

FTR Forfeiture Rule Education

Market Implementation Committee
June 6, 2018



FTR Forfeiture Review

The FTR Forfeiture Rule is deterring use of virtuals aimed at creating congestion that benefits FTR positions, but over-mitigation is foreclosing legitimate activity.

- Competitive suppliers may use FTRs to manage congestion risk
- Competitive suppliers may use incs/dec to manage load risk

Several market participants have concerns that the rule is too restrictive and prohibits the usage of both products.

At last month's MIC, we presented the market impacts of the current rule and an analysis request for KWA #2: Perform and review sensitivity analysis on the FTR Impact Test levels and others as requested.

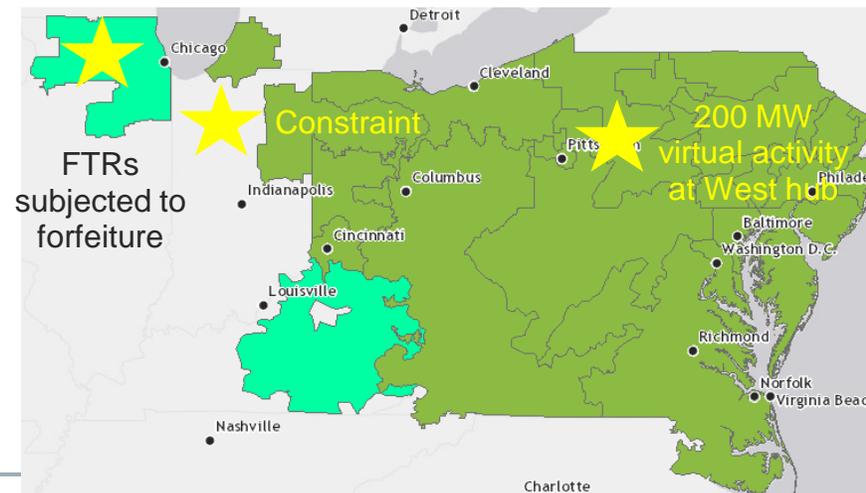
Stakeholders requested more detailed examples so that is the focus of today's education.

Exelon Example – September 21, 2017 @ 19:00 EDT

Event Facts:

- 200 MW virtual trade at West Hub. Exelon was serving about 12,000 MWs of load across PJM at this time
- The constraint was on the Roxana – Praxair 138 kV line (PJM-MISO M2M Flowgate, NIPSCO) for loss of the Wilton Center – Dumont 765 kV line (ComEd/AEP tie line)
 - Roxana – Praxair line rating is 158 MVA. PJM's share of FFE was -37 MWs
- For purpose of the virtual test, **3.7 MWs** would be the threshold (10% of DA constraint limit)
- The 200 MW virtual trade created more than 3.7 MWs of additional flow on constraint, so it passed to the penny test
- Constraint increased the target allocations on multiple FTR paths by **\$.01**.
- Exelon FTRs that were subject to forfeiture included: Lasalle 1 to ComEd, Lasalle 1 to NI hub, Lasalle 2 to ComEd, Lasalle 2 to NI hub, Dresden 2 to NI hub, Dresden 3 to NI hub, Braidwood 1 to NI hub, Braidwood 2 to NI hub, Quad 2 to ComEd, Quad 2 to NI hub, Quad 1 to ComEd, Quad 1 to NI hub, Byron 1 to ComEd, Byron 1 to NI hub, Byron 2 to NI Hub, Byron 2 to ComEd, AD Hub to AEP Zone, and West Hub to NI Hub.

Total Revenues Forfeited During Hour \$47K



NextEra Example – September 27, 2017 @ 14:00 EDT

Event Facts:

- 800 MW virtual trade at West Hub. NextEra was serving more than 5,000 MW of load across PJM
- The constraint was on the Roxana – Praxair 138 kV line (PJM-MISO M2M Flowgate, NIPSCO) for loss of the Wilton Center – Dumont 765 kV line (ComEd/AEP tie line)
 - Roxana – Praxair line rating is 158 MVA. PJM's share of FFE was 71 MWs
- For purpose of the virtual test, **7.1 MWs** would be the threshold (10% of DA constraint limit)
- The 800 MW virtual trade created more than 7.1 MWs of additional flow on constraint, so it passed to the penny test
- Constraint increased the target allocations on AEP-DAYTON Hub to DAY FTR paths by **\$.01**.

Total Revenues Forfeited During Hour \$2,078

