

Issue Charge

The PJM ARR/FTR Market Construct should be reviewed and changes considered to improve alignment between allocated congestion rights and actual congestion.

Issue Source

In its review of the ARR/FTR construct, 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 among congestion rights holders relative to payments of congestion.

Key Work Activities

1. 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. Review the allocation of congestion rights.
3. Review biddable points.
4. Review the payment of congestion.
5. Review the allocation of auction revenue rights.
6. Review the alignment of congestion revenues with the payment of congestion.
7. Determine whether the ARR/FTR market construct can be revised to better align congestion rights with congestion payments.
8. Education regarding the definition and payment of congestion.
9. Education regarding the current means of allocating congestion rights.
10. Education regarding the current allocation of ARRs.

Expected Deliverables

1. Identification of causes of mismatch between the allocation of congestion rights and the payment of congestion.
2. Decide whether to recommend changes to the ARR/FTR market design.
3. Proposed revisions to the ARR/FTR market construct to better align congestion rights with payment of congestion.

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 six months.

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