

# ARRs and FTRs

AFMTF

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IMM



Monitoring Analytics

# ARRs and FTRs

- **Two parts of current design**
  - **ARRs**
  - **FTRs**
- **ARRs**
  - **A mechanism to assign congestion rights to load**
- **FTRs**
  - **A mechanism to permit load to sell its rights to congestion**
  - **Load can sell the rights to an uncertain level of congestion for a fixed payment**

# ARRs

- **ARRs are a mechanism to assign congestion rights to load**
- **Assigning congestion rights is equivalent to identifying who pays congestion**
- **The goal is to assign the rights to congestion revenues to the customers who pay the congestion**
- **ARRs currently assign congestion rights based on generation to load paths**
  - **Some paths from before 1999**
- **Generation to load paths is not a sensible way to assign congestion rights**

# ARRs

- **It is possible to define who pays congestion**
- **That should be the goal**



# FTRs

- **When rights to congestion are assigned, a market mechanism is needed to permit load to sell its rights to congestion**
  - **Load can choose to sell or not sell. Load can choose to receive actual congestion payments.**
  - **Load can also set a reservation price below which they will not sell**

# FTRs

- **That market mechanism is the FTR auction(s)**
- **FTR auction design can take many forms**
  - **The FTR auction design can look a lot like the current design**
  - **The FTR auction design can include paths**
  - **The FTR design cannot pay out more than actual congestion**

## Next Steps

- **Agree on the actual math of congestion and therefore how to assign the rights to congestion**
- **Develop FTR auction design options to permit load to sell the rights to congestion in a flexible way**



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