






PJM Manual 6 – Revision 33

Periodic Review

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Market Implementation Committee
August 7, 2024

Action Required	Deadline	Who May Be Affected
Communicate to Staff about changes to Manual 6 	9/25/2024 	ARR/FTR Market Participants 

- Periodic Review – Revision 33
 - Annual review of Manual 6 per Manual 34
- Conforming changes
 - ER19-469-000 – ESR
 - ER22-1420-000 – Open-loop Hybrid Resources
 - ER24-374-002 – Bilateral Reform
- Updates and administrative changes throughout the manual
- Effective Sep. 25, 2024

Manual 6: Financial Transmission Rights, Revision 33

- Approval section
 - Manual owner changed to Nicolae Dumitriu

~~Eric Hsia, Sr.~~Nicolae Dumitriu, Manager

- Section 3.1.1, 3.2.1
 - Added conforming language per ER19-469-000 and ER22-1420-000 specifying ARR allocation limitations for Energy Storage Resources and Open-Loop Hybrid Resources
- PJM Transmission Customers taking firm transmission service for the delivery of Direct Charging Energy to Energy Storage Resources or to Open-Loop Hybrid Resources are not eligible for an allocation of Auction Revenue Rights.

- Section 4.2, 4.3
 - Added language specifying time frame for submitting ARR relinquish requests
- Section 4.2, 4.3, 4.5
 - Added language specifying time frame for submitting ARR trade requests

A participant may surrender any portion of the ARR awards resulting from Stage 1 of the Annual ARR Allocation process prior to the commencement of Stage 2 of the Annual ARR Allocation process provided that all remaining outstanding ARR are simultaneously feasible following the return of such ARR. Relinquish requests should be made to FTRGroup@pjm.com by 12 P.M. EPT on the business day prior to the commencement of Stage 2 to allow time for the simultaneous feasibility analysis.

ARRs may be traded but trades ~~must be made no later than~~ requests must be made to FTRGroup@pjm.com by 12 P.M. EPT on the business day prior to the opening of the first round of the Annual FTR Auction and all trades are effective for the entire planning period. An LSE wishing to trade its ARRs must trade all of its ARRs associated with a particular zone. The LSE's zonal network service peak load is also automatically transferred to the new ARR owner for purposes of ARR allocation and reassignment. The new ARR owner is then subject to ARR reassignment associated with shifts in the original owners zonal network service peak load.

- Section 4.3
 - Corrected position of ARR source label to encompass all of the source node types
- In Stage 1B, Network Services Customers must specify specific active historical generation resources, Qualified Replacement Resources ~~(source)~~, hubs, zones, or interfaces (source) to aggregate Energy Settlement Area in the Transmission Zone or other designated Load Aggregation Zone (sink) up to value of network service peak load minus awarded ARRs from Stage 1A. If the path of the ARR is to the Residual Metered Load aggregation zone, the participant can elect to have its ARRs allocated to the aggregate load busses in the Transmission Zone.

- Section 6.3
 - Correction of ARR allocation Round 3 to Round 2
 - Prior to the opening of each round, PJM will conduct an additional offline residual Annual Auction Right allocation consisting of Stage 1B through Stage 2 Round 23 to determine additional ARR capability created by transmission upgrades modeled in the corresponding Long Term FTR Auction, as outlined in section 9.1. Specific to these allocations, ARR capability will not be awarded. The sole purpose of these allocations is to preserve additional ARR capability as fixed injections and withdrawals in the Long Term FTR model, but will not be allocated to ARR holders. Additionally, specific to these allocations, each ARR holder's NSPL will be increased by the corresponding load growth rate.
 - Once a year, coincident with the timing of the annual Auction Revenue Rights allocation, PJM will conduct an additional offline Annual Auction Right allocation consisting of Stage 1B through Stage 2 Round 23, utilizing the same topology as the normal allocation with the exception that all transmission outages will be removed. In each round, the FTR group will perform the Simultaneous Feasibility test to determine the feasible set of ARRs. If all ARR requests are not simultaneously feasible then proration will be required. The resulting, additional ARRs that are created by this change in topology will be carved out of the long-term auction model.

- Section 7.3
 - Added conforming language per ER24-374-002 indicating requirement to report bilateral trade agreements, Primary Economic Terms and confirm the seller has no continuing interests to PJM
 - Bilateral agreements for the transfer of Financial Transmission Rights shall be reported to PJM.
 - The seller of Financial Transmission Rights in a bilateral agreement shall confirm to the Office of Interconnection, through the FTR reporting tools provided by the Office of Interconnection, that the seller has no continuing interest in the Financial Transmission Rights following their transfer.
 - Reports of bilateral Financial Transmission Rights agreements shall include all primary economic terms (PET) data as defined in the Tariff, Attachment K-Appendix Section 5.2.2.

