

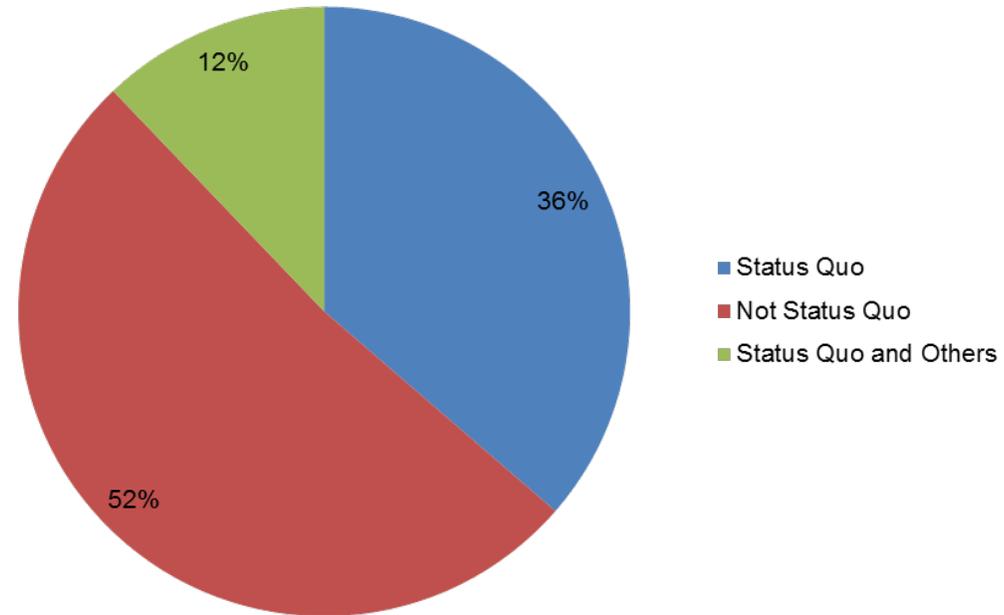


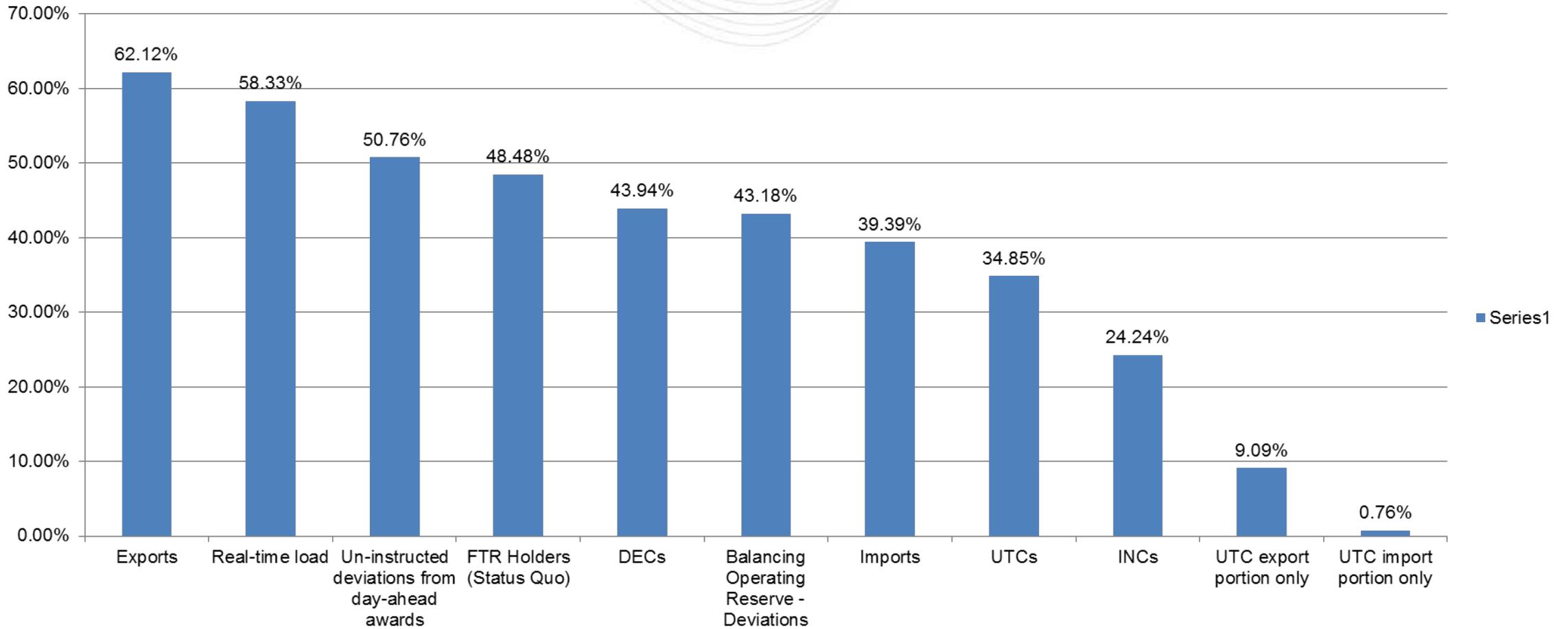
FTRSTF Polling Results

FTR / ARR Senior Task Force
January 28, 2015

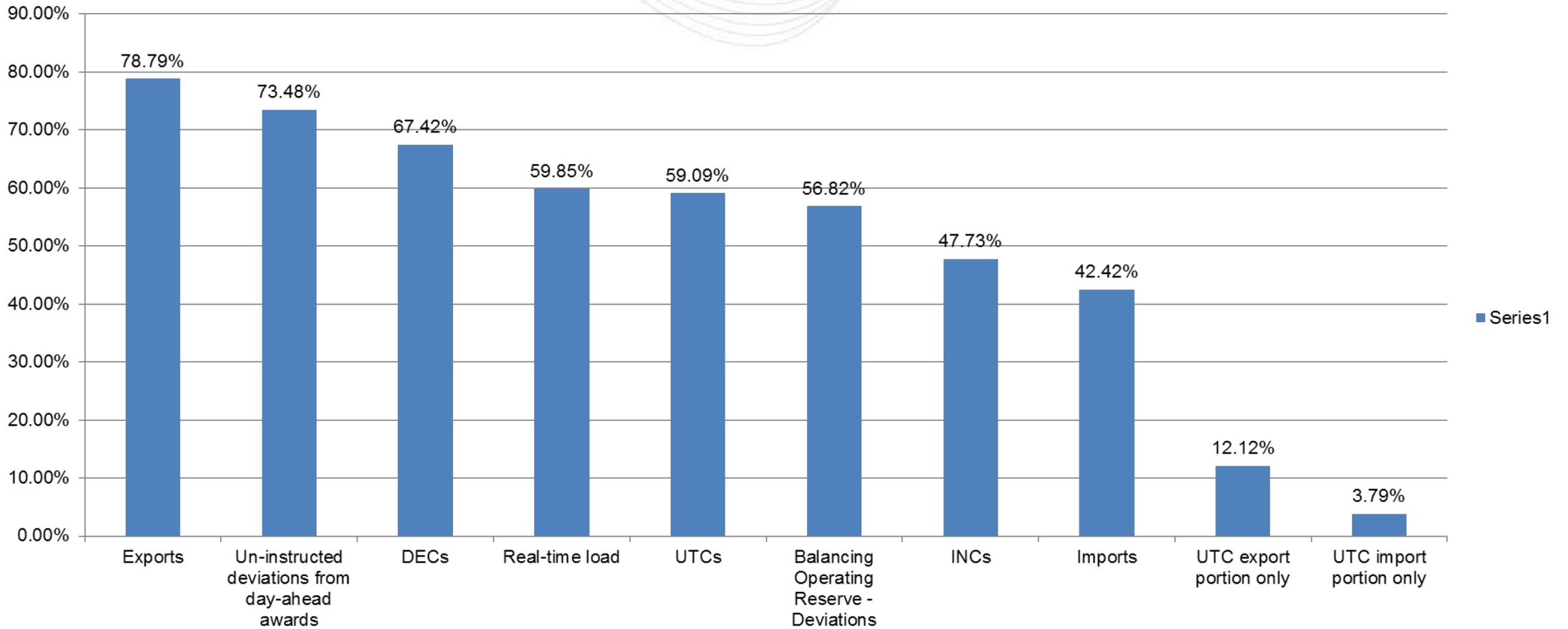
- Purpose of poll is to assist with a consolidation of the current FTRSTF solution packages
- PJM CBIR- Polling is not "Voting"
- Responders requested to indicate support of current design components/potential solution package(s)
- 132 responses received

- Which transactions/market participants should be assigned the allocation of Balancing Congestion? Check all that apply.
 - FTR Holders (Status Quo)
 - Real-time load
 - Exports
 - Imports
 - INCs
 - DECs
 - UTCs
 - UTC export portion only
 - UTC import portion only
 - Un-instructed deviations from day-ahead awards
 - Balancing Operating Reserve - Deviations

