

### **Mission**

The Markets and Reliability Committee (MRC) approved the creation of the FTR/ARR Senior Task Force (FTRSTF) on May 29, 2014 to evaluate causes for FTR underfunding and determine whether enhancements can be made to the current ARR and FTR processes to improve FTR funding levels.

### **Issue Charge**

### **Group Objectives**

The FTR/ARR Senior Task Force stakeholder group will conduct the following key work activities and produce the stated deliverables as described in the Issue Charge:

1. Provide education regarding derivations of underfunding and discuss as appropriate which could result in expansion of items in scope.
2. Determine whether enhancements can be made to the current ARR and FTR processes to improve FTR funding levels through:
  - a. Improving the alignment of the ARR allocation process with actual transmission system usage;
  - b. Enhancing the mechanism by which balancing congestion is allocated.
3. Determine whether a transition mechanism should be implemented such that any ARR and/or FTR process changes take effect over time.
4. If enhancements are identified, implement the Consensus Based Issue Resolution process to assess the need for market rule changes.

### **Expected Deliverables**

1. Enhancements to the design of the ARR and FTR processes to improve FTR funding levels.
2. Develop revisions to Governing Agreements and PJM Manuals, as necessary.

### **Expected Duration of Work**

PJM anticipates all developed changes to be determined by October 30, 2014.

**Administrative**

1. The group will report to the Markets and Reliability Committee.
2. The group will be facilitated by:
  - Dave Anders, Facilitator
  - Brian Chmielewski, Secretary
3. All PJM Stakeholders may appoint representatives to the task force.
4. The group will conduct its activities in accordance with the protocols found in the PJM Stakeholder Process Manual (M-34)
5. The group will accomplish the scope of work identified above and only the work above. Approval from the parent Standing Committee sought before engaging in any activity outside this scope. Specifically, the following items are out of scope:
  - a. The existence of the annual ARR allocation.
  - b. The requirement to trigger RTEP upgrades due to long-term (10-year) infeasibility of Stage 1A ARRs.
  - c. The existence of the long-term, annual and monthly balance of planning period FTR auctions.
6. The group will periodically report progress on its chartered scope of work to its parent Standing Committee.
7. This group will be using Tier 1 decision making method as described in the PJM Stakeholder Process Manual (M-34).
8. Membership in the group is open and will be identified by volunteerism. Group members are not required to sign a confidentiality agreement or non-disclosure agreement.
9. Meeting minutes (notes) and all meeting materials will be published on the PJM web site.