- Section 8.2
 - Clarified that long-term auction revenues are used to fund ARR's
 - Conforming per PJM Tariff, Attachment K Appendix Section 7.4.1 (c) and (d)

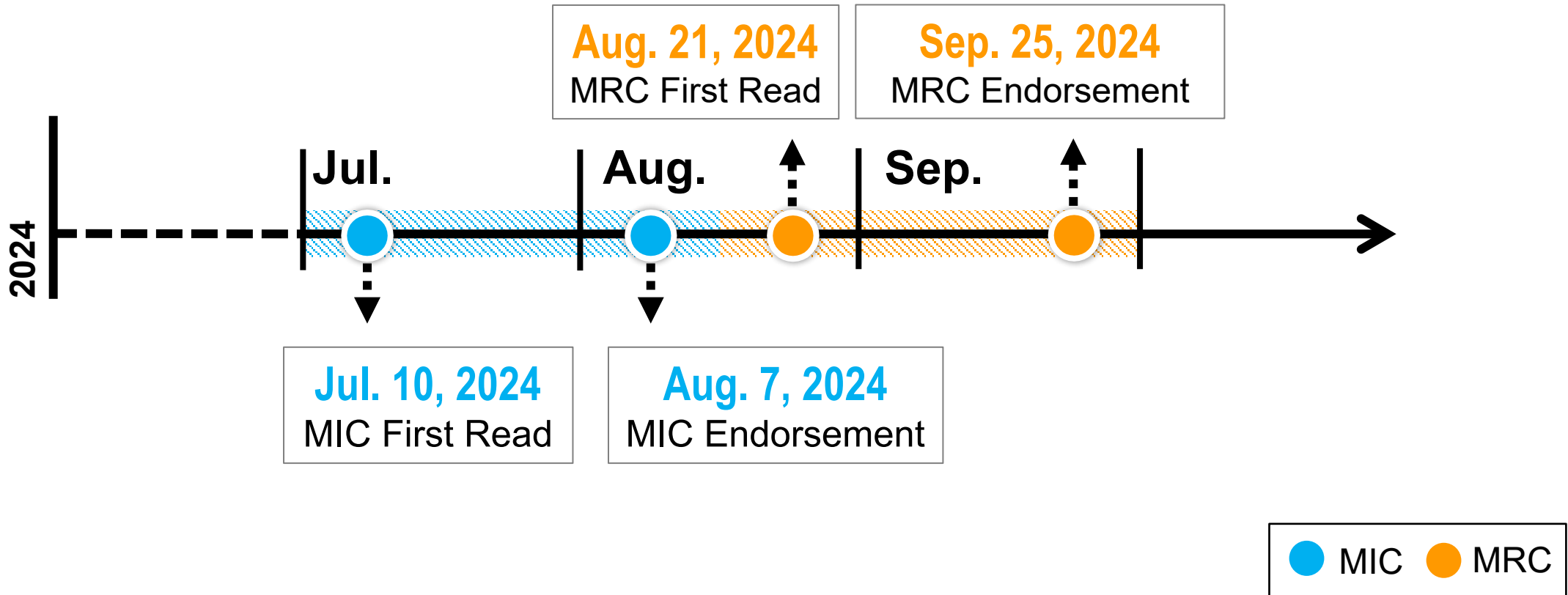
The ARR Target Allocation can be positive or negative. An ARR can be either a benefit or liability to the holder depending on the direction of transmission congestion in the annual auction analysis.

- If sufficient funds are collected in the Long-term Annual and Monthly FTR Auctions to satisfy all ARR Target Allocations then the ARR Credits = ARR Target Allocations for all ARR holders.
- The ARR Credits may be prorated proportionately if there are insufficient Long-term Annual and Monthly FTR auction revenues collected to cover all of the ARR credits.
- If the ARR Credits are prorated, the difference between ARR Target Allocations and ARR Credits are called ARR Deficiencies. The ARR Deficiencies may be funded by Annual Excess Congestion Charges as explained in the "FTR Settlements" Section.

- Section 9.1
 - Clarified sentence referring to offline residual ARR allocation
 - Conforming per PJM Tariff, Attachment K Appendix Section 7.1A.1 (ii)

Specific to the additional offline residual ARR allocations and long-term FTR auctions pursuant to section 6.3, the model will include any transmission upgrade that meets the following criteria:

- Grammatical, formatting and punctuation corrections throughout the manual



1	2	3
<ul style="list-style-type: none">• Multiple conforming changes and other corrections/clarifications	<ul style="list-style-type: none">• Business rule change for ARR relinquish/trades	<ul style="list-style-type: none">• Anticipated to be effective in September 2024

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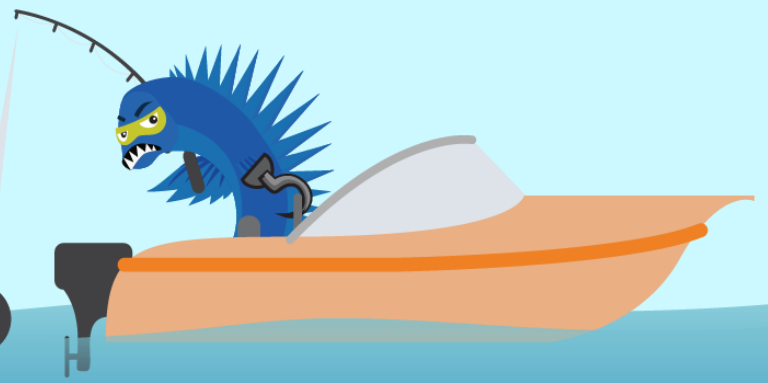
Acronym	Term & Definition
ARR	Auction Revenue Right Entitlements allocated annually to Firm Transmission Service Customers that entitle the holder to receive an allocation of the revenues from the Annual FTR Auction.
FTR	Financial Transmission Right A financial instrument awarded to bidders in the FTR Auctions that entitle the holder to a stream of revenues (or charges) based on the hourly Day Ahead congestion price differences across the path.

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