

Exelon's Perspective on LEI Report and Next Steps

PJM ARR FTR Market Task Force
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Exelon's Perspective on ARR/FTR Market Design

Exelon relies on the ARR/FTR Market to hedge basis risk and provide value for our customers.

Exelon has previously shared our perspectives on the ARR/FTR Market Design at both the ARR FTR Market Task Force and the Financial Risk Mitigation Senior Task Force:

[May 27, 2020 Presentation from Exelon, NextEra, and PSEG](#)

[June 25, 2019 Presentation from Exelon and Direct Energy](#)

The LEI Report affirmed that dual purpose nature of the market design that is important to Exelon and other LSEs:

1. Facilitate the return of overpayment in locational marginal prices (“LMP”) (known as congestion charges) back to load
2. Enable hedging and support forward market activity through price discovery

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Exelon agrees with LEI's finding that a path-based construct continues to be relevant.

Exelon believes that there are areas of opportunity with the current market design to enhance its benefits for customers and load serving entities.

1. New FTR products to support the changing resource mix
2. Reforms to the overly restrictive and impractical FTR Forfeiture Rule
3. Potential enhancements to the ARR allocation process
4. Potential enhancements to the IT platform that supports the auctions

Exelon's view is that the timing of certain reforms may need consideration to minimize impacts on existing contracts and load serving obligations.

The AFMTF should only consider proposals which advance or support the dual purpose of the market.

Next Steps

PJM Perspectives on the Report

Consider Polling

CBIR Process