

## FTR Nodal Remapping Rules

### Problem / Opportunity Statement

A Financial Transmission Right (FTR) is a financial instrument that entitles the holder to receive compensation for Transmission Congestion Charges that arise in the Day-ahead Market .Each FTR is defined from a point of receipt (where the power is injected onto the PJM grid) to a point of delivery (where the power is withdrawn from the PJM grid). The hourly economic value of an FTR is based on the FTR MW reservation and the difference between Day-ahead Congestion Prices at the sink point (point of delivery) and the source point (point of receipt) designated in the FTR.

During the effective lifetime of an FTR there is a potential for the source point and/or sink point to be terminated due to an LMP Bus Model update. Termination exists for reasons such as generation retirements, load removals, and system topology changes. When a point is terminated, there is no longer a corresponding LMP calculated and the FTR source and/or sink point must either be remapped to the closest equivalent or in extreme circumstances the FTR path may be terminated.

Currently, PJM has a process for how to remap terminated points. The FTR group utilizes EMS one-line diagrams and historical congestion pricing in order to locate the closest electrically equivalent pricing point from the terminated point. Although efficient, the existing process may not guarantee an optimum substitute, thereby an equivalent economic value to the purchased FTR. Also, the existing process might lack complete transparency. Furthermore, recently there has been some member interest to discuss potential enhancements to the existing process.

In an attempt to improve current challenges associated with the existing FTR remapping process, PJM wishes to receive member input on how to best document and implement any potential enhancements.

### Issue Source

PJM has identified a current lack of transparency as well as member interest to discuss potential enhancements.

### Stakeholder Group Assignment

PJM proposes that this issue be discussed at the Market Implementation Committee (MIC).

### Key Work Activities

The MIC will need to focus on the following work activities:

1. Education on the current FTR remapping practices and challenges
2. Explore ways to best document and implement any potential enhancements to the FTR remapping process

### Expected Deliverables

The MIC will be expected to deliver:



1. A recommendation to the MRC on any necessary process enhancements and respective OATT/OA/Manual revisions to address this problem.

### **Expected Overall Duration of Work**

PJM would like to complete this issue through the stakeholder process by May 1, 2018 for implementation for the 2018 Fall LMP Bus model update.

### **Decision-Making Method**

Tier 1, consensus (unanimity) on a single proposal