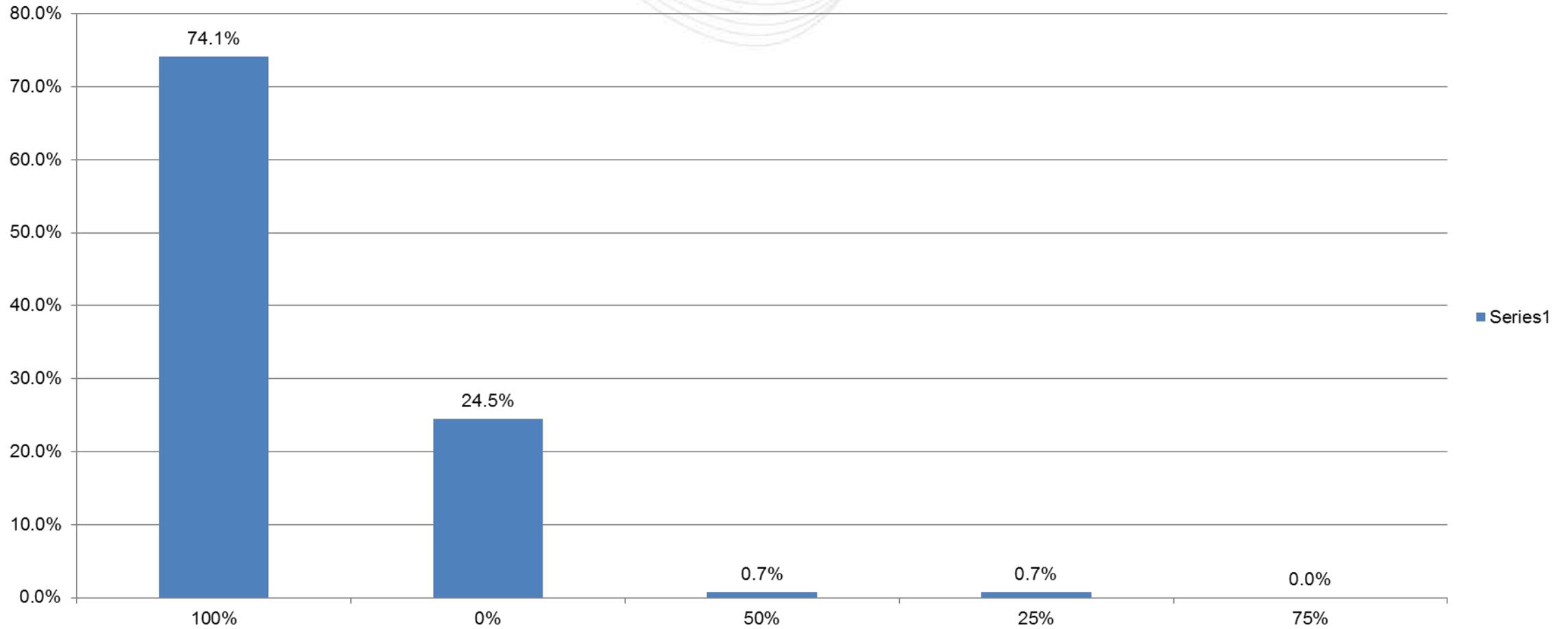




- If the allocation of Balancing Congestion were to change, what transactions/market participants should be assigned this allocation? Check all that apply.

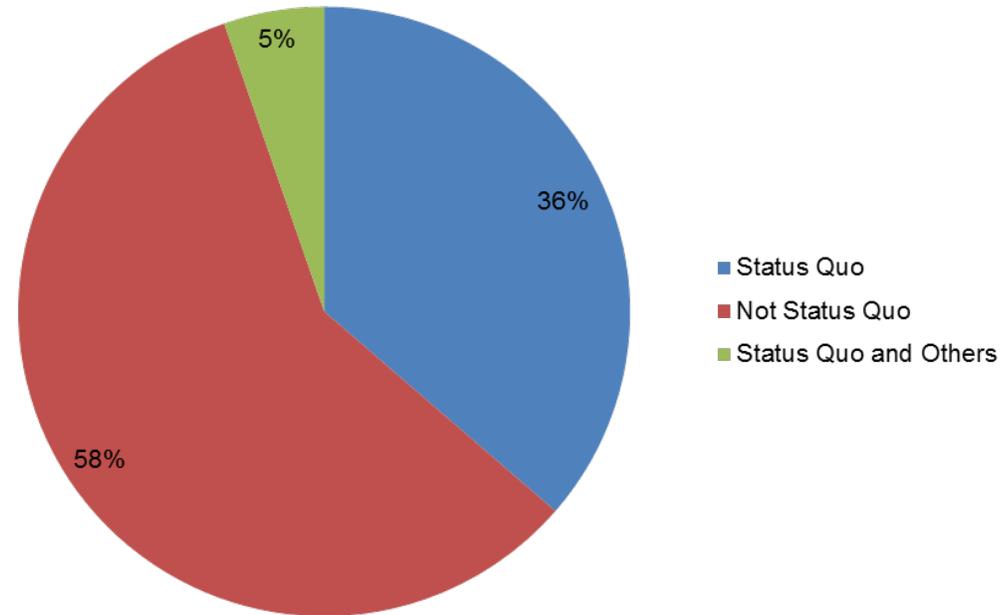


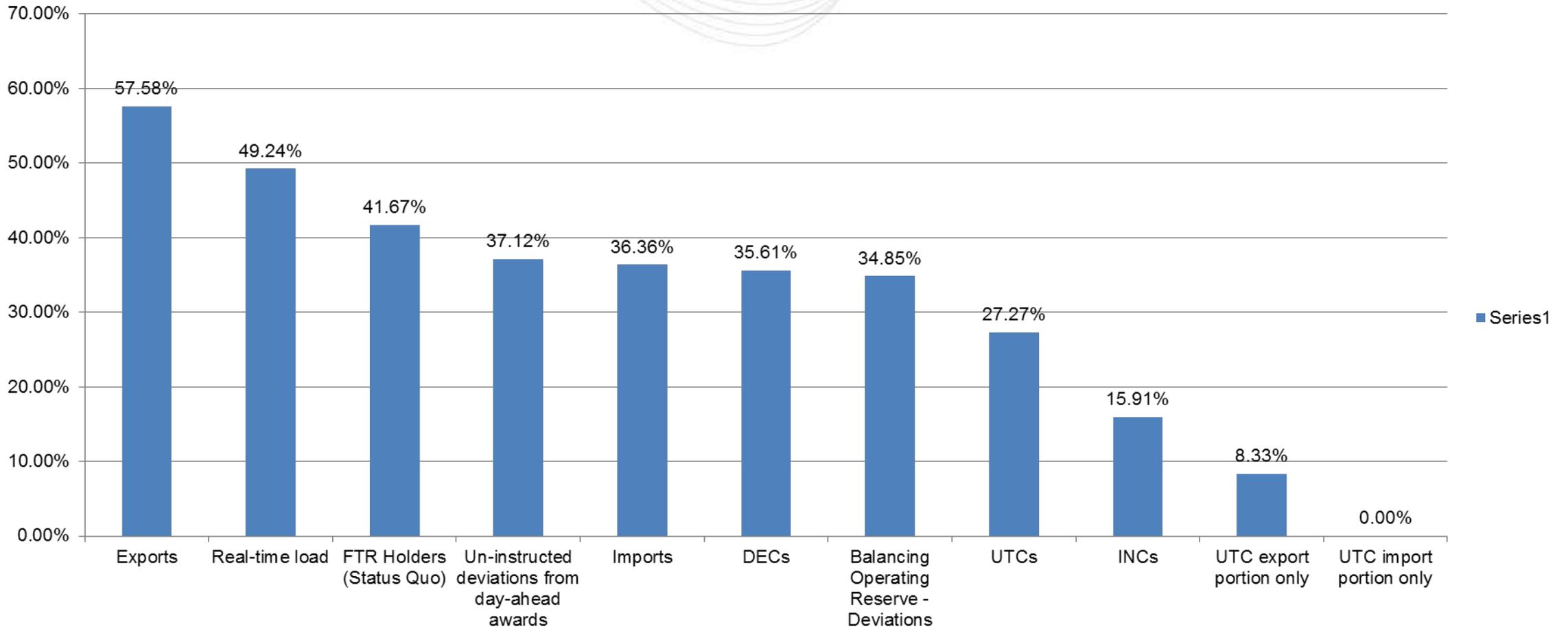
- What percentage of the Balancing Congestion can you support being allocated to this method?



