

FTR Modeling Enhancements for Future Transmission Expansions

Problem / Opportunity Statement

During the 2017/20 Long-term FTR Auction conducted in 2016, PJM observed FTR Auction clearing prices for future years that were aligned with historic congestion patterns, suggesting a lack of full transparency to market participants into PJM's future Regional Transmission Expansion Plan (RTEP) expansions. RTEP upgrades have been planned, are under construction, or already energized, that are expected to reduce future congestion on these historic congestion patterns. This raises a concern for PJM because prices are, in-part, a reflection of expected transmission system capability which is defined by the network model on which the FTR Auction is cleared. Under today's construct, in its Long-term FTR Auction, PJM uses a network model that does not include any future transmission system expansions. Further, there is no criterion for including a specific future project in the FTR Auction model beyond six months. Therefore, PJM is concerned that its auction clearing prices for Long-term FTR Auctions may not fully reflect of the true future system capability.

While the Long-term FTR Auction has uncovered this area for improvement in modeling construct, it may apply to other FTR Auctions as well such as the Balance of Planning Period Auction.

Issue Source

The results from the 2017/20 Long-term FTR auction results.

Stakeholder Group Assignment

PJM proposes that this issue be addressed at the Market Implementation Committee (MIC).

Key Work Activities

The MIC will need to focus on following work activities:

1. Education on the current modeling practices for FTR Auctions
2. Explore ways and all potential criteria to ensure appropriate integration of future transmission capability in the FTR Auction model (i.e., RTEP upgrades, ratings changes, etc.) without violating firm transmission customer priority rights to the transmission system entitlements

Expected Deliverables

The MIC will be expected to deliver:

1. A recommendation to the MRC on any necessary market rules changes and respective OATT/OA/manual revisions to address this problem

Expected Overall Duration of Work

PJM would like to complete this issue through the stakeholder process by September 30, 2017 for implementation for the Long-Term FTR Auction for 2018/2021 Round 3 which opens on December 1, 2017.



Decision-Making Method

Tier 1, consensus (unanimity) on a single proposal