Operating Reserves
Educational Session
Negative Congestion Allocation

Energy Market Uplift
Senior Task Force
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Monitoring Analytics
Inputs to Negative Congestion Allocation

- **FTR Negative Target**: Always negative. Hourly amount paid by holders of FTRs with negative target allocation.
- **FTR Positive Target**: Always positive. Expected hourly amount to be paid to holders of FTR with positive target allocation, if there are sufficient sources.
- **Net Congestion Charges**: Sum of day-ahead and balancing congestion. If positive, net congestion paid by participants. If negative, net congestion paid to participants.
- **M2M Payments**: MISO–PJM market to market payments. If positive, net payment from MISO to PJM. If negative, net payment from PJM to MISO.

**Hourly Funding Equation**

\[
\text{FTR Hourly Funding Sources} = \text{Net Congestion Charges} + \text{M2M Payments} - \text{FTR Negative Target}
\]
Hourly Allocation Flowchart

FTR Hourly Funding Sources >= FTR Positive Target

NO

FTR Hourly Funding Sources > 0

NO

FTR 0% funded. “LIABILITY” is left aside for monthly balance.

YES

All FTR hourly funds allocated to FTR Positive Target. FTR partially funded.

YES

FTR 100% funded.

NO

FTR Hourly Funding Sources > FTR Positive Target

YES

FTR 100% funded. “EXCESS” funding left aside for monthly balance.
Excess vs. Liability

If FTR Hourly Funding Sources > FTR Positive Target then:

\[
\text{Hourly Excess} = \text{Net Congestion Charges} + \text{M2M Payments} - \text{FTR Negative Target} - \text{FTR Positive Target}
\]

Else, Hourly Excess = Zero

If FTR Hourly Funding Sources < 0 then:

\[
\text{Hourly Liability} = \text{Net Congestion Charges} + \text{M2M Payments} - \text{FTR Negative Target}
\]

Else, Hourly Liability = Zero
Inputs to Monthly Allocation

**Monthly Excess**
Always positive. Sum of all hourly Excess FTR allocation.

**Monthly Liability**
Always negative. Sum of all hourly congestion and/or M2M payments not covered by FTR negative target.

**ARR Excess**
Always positive. Excess collection from monthly auctions.
Monthly Allocation Flowchart

**Monthly Excess >= Monthly Liability**

- **NO**
  - **Monthly Excess + ARR Excess > Monthly Liability**
    - **NO**
      - Monthly Liability partially covered by Monthly Excess and ARR Excess. Remaining balance allocated to DA OR.
    - **YES**
      - Monthly Liability partially covered by Monthly Excess. Remaining balance covered by ARR Excess. No congestion allocated to DA OR.

- **YES**
  - Monthly Liability partially covered by Monthly Excess. Remaining balance allocated to DA OR.

**Monthly Excess > Monthly Liability**

- **NO**
  - Monthly Liability 100% covered by Monthly Excess. No congestion allocated to DA OR. Excess is left aside for underfunded months.

- **YES**
  - Monthly Liability 100% covered by Monthly Excess. No congestion allocated to DA OR. Excess is left aside for underfunded months.