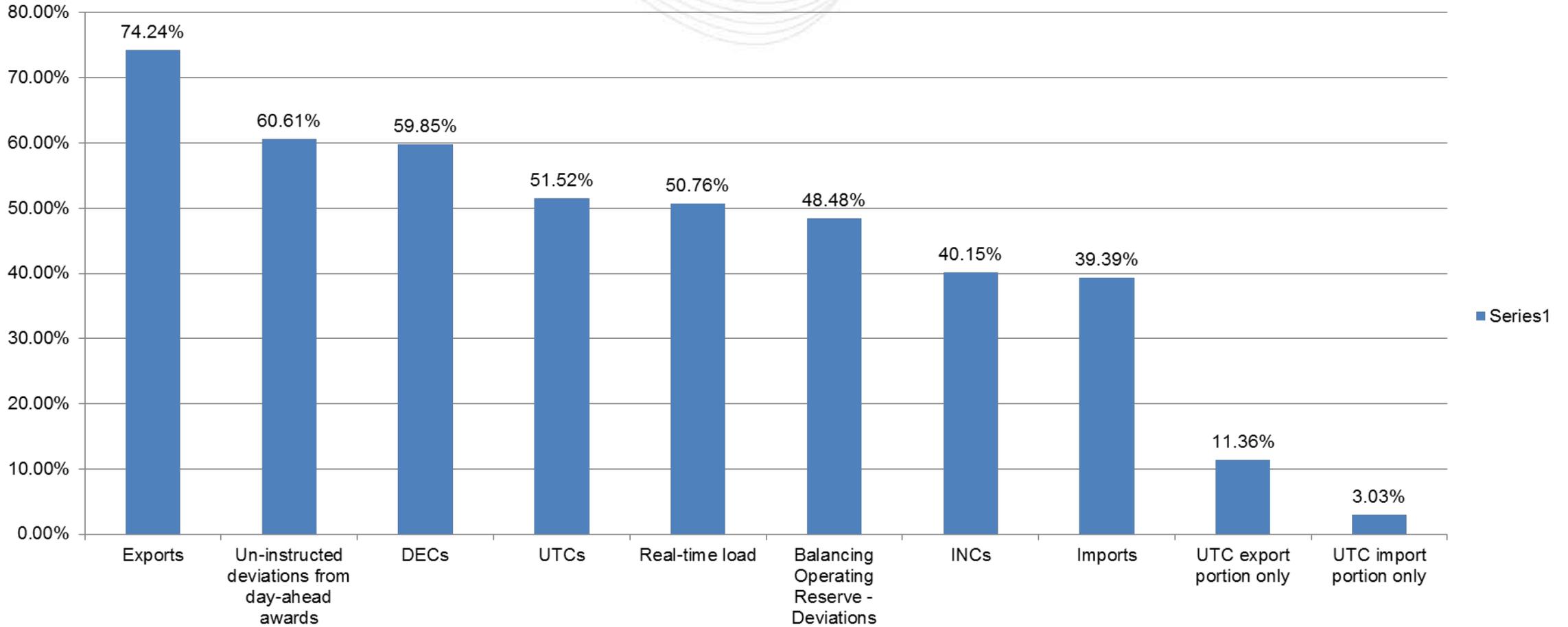
- do not support change from status quo
- As Dr. Hogan alluded to at the FERC Technical Conference, after pricing has been fixed and uplift minimized the remaining 100% of uplift can then be allocated to the load bearers.
- All potentially contribute to the cost.
- We prefer to have 0% allocated to FTR Holders
- Balancing congestion is caused by decreases in transmission topology and/or loop flow assumption in the RT market compared to the DA market. These are reliability based charges. To the extent that PJM wants to allocate balancing charges to the specific transactions that benefit from the decrease, it should allocate to the net DA load downstream of the congestion. This is easy to determine for closed interfaces. Note that under this approach, UTC transaction that sink inside the closed interface would need to pay alongside the load inside the closed interface. ERCOT implements something like this, and it would be cost causation-based.
- We support status quo.
- We are not in support of any change. If a change is to happen regardless, we cannot support its allocation to Load. A Percentage is arbitrary, as we think it should remain within the FTR calculation.
- We're really not in support of any change. If a change is to happen regardless, we cannot support its allocation to load. A percentage is arbitrary, as we think it should remain within the FTR calculation.
- 0% to INCs, DECs, and UTCs. Balancing Congestion should be assigned 100% to the FTR holders.
- FTRs are a Day-Ahead settled product, balancing congestion is Real-Time.
- I don't see a justification for changing the current methodology. FTRs are fully funded or very close to being so ever since the ARR change.
- Physical transactions cause this congestion. Balancing congestion related to unavailable transmission should be borne by ARR holders who sold the service and are responsible for maintenance planning, scheduling, and service to their physical system.
- It is fundamentally wrong to have any balancing congestion allocated to the above transactions.
- Balancing congestion should be borne by participants that have exposures in the Real-Time Market
- Status quo makes most sense. We should not guarantee FTR revenues to FTR holders.
- We do not support a change from the status-quo.
- The question is ambiguous. The percentage of balancing congestion that we can support depends on the balancing congestion value.

- Which transactions/market participants should be assigned the allocation of Balancing M2M Payments? Check all that apply.
 - FTR Holders (Status Quo)
 - Real-time load
 - Exports
 - Imports
 - INCs
 - DECs
 - UTCs
 - UTC export portion only
 - UTC import portion only
 - Un-instructed deviations from day-ahead awards
 - Balancing Operating Reserve - Deviations

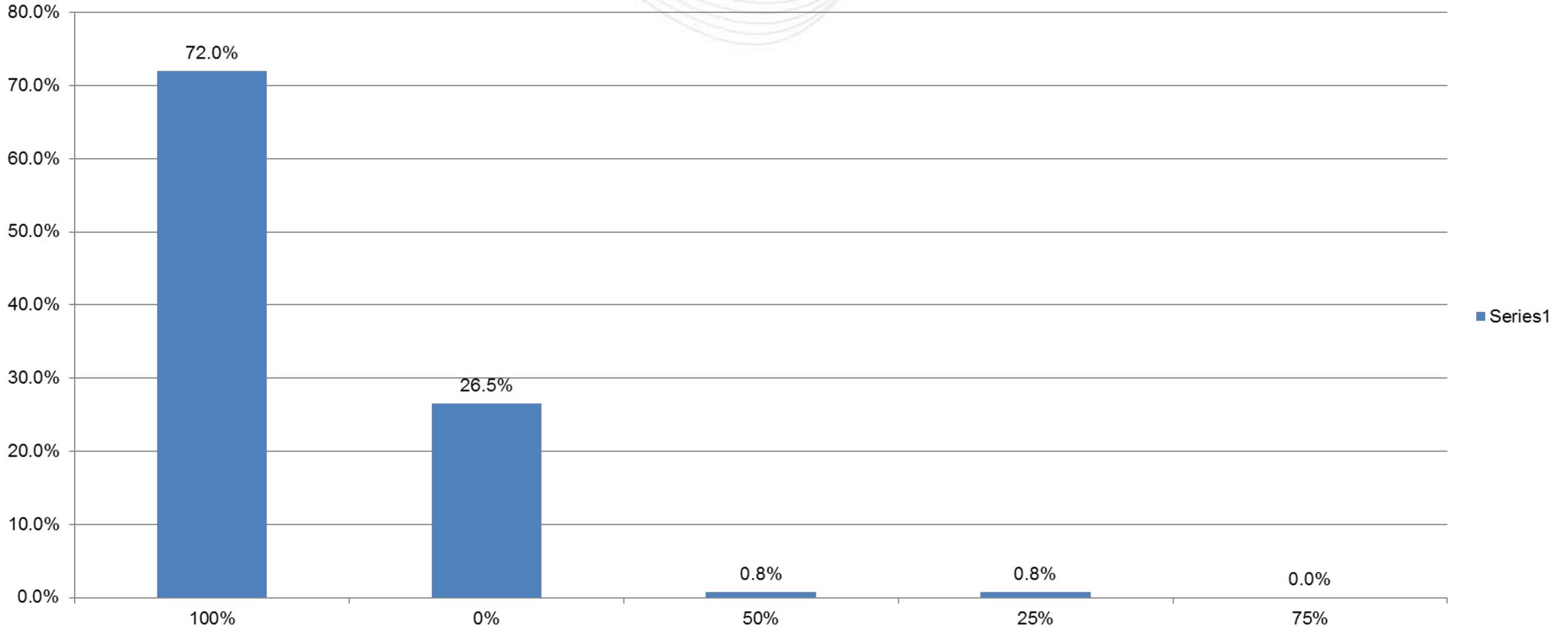




- If the allocation of M2M Payments were to change, what transactions/market participants should be assigned this allocation? Check all that apply.

