



FTR/ARR Senior Task Force Report
PJM Interconnection
Members Committee Webinar
April 20, 2015

The FTR/ARR Senior Task Force (FTRSTF) held its initial meeting on June 11, 2014. The Charter and Timeline were developed and were approved by the markets and Reliability Committee at its June 26, 2014 meeting.

The FTRSTF began the education phase, at its first meeting and has continued through each of its four meetings. At the task force meeting on August 4, 2014 Members discussed re-evaluating its charter, and resolved to present a draft updated charter to the Markets and Reliability Committee (MRC) on August 21, 2014. The MRC discussed the proposed update to the charter, and requested the FTRSTF to complete negotiation and bring the finalized charter to the next MRC meeting for approval. This was accomplished and the MRC approved the updated problem statement, issue charge and charter at its September 18, 2014 meeting.

The updated charter revised the scope of the group to address a review of the theoretical construct of the FTR and ARR products at origination, and consideration of Members desires for the product in the future. This activity would set the stage for determination of potential enhancements that would increase the effectiveness of the products and guide the group in efforts to reduce underfunding. Included in the scope would be consideration of the Independent Market Monitors recommendations related to underfunding.

At the FTRSTF's August 27th meeting Dr. Scott Harvey provided education regarding the initial market design related to the ARR/FTR products and their function in the energy markets. Following this educational presentation, the FTRSTF conducted a survey of the Members related to their desires for the product in the future vis-a-vis hedging against congestion in the Day-Ahead market. Results indicated a strong desire to maintain the FTR product as an effective hedge in the Day-Ahead market.

At its two meetings in October 2014 the FTRSTF began the Consensus Based Issue Resolution process through interest identification and development of the Options Matrix. At its November meetings the FTRSTF finalized the Options Matrix, and developed the Package Matrix. A poll was conducted in an effort to find areas of common interest and narrow the number of proposed packages, and work continues on development of the package solutions. The FTRSTF continued to refine proposal packages and voted on proposals in early April. No solution packages achieved a simple majority, and at its April 15, 2015 meeting the FTRSTF decided to continue consideration of new proposals in two categories: proposals addressing treatment of historical resources and new proposals that address remaining issues. Stakeholders expressed a desire to hear the Liaison Committee's discussion with the Board of Managers at their April 21, 2015 meeting on related subjects before developing final proposals. Final proposals are expected to be completed at the FTRSTF's April 29, 2015 meeting, after which it is expected that a final vote will be conducted.

The FTRSTF is expected to complete its work in 2Q15.



Next meeting: March 31, 2015

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