratio No Netting	Correct No Netting Revenue Received
A-B	\$5.00	\$5.00	\$0.00	\$3.60	\$3.60	72.0%	\$3.60
A-C, C-B	\$5.00	\$20.00	-\$15.00	\$3.60	-\$0.60	93.0%	\$3.60
A-C, C-E, E-D, D-B	\$5.00	\$110.00	-\$105.00	\$3.60	-\$25.80	98.7%	\$3.60

- Three scenarios: different ways to hold the same net FTR position
- Congestion collected is \$3.60 for each scenario
- The joint protesters' net revenue ignores the increase in payout ratio without netting
- The revenue received by the participant is the same for all scenarios as a result of the increase in the payout ratio without netting

Impacts of FTR Portfolio Netting

	Net Positive Target Allocations	Net Negative Target Allocations	Positive Target Allocations	Negative Target Allocations	Total Congestion Revenue	Payout Ratio (Current)	No Netting Payout Ratio (Proposed)
2012/2013 Total	\$992,878,752	(\$86,061,137)	\$1,897,830,880	(\$990,471,801)	\$614,014,377	70.5%	84.5%
2013/2014 Total	\$2,625,369,880	(\$126,385,125)	\$5,442,171,151	(\$2,942,754,444)	\$1,819,508,754	74.1%	87.5%

- Summary of 2012/2013 and 2013/2014 planning periods with and without portfolio netting
- No additional revenue generated, but properly accounting for negative target allocations as a source of revenue increases payout ratio to positive target allocations
- Impacts of \$905.0 million for 12/13 and \$2,816.8 million for 13/14 planning periods
 - This is revenue that would be reallocated directly to all participants holding FTRs with positive target allocations rather than netting positives first

Monitoring Analytics, LLC

2621 Van Buren Avenue

Suite 160

Eagleville, PA

19403

(610) 271-8050

MA@monitoringanalytics.com

www.MonitoringAnalytics.com