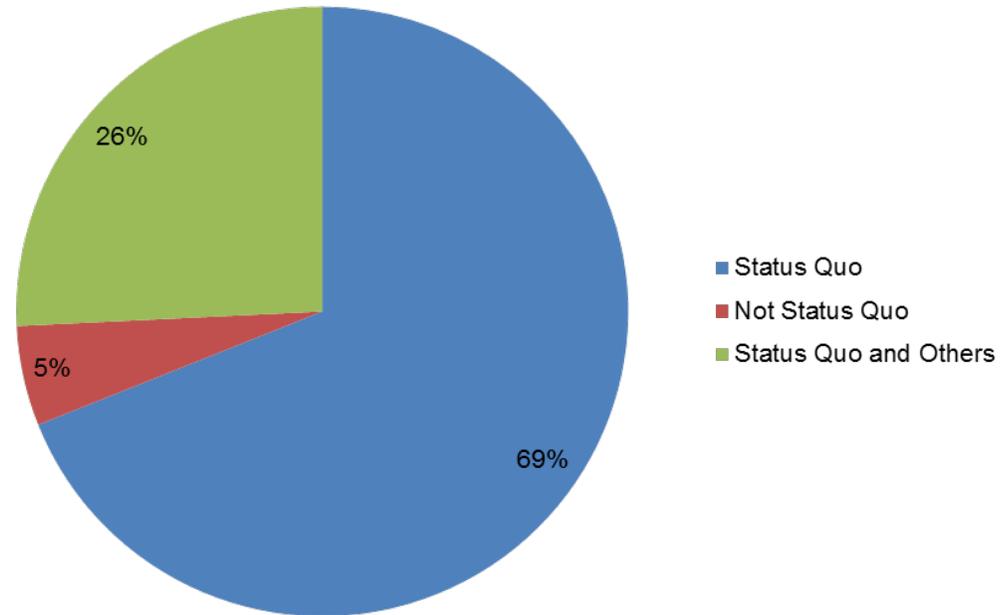


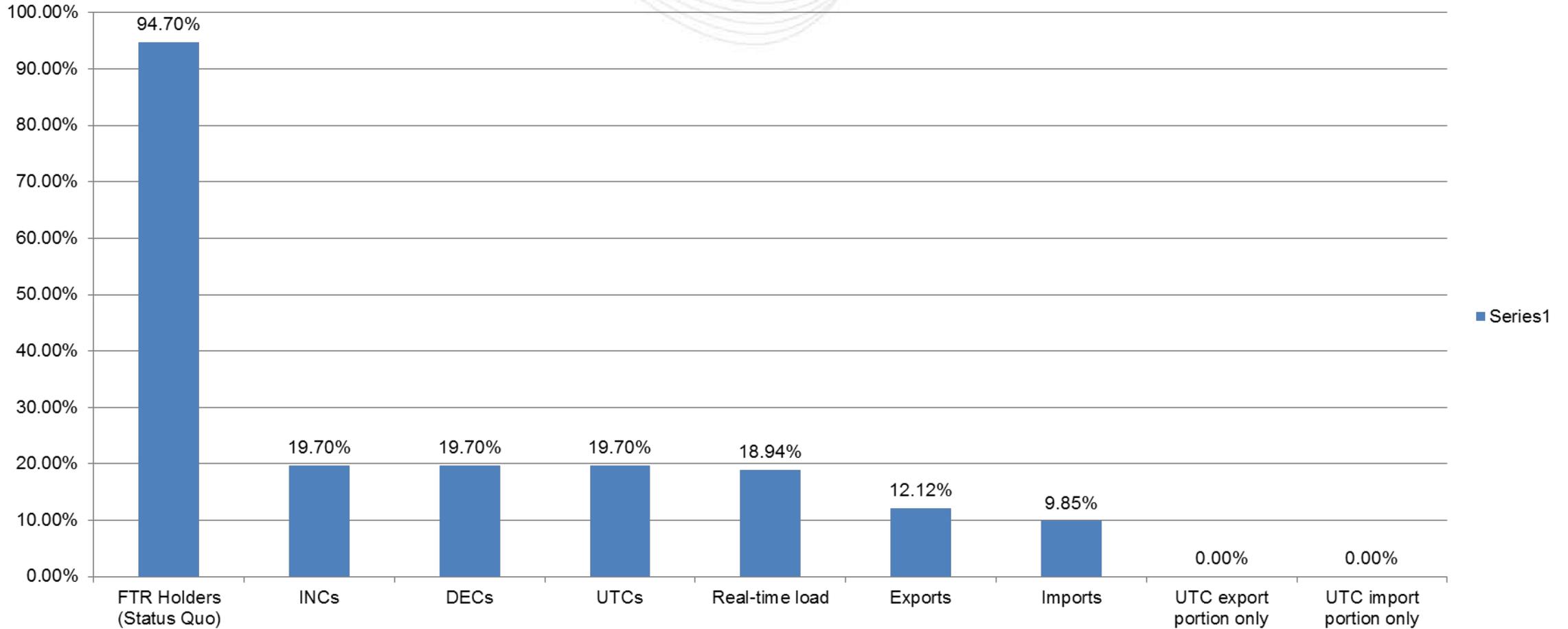
- What percentage of the M2M Payments can you support being allocated to this method?



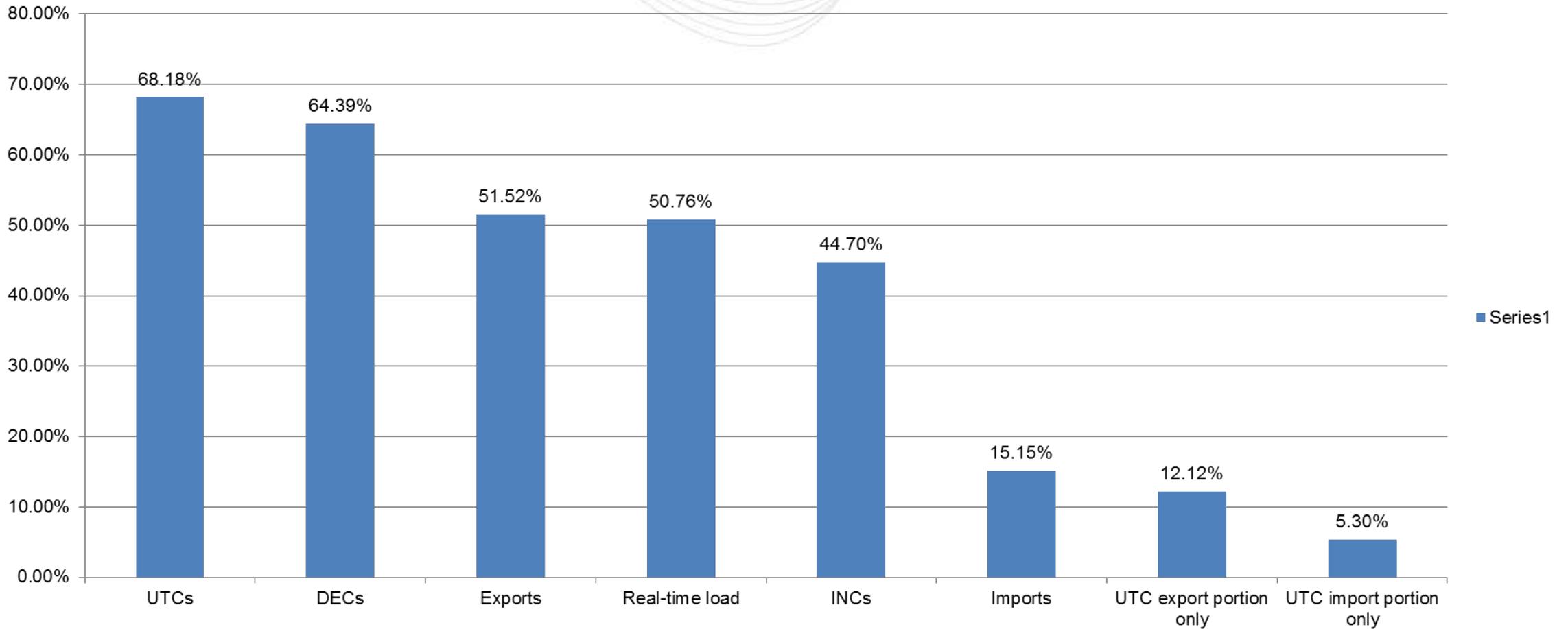
- do not support a change from status quo.
- The purpose of the Balancing m2m payments is to reduce the cost of meeting load. Presumably load is paying less in LMP from paying a different market to more cost-effectively relieve congestion.
- We support status quo.
- We don't support a change in the M2M construct at this time, unless we were to re-examine M2M with MISO generally. Even more than with balancing congestion, there is exactly nothing that Load can do to influence or avoid these charges, most of which result from unforeseen market design errors made developing M2M with MISO. These are congestion costs that belong in the FTR construct.
- 0% of M2M Payments to INCs, DEC, and UTCs. FTR holders should be allocated 100% of M2M Payments.
- FTRs have been fully funded ever since the change in ARR Allocation for the current planning year, with the exception of two shoulder months. I don't think a change to the current structure is warranted. Allocation to virtual transactions is not just and reasonable.
- As with Bal Congestion, M2M payments belong in the FTR formula. M2M payments are a type of congestion, and as with other types of transmission congestion, should be confined to the FTR funding formula.
- FTR holders should not be guaranteed FTR revenues by other market participants
- We do not support a change from the status quo.

- Which transactions/market participants should be assigned the allocation of FTR surplus/deficiency? Check all that apply.
 - FTR Holders (Status Quo)
 - Real-time load
 - Exports
 - Imports
 - INCs
 - DECs
 - UTCs
 - UTC export portion only
 - UTC import portion only

