

Market Monitor Report

MC Webinar
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Monitoring Analytics

Long Term FTR Market Issues

- **Value of congestion rights being sold in LTFTR are not directly realizable by ARR right holders**
- **LTFTR market sells residual rights not allocated to ARR holders in the annual ARR/FTR Market.**
- **Residual rights:**
 - **Not available in the annual auction due to outages modeled in the annual auction but not in the LTFTR model.**
 - **Potential issue: Residual rights from system upgrades included in the LTFTR model but not in the annual model (current proposal to modify the LTFTR model).**

Long Term FTR Market Issues

- **FTRs sold in LTFTR auction are sold at a realized discount relative to FTRs sold in annual auction.**
 - **Right would be worth more if sold in the annual auction and would directly affect ARR rents**
- **Auction revenue from LTFTR auctions are not allocated to ARR holders under current market rules.**
 - **Actual revenues to FTR holders**
 - **Acquisition of LTFTR rights by ARR holders would require paying twice. ARR holders have rights to congestion revenues but have to buy LTFTRs.**

Long Term FTR Volume

- **LT FTRs effective in a planning period are sold based on different models and with different prices.**
- **Total LT FTR volume effective in a planning period averages 42.6% of total FTRs in a planning period.**

Long Term FTR Product						
Planning Period	Year 3	Year 2	Year 1	Total Long Term	Annual (including self scheduled)	Long Term Percent of Total Cleared
2014/2015	81,666	86,754	131,911	300,330	356,522	45.7%
2015/2016	89,419	99,329	123,400	312,148	355,682	46.7%
2016/2017	97,837	95,637	107,182	300,656	397,258	43.1%
2017/2018	69,161	86,323	108,126	263,609	493,683	34.8%

Long Term FTR Net Revenue

- **LTFTR net revenue is the net of buys and sells from the LTFTR Auction**
 - **YRALL product is split over individual effective years**
- **LTFTRs are 42.6% of total effective volume, but only 3.0% of net revenue**
- **Significant discount paid for LTFTRs**

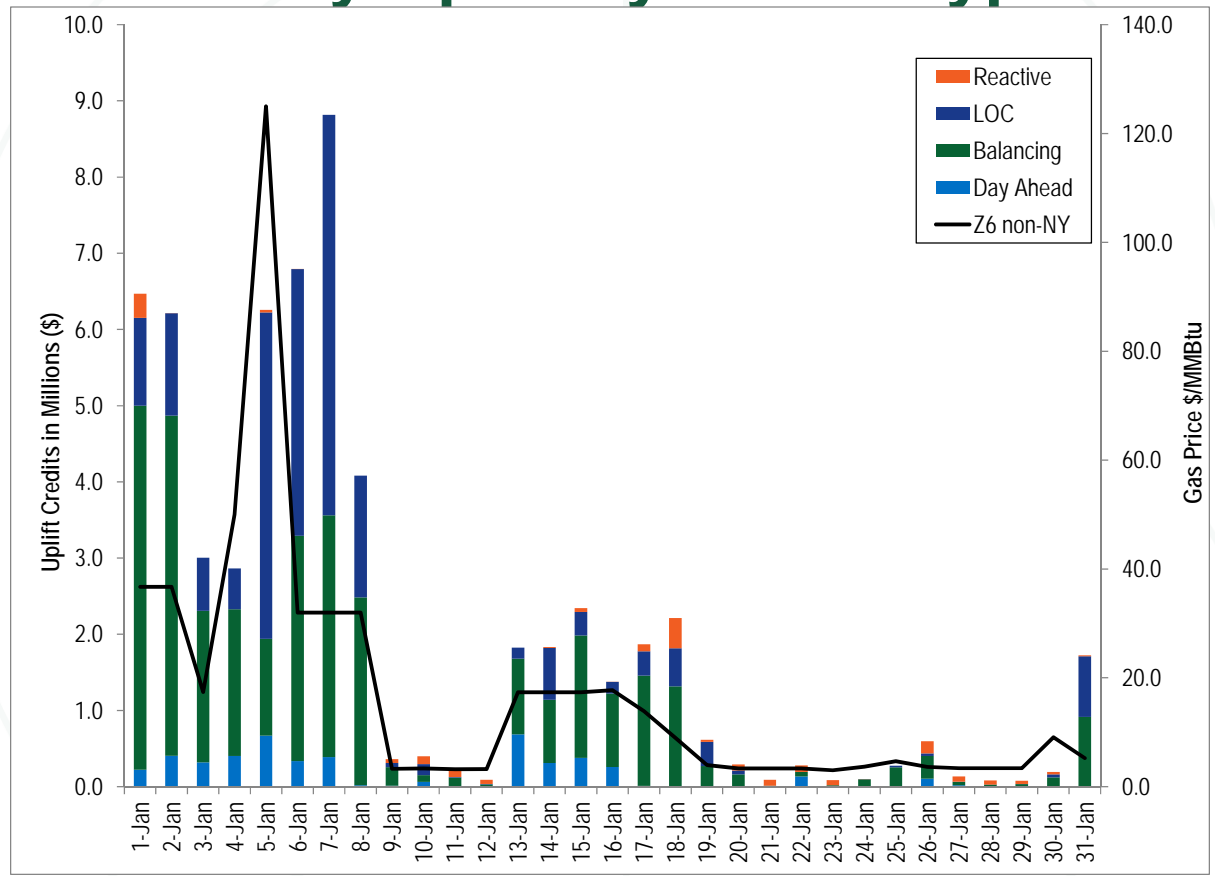
Long Term FTR Product							Long Term
Planning Period	Year 3	Year 2	Year 1	Total Long Term	Annual (including self scheduled)	Total Net Revenue	
2014/2015	\$13,016,512	\$7,176,209	\$6,863,135	\$27,055,856	\$735,998,448	3.5%	
2015/2016	\$12,479,874	\$7,378,550	\$5,156,206	\$25,014,630	\$893,043,415	2.7%	
2016/2017	\$7,624,149	\$2,105,984	\$11,087,250	\$20,817,382	\$861,031,182	2.4%	
2017/2018	\$1,670,521	\$7,210,445	\$9,763,312	\$18,644,279	\$513,587,222	3.5%	

