

FTR Forfeiture Rule – Effective Date

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- On 1/19/17, FERC issued an order in its Federal Power Act 206 investigation regarding PJM's FTR Forfeiture rules
 - The 206 investigation was established by FERC order on 8/29/14
- FERC found such rules to be unjust & unreasonable and ordered PJM to submit a compliance filing within 90 days
- At PJM's MIC meeting on 2/8/17, PJM expressed that it intended to clarify that the updated rule would take effect upon submitting the compliance filing
- However, on further review, PJM determined the order clearly states the new rules are to be effective the date of the order (1/19/17)

- Specifically, paragraph 4 of the order provides:

We direct PJM to make a compliance filing implementing our determinations, as more fully discussed below, within 90 days, **to be effective as of the date of this order.** Finally, for the reasons discussed below, we will not order refunds resulting from our requirement to adopt a portfolio approach.
- As an aside, the reference to refunds in this paragraph is to the refund effective date the Commission set when it established the 206 proceeding back in 2014

- FERC's order clearly articulated the various rule changes it expects PJM to include in its compliance filing
 - These were fully discussed at the MIC but in brief summary include changes to (1) review transactions on a portfolio basis; (2) use load-weighted reference bus for calculating power flows (rather than worst case scenario bus); (3) use a trigger based on a % of the total binding MW limit of the constraint related to the FTR path; and (4) review applies to entities under common ownership
- Once PJM develops tools for identifying which transactions are subject to the updated FTR Forfeiture rules, it will review transactions back to 1/19/17, as FERC ordered.

- Until that time, PJM will not calculate FTR Forfeitures because doing so would be under rules that FERC has found to be unjust and unreasonable.