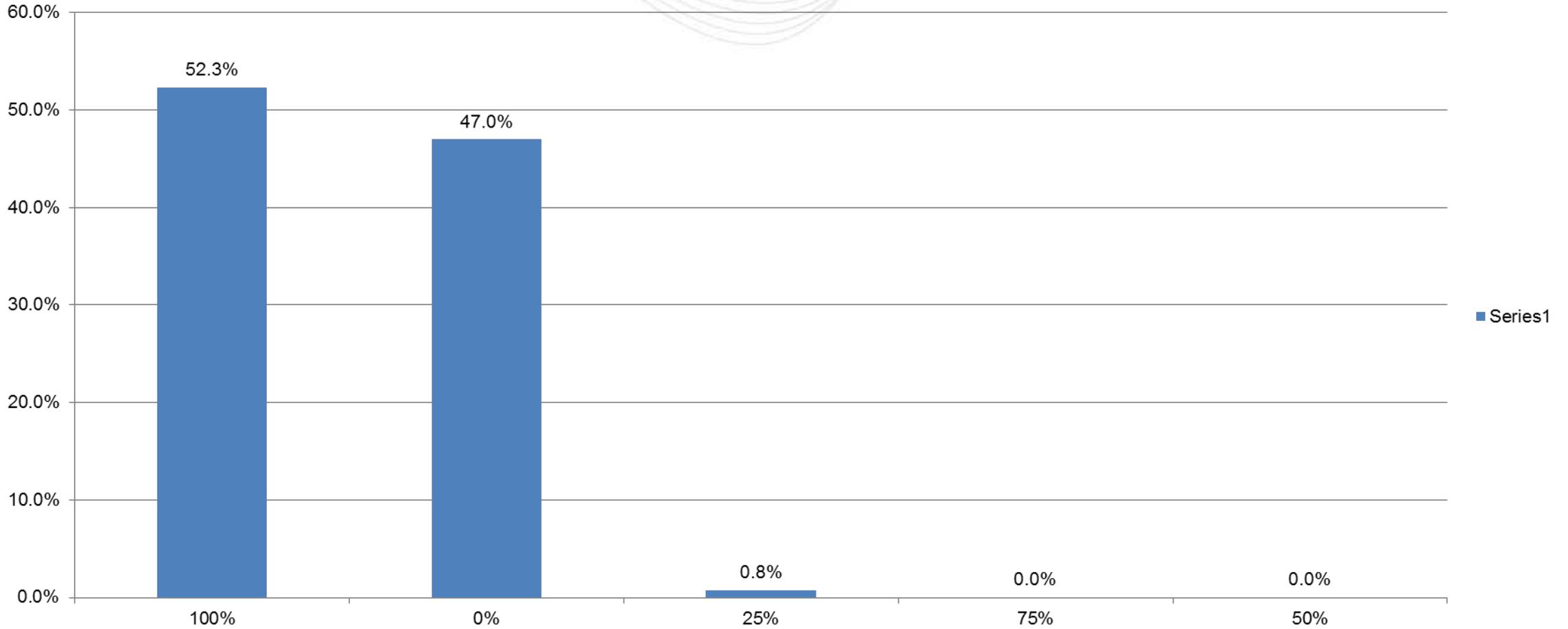




- If the allocation of FTR surplus/deficiency were to change, what transactions/market participants should be assigned this allocation? Check all that apply.

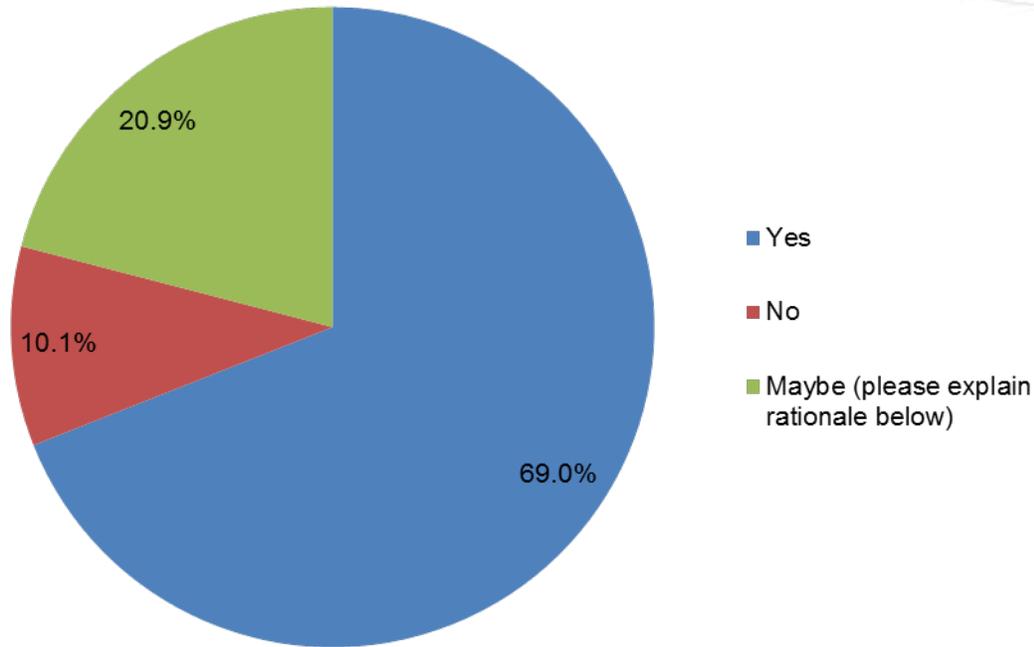


- What percentage of the FTR surplus/deficiency can you support being allocated to this method?



- do not support a change from status quo
- Unclear why the allocation should change and we don't support changing the allocation to any other of the listed participant, so we chose 0%.
- We prefer no change in this regard
- To the extent that there were congestion surpluses, there should have been congestion rents collected and assigned to the ARR holders via auctioned FTRs. These (hopefully small) deviations from the expected congestion rent allocation should go back to the load, assuming in principle that the FTRs that are sold are given a funding guarantee.
- We support status quo.
- The poll requires us to provide a response, although we do not believe that allocations should change to assign additional costs to load. We have indicated in the previous question that we do not favor connecting Load to FTR surpluses or deficiencies. In the alternative, we have to choose to assign it to other participants, but any percentage we would put here would be arbitrary, as we cannot present a rationale for making this shift. We do not believe that other market participants should be required to make FTR holders whole.
- We thinking there should be consistency in this regard, whomever bears the burden of the payments, should reap the benefit of the surplus.
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- 100% of FTR surplus/deficiency should be allocated to the FTR holders and 0% allocated to the virtual transactions.
- FTR surplus/deficiency should remain with FTR holders only after removing balancing congestion and M2M from the funding pot.
- FTRs have been fully funded ever since the change in ARR Allocation for the current planning year, with the exception of two shoulder months. I don't think a change to the current structure is warranted. Allocation to virtual transactions is not just and reasonable.
- Same physical holders who bear balancing congestion deviation risk. ARR holders and physical transactions.
- Again, any FTR surplus or deficiency should not be allocated to load, who by their very nature pay for the grid on which FTRs derive. FTR holders should be allocated any deficiency and receive any surplus.
- FTR holders should not be guaranteed FTR revenues.
- We are confused by this set of questions. Are we supposed to assume that balancing congestion and M2M payments are being allocated to someone other than FTR participants? If yes, then FTR holders should be responsible for FTR surplus/deficiency because it would only be caused by under/over selling of FTRs. We have answered the questions assuming the allocation of balancing congestion and M2M payments has changed. If that is not the assumption we were supposed to make then our answers would have been different.

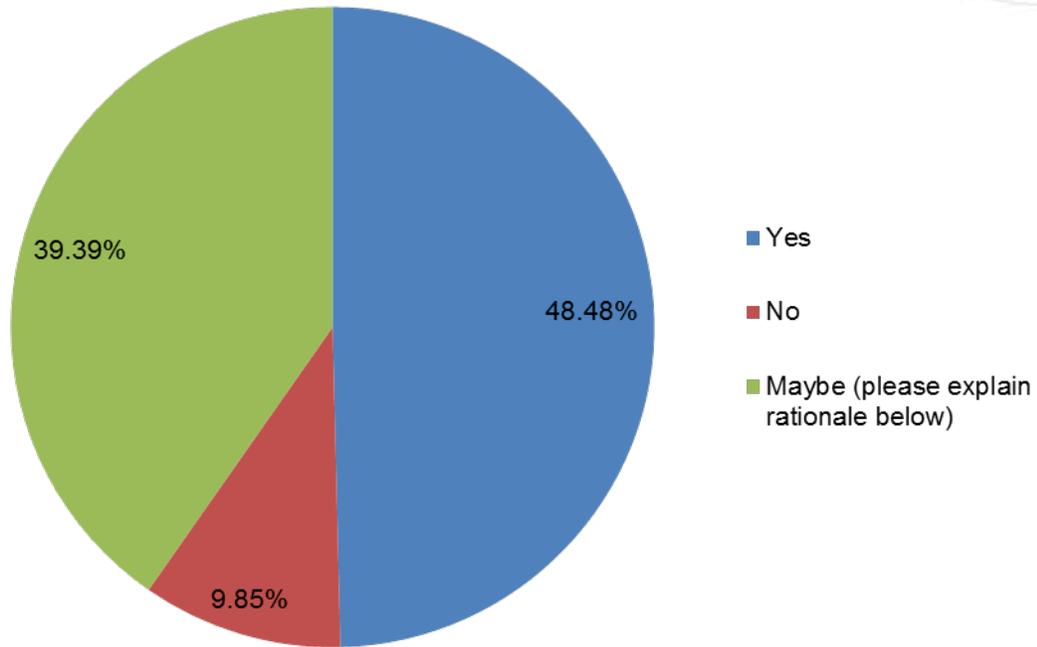
- Should there be a monthly conversion process that allows for residual ARR's allocated monthly to be converted to FTRs at the original ARR grantees discretion?



- devil in details
- need more information before answering
- Might be a useful enhancement
- We feel this is a lower priority item.
- We would have to understand the details of how this would be implemented before we could support it.