Revenue Difference LTFTRs vs. Annual FTRs

- **FTRs sold in the LT FTR Auction were undervalued in comparison with their Annual FTR Auction equivalent by \$337.2 million.**

Planning Period	Long Term FTR Product				Total Difference
	YR3	YR2	YR1	YRALL	
2014/2015	\$59,598,642	\$30,284,173	\$52,030,909	\$926,989	\$142,840,713
2015/2016	\$67,896,588	\$40,975,278	\$9,936,078	\$303,082	\$119,111,026
2016/2017	\$42,378,048	\$3,854,373	\$11,055,824	\$1,079,901	\$58,368,147
2017/2018	\$6,134,076	(\$1,841,715)	\$12,396,817	\$227,524	\$16,916,702
Total	\$176,007,354	\$73,272,109	\$85,419,628	\$2,537,496	\$337,236,587

Daily Uplift by Credit Type



Total Uplift by Unit Type: January 2018

Unit Type	Day Ahead	Balancing	LOC	Reactive	Condensing	Total	% of Total
CC	\$2,143,767	\$8,391,787	\$3,741,644	\$0		\$14,277,198	23.1%
CT	\$1,024,549	\$22,766,770	\$13,864,034	\$903,090	\$40,355	\$38,598,798	62.5%
DIESEL	\$10,947	\$139,737	\$426,381	\$100,453		\$677,518	1.1%
STEAM COAL	\$383,832	\$175,962	\$3,707,922	\$934,201		\$5,201,918	8.4%
STEAM OTHER	\$1,214,657	\$1,463,587	\$188,091	\$0		\$2,866,334	4.6%
WIND	\$0	\$0	\$98,112	\$0		\$98,112	0.2%
Total	\$4,777,752	\$32,937,844	\$22,026,183	\$1,937,744		\$61,719,879	100.0%

MOPR - Unit Specific Exception Requests

- **July 7, 2017, the US Court of Appeals vacated and remanded two FERC orders from 2013 that had conditionally accepted a PJM filing that revised the MOPR to include a Competitive Entry Exemption and Self-Supply Exemption**
- **December 8, 2017, FERC rejected a motion by PJM that would have reinstated the Competitive Entry and Self-Supply Exemptions but would not have included a Unit Specific Exception Request process**
- **Current rules provide only for Unit Specific Exceptions**

MOPR - Unit Specific Exception Request

- **MOPR rules for upcoming auctions include a Unit Specific Exception process but do not include provisions for Competitive Entry and Self-Supply Exemptions**
- **2018/2019 Third IA – The IMM issued 9 Unit Specific Exception Request determinations**
- **2021/2022 BRA – The IMM issued 23 Unit Specific Exception Request determinations; 2 requests are pending**

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