

Guideline for Duke Energy Ohio and Kentucky (DEOK) zonal customers for the 2012 Incremental FTR Allocation

Overview:

DEOK zonal customers are eligible to participate in the Incremental FTR Allocation for FTRs that will be effective from 1/1/2012 through 5/31/2012. This process will be conducted in September of 2011.

FTR Allocation

The PJM Incremental FTR Allocation process consists of two stages. In Stage 1, participants may request FTRs that source from a designated list of generation resources that have historically served load in the DEOK zone. The total MWs available for each resource is determined by amount designated to serve load. The actual amount of MWs available for each resource for each customer will be based on the proportion of the total DEOK zonal load designated for the customer. Stage 1A total MW requests from all resources cannot exceed the determined proportion of the Zonal Base Load¹ and Stage 1A plus 1B total requests from all resources cannot exceed the determined Network Service Peak Load (NSPL).

Stage 2 of the PJM Incremental FTR allocation for the DEOK zone is a three round allocation procedure where customers may request FTRs that source at any available generator bus, hub, zone, generator aggregate, or interface inside the DEOK zone. The sink point must be the actual location of where the load is being served. The total amount of MWs available to be requested for each round is equal to 1/3 of the remaining MWs available after stage 1. The total for the entire FTR allocation cannot exceed the NSPL of the customer.

Qualifying Transmission Customers² who have agreements for Long Term Point-to-Point Transmission Service may request FTRs associated with this service in Stage 1 of the Allocation as long as there is a confirmed OASIS reservation that spans the entire allocation period (1/1/12 thru 5/31/12) and a non-zero transmission charge will be paid for this service. Qualifying and Non Qualifying Firm Transmission Customers may request FTRs in stage 2 of the Annual Allocation if they have an approved OASIS reservation that spans the entire allocation period (1/1/12 thru 5/31/12) and a non-zero transmission charge will be paid for this service. PJM posts the list of qualifying Stage 1 reservations and instructions for all FTRs requests associated with point-to-point reservations in the Point to Point FTR Nomination Form.

Files and data associated with the Duke Energy Ohio and Kentucky 2012 FTR allocation which includes the Stage 1A historical resource list and Point to Point FTR Nomination Form can be found at the following links under the FTR Allocation section for Duke Energy Ohio and Kentucky.

¹ "Zonal Base Load" shall mean the lowest daily zonal peak load from the twelve month period ending October 21 of the calendar year immediately preceding the calendar year in which an annual Auction Revenue Right allocation is conducted, increased by the projected load growth rate for the relevant Zone. (PJM Tariff, Schedule 1, Section 1.3.39)

² A Qualifying Transmission Customer shall be any customer with an agreement for Long-Term Point-to-Point Transmission Service, as defined in the PJM Tariff, used to deliver energy from a designated Network Resource located either outside or within the PJM Region to load located either outside or within the PJM Region, and that was confirmed and in effect during the historical reference year for the Zone in which the resource is located. Such an agreement shall allow the Qualifying Transmission Customer to participate in the first stage of the allocation, but only if such agreement has remained in effect continuously following the historical reference year and is to continue in effect for the period addressed by the allocation, either by its term or by renewal or rollover. (PJM Tariff, Schedule 1, Section 7.4.2 (f))

<http://www.pjm.com/markets-and-operations/ftr/~media/markets-ops/ftr/ftr-allocation/ftr-allocation-deok-historic-stage-1-resources.ashx>

<http://www.pjm.com/markets-and-operations/ftr/~media/markets-ops/ftr/ftr-allocation/deok-p2p-ftr-nomination-form.ashx>

Schedule:

The PJM FTR Allocation Process for clearing FTRs for Duke Energy Ohio and Kentucky that will be effective from 1/1/2012 through 5/31/12 will be conducted in the September of 2011. The actual schedule can be found at the below link:

<http://www.pjm.com/markets-and-operations/ftr/~media/markets-ops/ftr/ftr-allocation/ftr-market-schedule/2011-ftr-arr-market-schedule.ashx>

Setup:

Duke Energy Ohio and Kentucky customers must be PJM members and have eSuite accounts with read/write access to eFTR to participate in the FTR Allocation process. The eFTR system is used for requesting all ARR and FTRs for PJM's allocations and auctions. Although the product for the incremental FTR allocation will be FTRs the requests through the eFTR application will be made via the ARR screens similar to the annual ARR process. PJM recommends that each account be setup by 8/15/11 so that there will be enough time for PJM configuration and participant familiarity with the eFTR system. PJM cannot extend any ARR and FTR bidding periods due to the extensive schedule and cascading affect on future events.

Participants should note that the account chosen to house their DEOK zone load and nominate FTRs can be a new or existing PJM account, but may not contain load for any other transmission zones. This will enable PJM to initiate billing line item transfers which will automatically move certain load-related billing line items from the LSE's account back to Duke's account since the responsibility for those line items will remain with Duke (as the utility). More information on the specific line items that will remain the responsibility of Duke will be posted to the Duke Integration web page as those details are finalized.

Participants seeking PJM Membership may initiate the membership process via the following link:
<http://www.pjm.com/about-pjm/member-services/become-a-member/membership-enrollment.aspx>

Existing PJM members that wish to set up additional sub-accounts for the purposes of housing Network Service Peak Loads and nominating FTRs may do so by submitting CAM Form B:

<http://www.pjm.com/about-pjm/member-services/~media/about-pjm/member-services/membership-assistant/customer-account-manager-designation-form.ashx>

Questions:

All information pertaining to the Duke Energy Ohio and Kentucky incremental FTR will be available on the FTR Auction User Information page under the FTR Allocation section located at the following link:

<http://www.pjm.com/markets-and-operations/ftr/auction-user-info.aspx#Duke>

Annual ARR and FTR Training are available at the following link:

<http://www.pjm.com/markets-and-operations/~media/markets-ops/ftr/2009-annual-ftr-auction-training.ashx>

Specific questions can be made to the following:

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