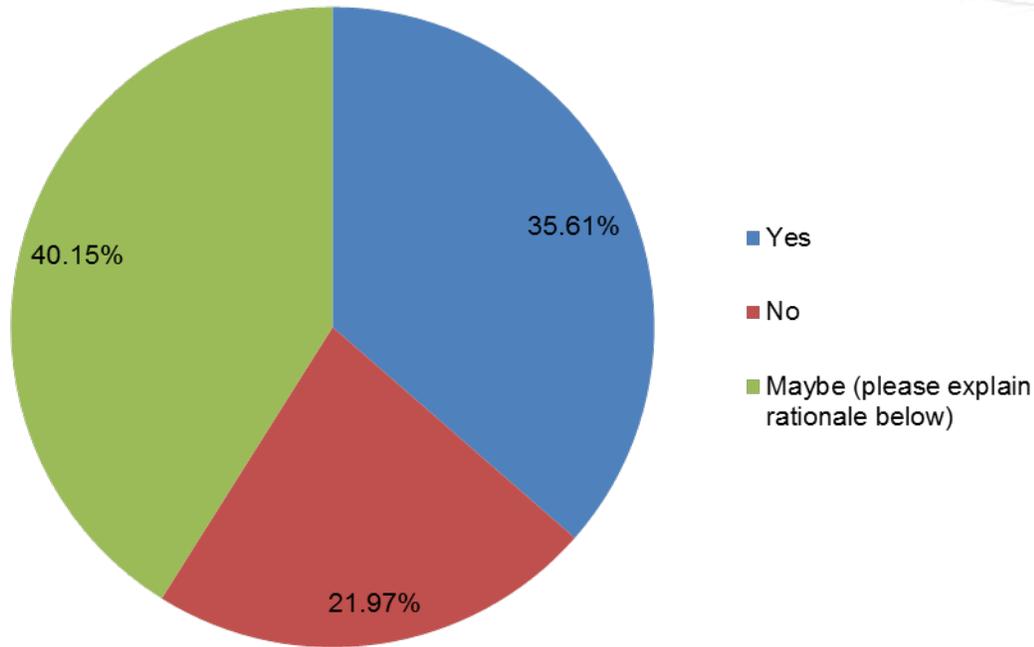
- Can you support a change to a seasonal ARR Allocation and FTR Auction?

Question #5 Results & Comments



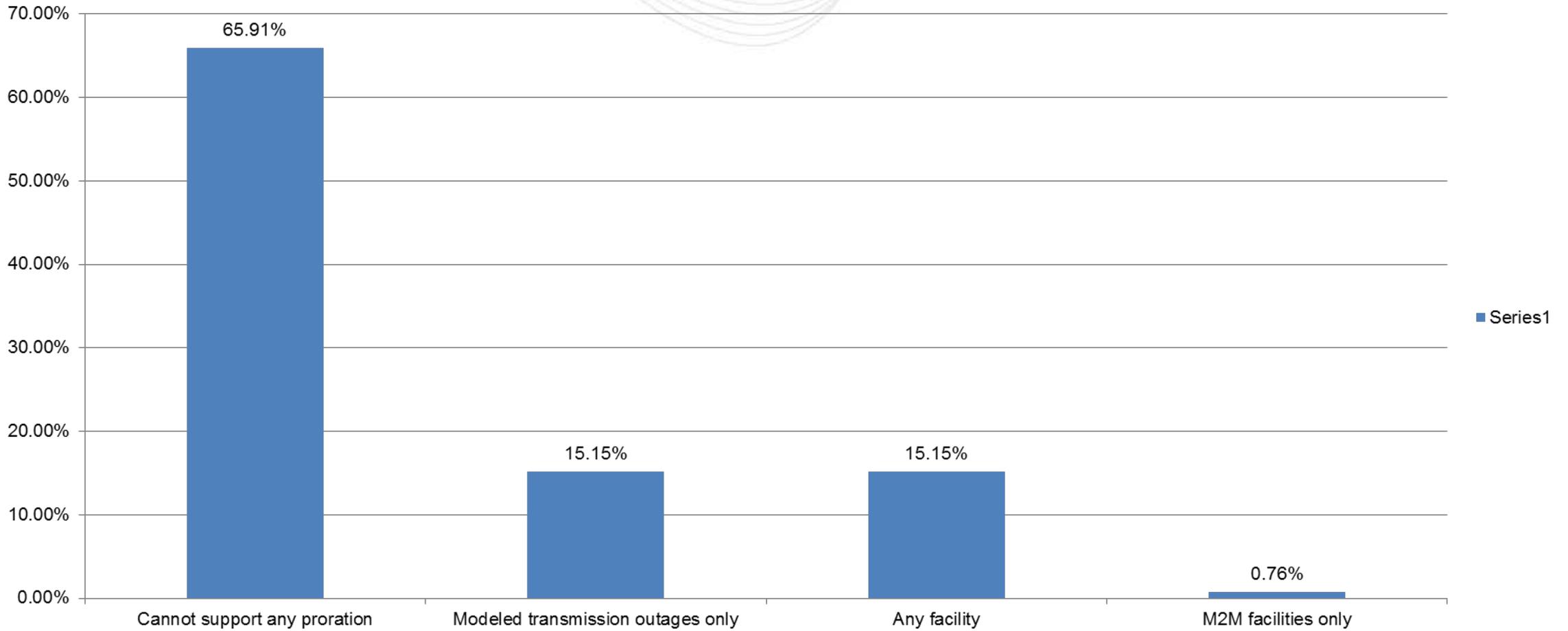
- We could support seasonal modeling, weighted and summed into the existing annual ARR allocation product and annual FTR product as currently exists, provided PJM improves their modeling by reflecting scheduled generation outages (especially where generation/transmission outages are coordinated) and better reflecting units in reserve shutdown and the cycling of peaking and intermediate/combined cycle units during low load periods.
- depends on how the final rules look, but likely yes
- We would need to see the details of what a seasonal ARR Allocation and FTR Auction would look like from a practicality standpoint. (i.e., would it become too time-consuming?)
- We could possibly support a seasonal approach if it were certain to more accurately reflect the capabilities of the transmission system without inappropriately restricting ARR rights.
- Must reduce number of ARR auction rounds to reduce workload
- We would have to understand the details of how this would be implemented before we could support it.
- need more information before answering
- We could possibly support a seasonal approach, if it were certain to more accurately reflect the capabilities of the transmission system without inappropriately restricting ARR rights.
- devil in details
- A seasonal ARR allocation and seasonal FTR auction could be supported depending on the details.

- Do you support the current method of modeling of transmission outages in FTR auctions (Model outages of at least two months duration in annual auction and at least five days duration in the monthly auctions? Detailed review conducted and final outages posted for transparency)?



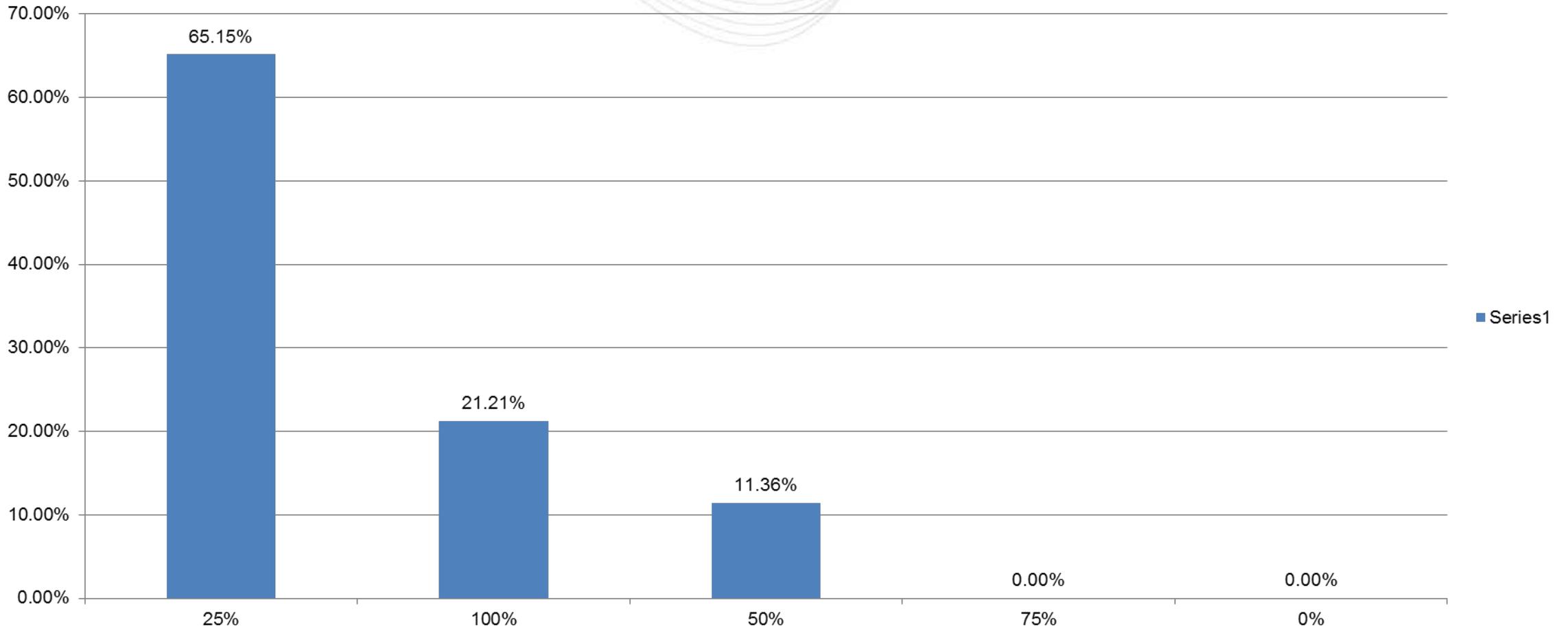
- too conservative
- need more information before answering
- One month annual would be ok
- Not convinced that de-rating lines gets us closer to FTR model matching energy market topology. To the extent that additional ARRs/FTRs are released, we would support a change from the existing process provided that FTR underfunding is not made worse.
- We support this with the caveat that other outages that may be shorter in duration could have a meaningful impact as well. We support full transparency in the analysis and posting of outages.
- While we may be willing to support the current method of modeling transmission outages in FTR auctions, we support the Market Monitor's proposal of prorating the transmission outages or applying an average outage percentage for the delivery year.
- We are concerned that the current method, while it has improved FTR revenue adequacy, has unfairly limited the availability of Stage 1B ARRs. Load is not getting the value that it was promised in exchange for its investment in the transmission system; simultaneously in parts of other proposals, Load is being asked to subsidize financial participants. We can support improvements in modeling that more accurately reflect the capabilities of the transmission system while respecting the bargain to maintain ARRs and to deliver resources to load.
- Improvements in modeling could be supported, yes, depending on the details. The bigger issue is that PJM load should not be asked to subsidize financial participants in their FTR transactions; the questions at the beginning of this survey have PJM barking up that tree.

