

# ARR/FTR Market Task Force

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- In 2018 PJM, the IMM, and stakeholders committed to a general review of the FTR market in order to evaluate the risks and rewards of potential structural reforms.
- The purpose of the AFMTF is to conduct a comprehensive review of the ARR/FTR market design including allocation of congestion rights, FERC objectives, value proposition, and opportunities for enhancements.
  - [AFMTF](#) approved at October 2019 MIC

- In August 2020, PJM hired London Economics International LLC to conduct a third-party holistic review of the ARR/FTR Market.

After a six-month hiatus, the AFMTF reconvened in December 2020 to discuss the LEI report.

- [The Report](#) included findings that support the existing market construct and 13 recommendations for stakeholders to consider, broadly categorized under three themes:

Equity

Efficiency

Transparency  
and simplicity

**Key Takeaway:** The LEI report identified that priority should be placed on enhancing the existing ARR construct and maintaining the FTR auction structure.

## Over 19 meetings, the group focused on:

- Methods to increase the total system capacity and paths available for ARR holders
- A review of the allocation method of excess congestion and auction revenues
- Possibilities of granular ARR products and flexibility with self-scheduling
- Exploring the value of more granular FTR products
- A review of the available option paths and clearing mechanism
- Enhancing the network model transparency and business practices
- Alternative methods to the existing ARR/FTR construct

**Key Takeaway:** LEI report findings guided discussions throughout 2021.

- Four proposal sponsors:

PJM / Joint Stakeholders

DC OPC

AEP

IMM

- Key distinctions from PJM / Joint Stakeholders proposal:
  - AEP – more flexible (monthly) ARR nomination possibilities
  - DC OPC – Surplus allocation 100% to ARR holders
  - IMM – 100% of congestion charges allocated back to load based on actual network congestion

ARR changes effective February 2023; all others as soon as practical

AFMTF Work Plan	MEETING									
	5/24	6/11	6/25	7/13	7/30	8/18	8/30	Sept	Oct	Nov
Develop Design Components for Matrix	X									
Develop Options for each Component	X	X	X	X						
Narrow Options				X	X					
Develop Packages				X	X	X				
Narrow Packages <i>(Compare Packages to Interests &amp; Importance Ratings)</i>						X	X			
First Read at MIC/MRC								X		
Bring up for vote at MIC/MRC									X	
Bring up for vote at MC										X

	<b>Vote</b>	<b>Status Quo</b>
<b>PJM/JS</b>	84%	93%
<b>IMM</b>	14%	13%
<b>DCOPC</b>	34%	38%
<b>AEP</b>	21%	29%

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