PJM Allocation of Residual ARRs for 2012/2013 Planning Period

PJM will be allocating monthly Residual ARRs to Network and Firm Transmission customers effective August 1, 2012. FERC, in Docket No. EL12-50-000, ordered PJM to include allocation of Residual ARRs for monthly periods in which transmission outages that were modeled in the Annual ARR Allocation are expected to be in service. Available Residual ARRs are those made feasible via the increased transmission capability on the transmission system created by returning facilities that were modeled as out of service in the annual process. Residual ARRs will be allocated and valued as described in section 7.9 and 7.4.3(b) of the PJM Tariff and Operating Agreement. The procedure for how Residual ARRs will be allocated along with relevant important information is provided below.

**Residual ARR Allocation Procedure and Guidelines**

1. Residual ARRs will be determined during the preceding month of the effective date of the Residual ARR.
2. Residual ARRs will be automatically allocated and the allocation process does not involve active member participation.
3. eFTR will be populated by PJM with bid and cleared Residual ARR values in a new Residual ARR market effective for each month.
4. Residual ARRs are only determined for paths prorated in stage 1 of the Annual ARR allocation for the effective planning period.
5. Residual ARR quantities will be up to the prorated ARR MWs as allocated in stage 1 of the Annual ARR Allocation for the effective planning period.
6. Residual ARRs are not available for prorated Stage 2 ARRs.
7. The sum of existing and Residual ARRs shall not exceed a customer’s zonal Network Service Peak Load or Firm Transmission Reservation Level.
8. Residual ARRs are effective for single, whole months.
9. Residual ARRs cannot be self scheduled into FTRs.
10. Residual ARR target allocations will be determined from the FTR obligation prompt month clearing prices of the effective month. ARR Target Allocations will be populated in eFTR after the corresponding monthly auction has cleared.
11. Excess or insufficient auction revenues to fund Residual ARRs will be handled according to current Tariff provisions.
12. PJM will post modeled transmission outages for all Residual ARR markets.
13. Existing approved ARRs will be modeled in the in the Residual ARR model.
14. Allocation of Residual ARRs will be determined from Network Service Peak Load assignments and values as used in the Annual ARR allocation. Residual ARRs will then be reassigned to account for load migration consistent with
current Tariff provisions. eFTR will be populated with original Residual ARR allocation values and the PJM settlements system will account for load migrations consistent with existing Annual ARRs.

Questions can be directed to PJM Customer Service at the below address.
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