

# FTR Mitigation

MIC

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# Issues with the Proposal to Exclude Loop Flow from Some Modeled Limits

- **PJM proposal will create a discrepancy between transmission limits modeled in the day-ahead market and transmission limits modeled in the FTR test.**
- **Current rule appropriately uses the same limits in the day-ahead market and the FTR test.**

# Proposed FTR DFAX Cutoff Would Allow Significant Market Manipulation

- **A 0.1 FTR cutoff is arbitrary and would allow significant manipulation**
  - **100 MW INC still has 10 MW flow**
  - **\$100 shadow price, \$10 CLMP**

# Proposed DFAX Cutoff Is Inconsistent with FERC Order

- **FERC ordered that a forfeiture should be triggered when the net flow of virtual activity increases the value of an FTR**
  - **“the net flow must be in the direction to increase the value of an FTR”<sup>1</sup>**
  - **The penny test meets the requirement for a threshold for a meaningful, material increase in value**

1. 158 FERC ¶ 61,038, at P.62. (2017).

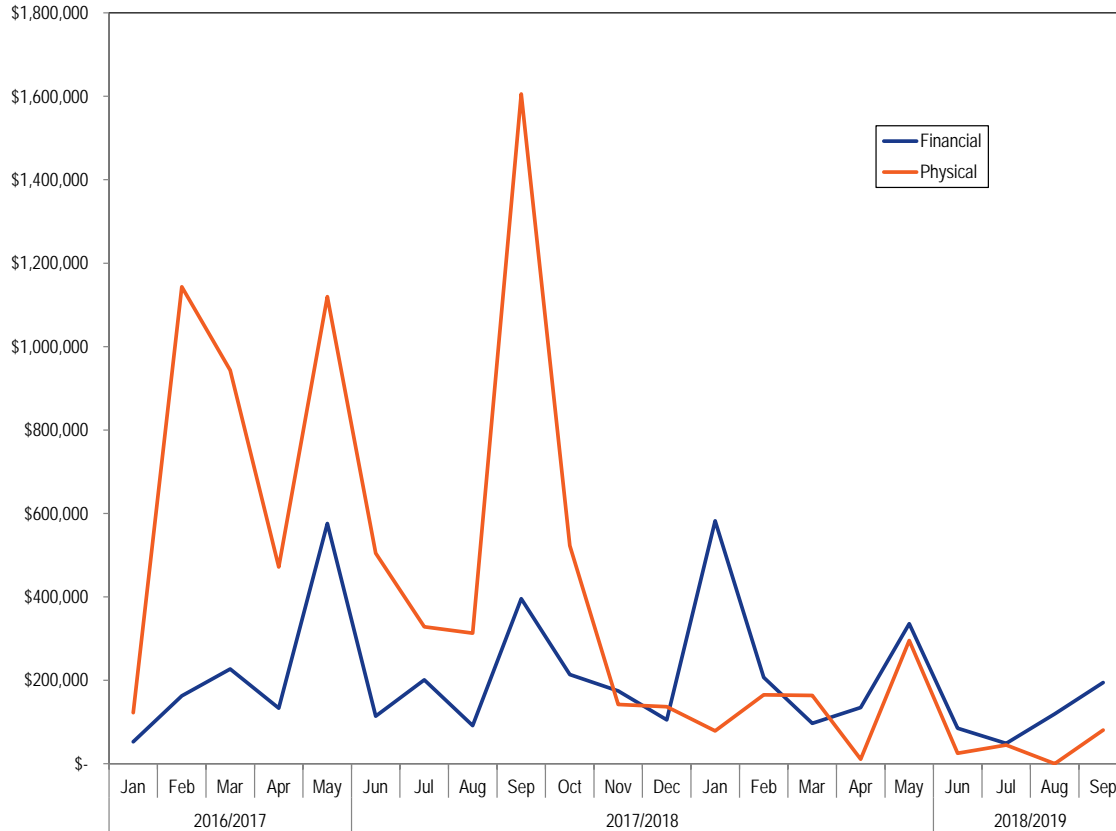
# Current Forfeiture Rule Is the Correct Implementation

- **The purpose of the rule, according to FERC, is to deter cross-product manipulation**
- **The current rule has no DFAX based cut off for portfolio effects.**
  - **Flow effect based on net effect of whole portfolio**
  - **Any flow based cut off is arbitrary and deviates from FERC's requirement and purpose**
- **Penny test is a reasonable determinant of positive effect on the value of an FTR related to net portfolio flows**

# Current Forfeiture Rule is the Correct Implementation

- **The current rule is based on the DA modeled transmission limits**
  - **DA modeled transmission limits determine commitment, dispatch, flows, prices, CLMPs and FTR value**
  - **There has been no substantive argument to deviate from this practice**

# FTR Forfeiture Totals



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