

FTR BILATERAL TRANSACTIONS REVIEW AND REPORTING REQUIREMENTS

Issue Source

PJM

Issue Content

PJM's Tariff provides that a Financial Transmission Right "may be sold or otherwise transferred to a third party by bilateral agreement, subject to compliance with such procedures as may be established by the Office of the Interconnection for verification of the rights of the purchaser or transferee." (Tariff, Attachment K-Appendix, Section 5.2.2(d) and Operating Agreement, Schedule 1, section 5.2.2(d)). Current data provided by market participants in PJM's FTR reporting tool is insufficient for an accurate assessment by PJM of market participant risk transferred in the bilateral contract, and associated mitigation of that risk. This issue charge will explore reforms necessary to ensure PJM has pertinent and accurate data related to FTR bilateral transactions to accurately assess risk transfer between parties to a bilateral FTR contract, and associated market rules to mitigate that risk.

Key Work Activities and Scope

The following are key work activities that should be undertaken to address the issue articulated above.

1. Provide education on current information provided to PJM by market participants to a bilateral transaction, including a definition of Primary Economic Terms (PET) data and continuation data, relative to FTR Bilateral transactions
2. Explore potential enhancements to:
 - a. PJM FTR Reporting tool to ensure that all pertinent data is collected
 - b. How such data will be used by PJM in assessment of risk transfer between parties to an FTR bilateral transaction
 - c. Procedures and/or requirements for FTR bilateral transactions for risk mitigation

Expected Deliverables

1. Enhancements to the PJM FTR reporting deemed necessary for risk assessment
2. Enhancements to procedures and/or requirements for FTR bilateral transactions for risk mitigation, if necessary
3. Revisions to the PJM Manuals and/or Governing Documents, if necessary, to enhance FTR bilateral transfers and effectuate the above

Decision-Making Method

Tier 1 consensus (unanimity) on a single proposal via Consensus-based Issue Resolution process

Stakeholder Group Assignment

Risk Management Committee

Expected Duration of Work Timeline

The expected duration of this effort is four-six months for consideration by the RMC of the Issue Charge and proposed solution.

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| Start Date First Read: August, 2021 | Priority Level <input checked="" type="checkbox"/> High <input type="checkbox"/> Medium <input type="checkbox"/> Low | Timing <input type="checkbox"/> Immediate <input checked="" type="checkbox"/> Near Term <input type="checkbox"/> Far Term | Meeting Frequency <input type="checkbox"/> Weekly <input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly |
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Charter

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| <input type="checkbox"/> | This document will serve as the Charter for a new group created by its approval. |
| <input checked="" type="checkbox"/> | This work will be handled in an existing group with its own Charter (and applicable amendments) |

Disclaimer

All statements, discussions, presentations, documents, and/or other materials, whether written or otherwise, used in the course of this PJM stakeholder process are to effectuate the objectives established under this issue charge prospectively. All participants acknowledge that there are ongoing disputes and litigation related to these matters and the aforementioned statements, discussions, presentations, documents, and/or other materials are not intended to be representative of any definitive position or practice of PJM or any other party, are of the nature of subsequent remedial measures, and should not be admissible in the aforementioned disputes and litigation.