



# Long Term FTR Auction Proposal

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- In 2008 Long Term FTR Market created to:
  - Increase market liquidity and flexibility
  - Give market participants an option to offset congestion costs associated with multi-year retail load obligations 1-3 years into the future
- IMM Problem Statement:
  - Review LT FTR Auction process & modeling practices
  - Discuss objective of the LT FTR Auction and determine if current construct allows these goals to be achieved and if modeling practices can be enhanced

- There is the potential for Long term FTR market participants to obtain rights to congestion on paths prior to ARR holders
  - Caused by the proration of annual ARR nominations due to the modeling of outages in the annual allocation
  - Can also contribute to potential revenue inadequacies in the next annual FTR auction since the model needs to account for existing LT FTR flow
- YRALL or “3 year FTR” product usage history has been very low

Component	Status Quo	PJM Modification	PJM Reasoning
Long term Auction Modeling of Residual System Capability	All cleared Planning Period ARRs modeled as fixed injections and withdrawals in the long term auction model	All planning period ARRs that clear based on the annual model with all transmission outages removed modeled as fixed injections and withdrawals in the long term auction model	<ul style="list-style-type: none"> <li>• Preserves capability for ARR holders in following annual allocation</li> <li>• Represents residual capability on system after ARR rights are reserved</li> </ul>
Long term Auction Biddable Periods	YR1, YR2, YR3, YRALL	YR1, YR2, YR3	<ul style="list-style-type: none"> <li>• YRALL product low use/interest</li> <li>• Improve FTR software performance</li> </ul>

- Vote at June MIC/MRC (if needed)
- Effective September 1, 2018 for round 2 of the 2019/2022 Long Term Auction