- Could you support any amount of proration of Stage 1A facilities due to infeasibilities resulting from:
 - Modeled Transmission Outages Only
 - M2M Facilities Only
 - Any Facility
 - Cannot Support Any Proration

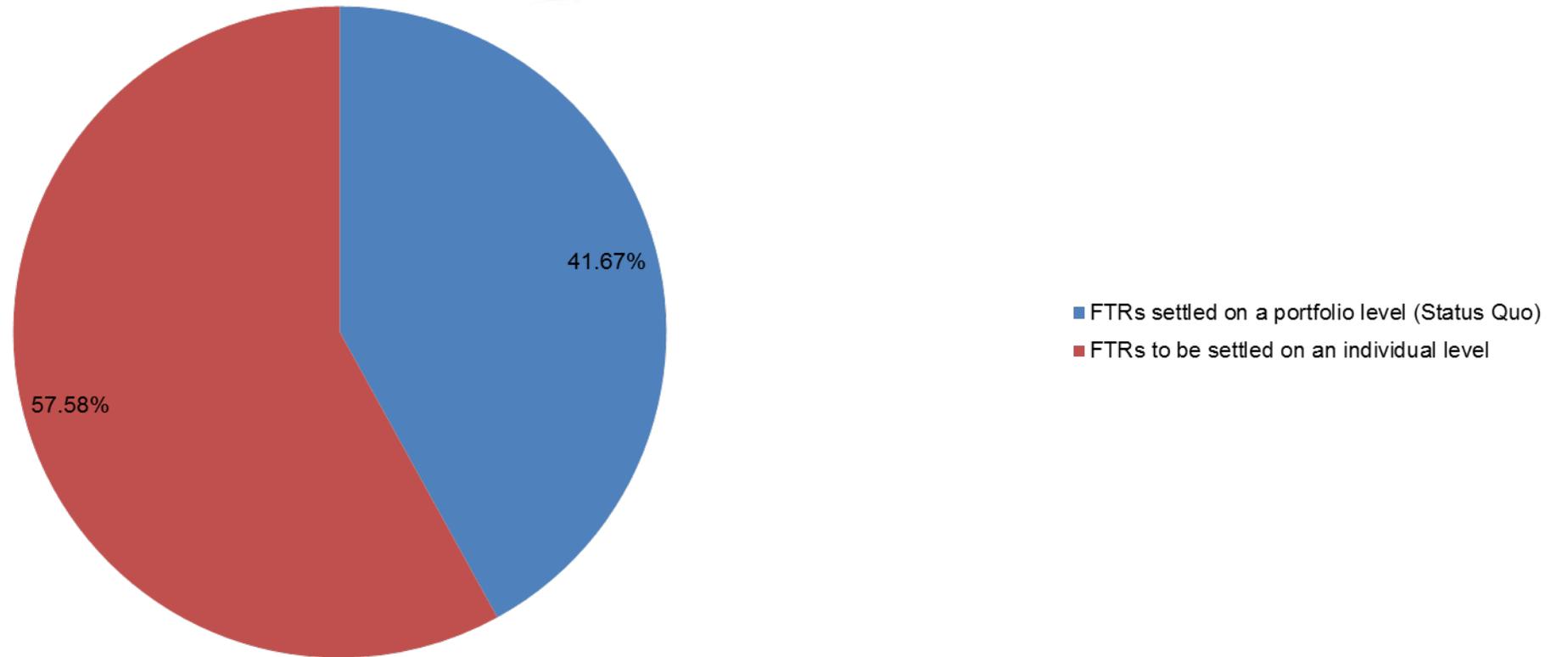


- If you can support proration of Stage 1A facilities, what amount of proration can you support?
 - Note: This question was flawed in the survey by not allowing a 0% choice.

Note: Results Skewed due to question layout

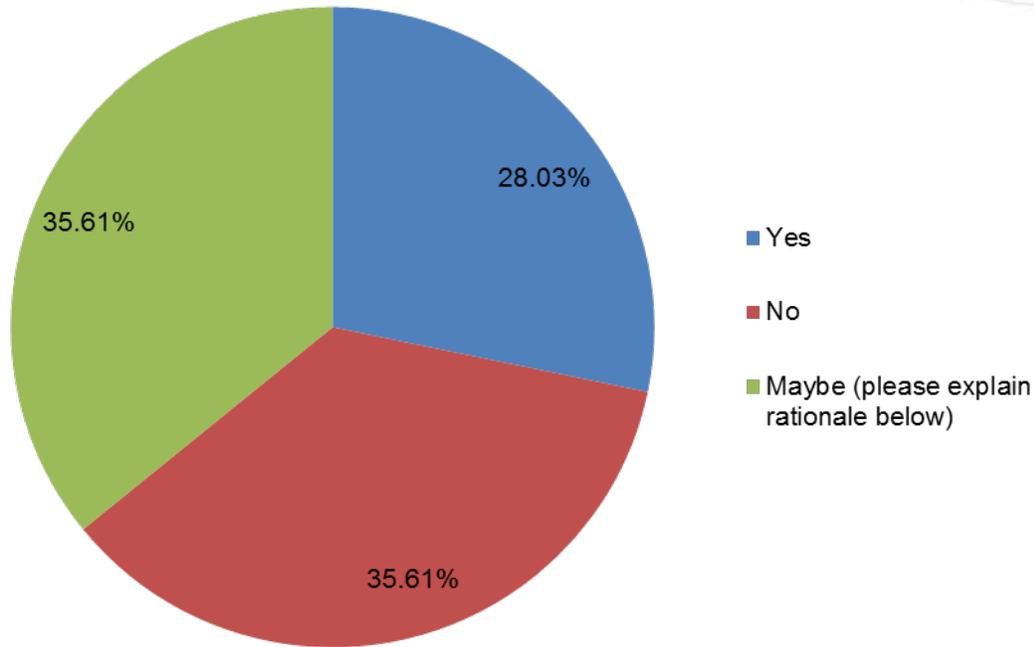


- Which best describes your support for the treatment in settlements of FTRs:
 - FTRs settled on a portfolio level (Status Quo)
 - FTRs to be settled on an individual level



- Could you support counter flow FTRs payout ratios being symmetric to the payout ratio for prevailing flow FTRs (i.e. counter flow FTRs paying greater than 100% when underfunding exists but less than 100% when a surplus exists)?

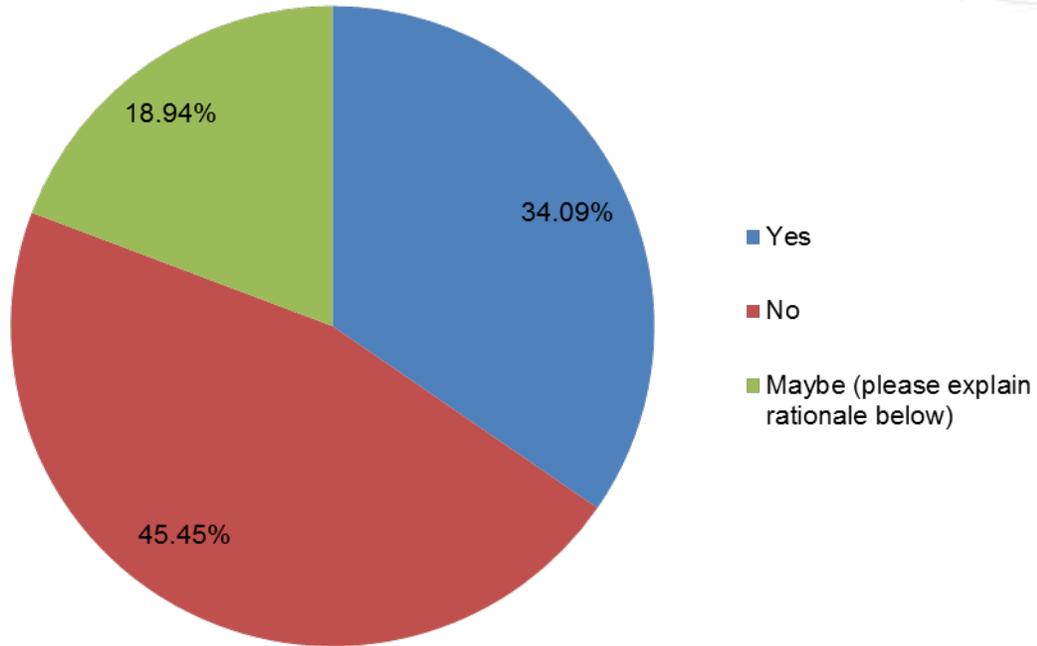
Question #9 Results & Comments



- need more information before answering
- We primarily agree with the argument that counter flow FTRs provide additional capability on the system, and that there may be value in allowing them to be treated asymmetrically. So at this time, we are not inclined to support symmetrical treatment. However, if the allocation of balancing congestion were to change, we would view this matter differently.
- Implementation can be supported ONLY if it doesn't impact 2015/16 planning year.
- This could be considered, but would need to think about it more.

- Can you support allocating all of the uncontrollable Balancing congestion (emergency outages, RT switching, surrogates not known of in day-ahead) to Real-time Load + exports only up to the amount necessary to achieve revenue adequacy?

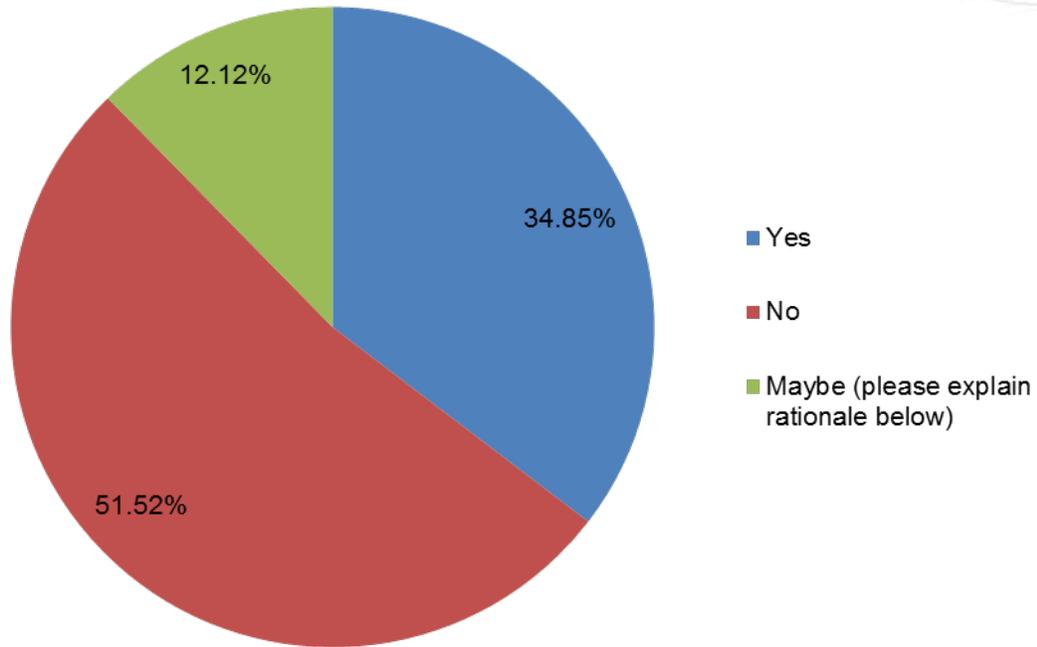
Question #10 Results & Comments



- need more information before answering
- risk should be borne by the FTR holder and reflected in their purchase price. FTRs shouldn't become a risk free product at someone else's expense.
- We can support an allocation based on un-instructed deviations from day-ahead.

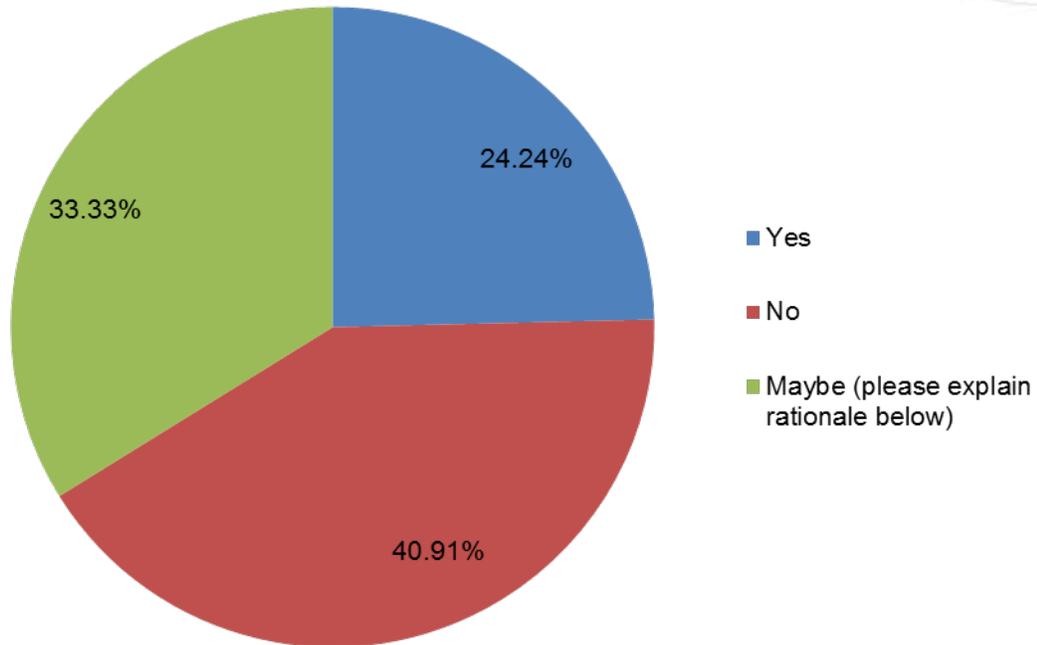
- Can you support allocating the uncontrollable Balancing congestion from emergency outages only to Real-time Load + exports only up to the portion necessary to achieve revenue adequacy?

- need more information before answering
- We can support an allocation based on un-instructed deviations from day-ahead.



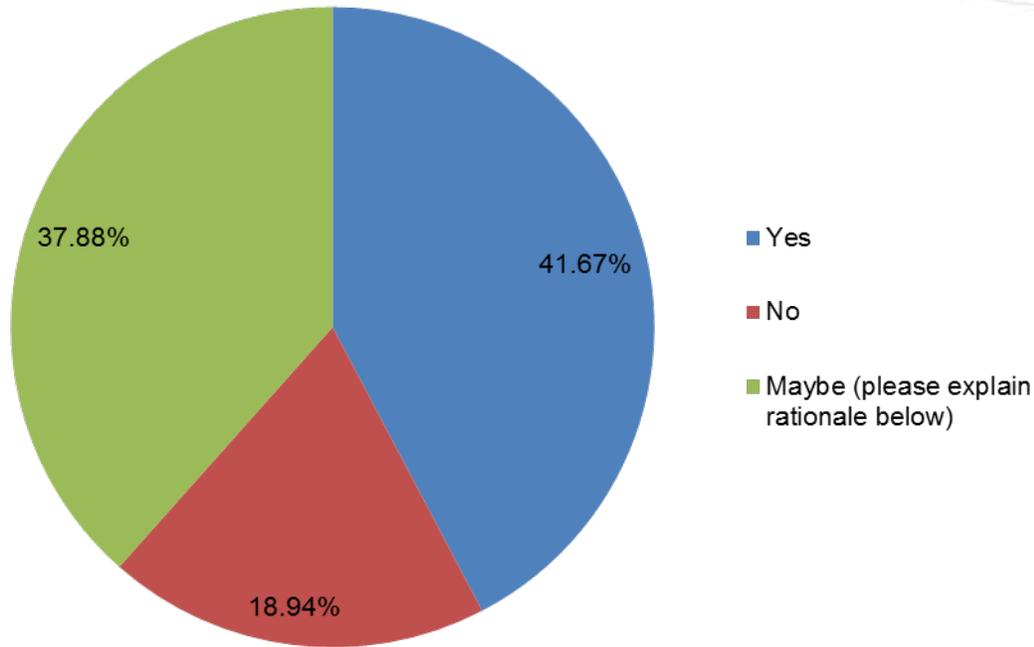
- Can you support a change to historical resources?

Question #12 Results & Comments



- need more information before answering
- if done on a periodic basis, like every 10 years
- Depends upon the details
- We could support dependent on the details of the proposal. Any change must preserve historical entitlement quantities in each zone.
- Based on historical reference year. Retirements replaced with oldest available resource for zone for upcoming planning year that is not already a historical resource. Resource would have to be offered into BRA but does not have to be cleared.
- We would have to understand the details of how this would be implemented before we could support it.

- Can you support a change to stage 1A 10 year process?



- need more information before answering
- Need to review further
- Depends upon the details
- At least one package suggests increasing load growth in the 10-year process in order to accelerate transmission upgrades, which we would support.
- Based on escalation of current ARR results using zonal load forecast of 3.0%. Need to accelerate RTEP upgrades to minimize long-term FTR infeasibility.
- We may support packages that would accelerate transmission upgrades.
- We would have to understand the details of how this would be implemented before we could support it.

- Most respondents cannot support any Stage 1A proration
- Most respondents open to Seasonal FTRs/ARRs; Monthly Residual ARR conversion to FTR
- Split on re-allocating uncontrollable balancing congestion
- Split on counter flow & portfolio FTR treatments
- Uncertainty around Stage 1A 10 Year process & Historic Resource changes
- Uncertainty around Transmission Outage Modeling