FTR MARKET
FREQUENTLY ASKED QUESTIONS

Updated February 1, 2005

Financial Transmission Rights (FTRs)

1. What is a Financial Transmission Right (FTR)?
   Answer: A Financial Transmission Right (FTR) is a financial instrument, awarded to a bidder in the FTR Auctions that entitles the holder to a stream of revenues (or charges) based on the hourly Day Ahead energy price differences across the path.

   PJM Market Participants are able to acquire financial transmission rights in the form of FTR Options or FTR Obligations. They do not represent a right for physical delivery of power.

2. Why do I need FTRs?
   Answer: One purpose of FTRs is to protect PJM Firm and Network Transmission Service Customers from increased cost due to Transmission Congestion when their energy deliveries are consistent with their firm reservations. Essentially, FTRs are financial instruments that entitle the holder to rebates of congestion charges paid by the PJM Firm and Network Transmission Service Customers.

3. When and how do I acquire FTRs?
   Answer: You can acquire FTRs in three market mechanisms: the Annual FTR Auction, the Monthly FTR Auctions or the FTR Secondary market.

   1. ***Annual FTR Auction –PJM conducts an annual process of selling and buying FTRs through a multi-round auction. The Annual FTR auction offers for sale the entire transmission capability that is available on the PJM system on a long-term basis.***

   2. ***Monthly FTR Auction – PJM conducts a monthly process of selling and buying FTRs through an auction. The FTR auction offers for sale any residual transmission capability that is available after FTRs are awarded from the Annual FTR Auction. The auction also allows Market Participants an opportunity to sell FTRs that they are currently holding.***

   3. ***Secondary Market - The FTR Secondary Market is a bilateral trading system that facilitates trading of existing FTRs between PJM Members.***

4. How are FTRs allocated for new load being integrated into PJM?
   Answer: For a transitional period, Network Service Users and Firm Transmission Customers that take service that sinks in new PJM zones, at their election, may receive a direct allocation of Financial Transmission Rights instead of an allocation of Auction Revenue Rights. This transitional period covers the succeeding two Annual FTR Auctions after the integration of the new zone into the PJM interchange energy market. The election of a direct FTR Allocation shall be made prior to the commencement of each Annual FTR Auction.

Auction Revenue Rights (ARRs)

5. What is an Auction Revenue Right (ARR)?
   Answer: Auction Revenue Rights are entitlements allocated annually to Firm and Network Transmission Service Customers that entitle the holder to receive an allocation of the revenues from the Annual FTR Auction.

6. When and how do I acquire ARRs?
   Answer: ARRs are acquired in the following mechanisms:
   Annual ARR Allocation – Auction Revenue Rights (ARRs) requested by Firm and Network Transmission Customers are allocated on an annual basis
   Daily ARR Reassignment – ARRs allocated for the planning period will be reassigned on a proportional basis within a zone as load switches between LSEs within the planning period.

Annual ARR Allocation

7. What is the benefit of participating in the Annual ARR Allocation?
   Answer: The Annual ARR Allocation is the mechanism by which property rights are allocated to Firm and Network Transmission Customers.

8. What is the difference between Stage 1 and Stage 2 of the Annual ARR Allocation?
   Answer: The ARR allocation process is a two-stage allocation process.. In Stage 1,each LSE would be allowed to designate ARRs for Network Service and Firm Pt-to-Pt service to a percentage of the historical generation resources for the zone. In Stage 2, each LSE would be allowed to designate ARRs for Network and Firm Pt-to-Pt service from any source (the "free-for-all").

9. Describe the ARR Allocation Process in Stage 1?
   Answer: Stage 1 of the Annual ARR Allocation is a single round allocation process. First PJM will assign each LSE a pro-rate amount of the MW capability from each historical generation resource. Then, each LSE chooses the set of ARRs that it wants to request based on the resources assigned and submits ARR requests to PJM. An LSE's request is limited to an amount not greater than the designated MW amount of the generation resource.

   Once all requests are received, PJM will test all requests for feasibility and approve all requests that are feasible.

10. What are valid Sources in Stage 1 of the ARR Allocation?
    Answer: PJM publishes a list of Historical Generation Resources prior to the Annual ARR Allocation for each transmission zone or each historic load aggregation zone within a transmission year. The list is based on the historical reference year that corresponds to the LMP-based market implementation for that transmission zone. The list consists of actual generators that exist in the zone and serve load at the time of market integration.

11. What is an Historic Load Aggregation Zone?
    Answer: An historic Load aggregation zone is a sub-region within a transmission zone that has been served separately under a supply contract and/or generation resources. An example of a load aggregation zone is a municipal or cooperative utility. This sub-region has been served separately from the other non-municipal/cooperative load in the transmission zone.

12. What is a Load Aggregate and how is one created?
Answer: A LSE may aggregate load within a zone based on distribution factors that are agreed upon between the LSE and the EDC. Distribution factors may be modified periodically. An LSE must submit the request to create a Load Aggregate to PJM Market Settlements. Included in the request are the proposed name of the Aggregate, the Station (B1), Voltage (B2), Equipment (B3), and the distribution factors. The distribution factors may be defined to any level of granularity but must add up to the value of 1 (100%).

13. What if I am awarded ARRs in Stage 1 that I do not want?
Answer: An LSE may surrender any portion of the awarded ARRs prior to Stage 2 of the Annual ARR Allocation.

14. Describe the ARR Allocation Process in Stage 2?
Answer: Stage 2 is an iterative allocation process that consists of four sequential rounds. In each round, 25% of the remaining system capability that was not allocated in Stage 1 is awarded.

In each round, an LSE chooses a set of ARRs it wants to request from any generator bus, hub or external interface or load zone. In Stage 2, the ARR request is limited to ¼ of the Network Customer's Peak Load remaining unallocated after Stage 1.

Once all requests are received in each round, PJM will test all requests for feasibility. If all requests are not simultaneously feasible, then PJM will pro-rate the ARRs. PJM will approve all requests that are feasible.

15. What are valid Sources in Stage 2?
Answer: In Stage 2, an ARR request may be designated from any generation bus, hub, zone or interface.

16. Is there a limit to the amount of ARRs an LSE can be allocated in the Annual ARR Allocation?
Answer: In both Stages of the Annual ARR Allocation an LSE may only request ARRs up to the value of their Network Service Peak Load value in that zone or load aggregation zone. In Stage 1, an LSE may request ARRs up to the full the value of their Network Service Peak Load value in that zone or load aggregation zone. In Stage 2, however, an LSE can only request and be allocated the amount that remains unallocated from Stage 1.

17. How does an LSE receive ARRs for Firm Pt-to-PT service?
Answer: All ARR requests for Firm Pt-to-Pt service are made in Stage 1 of the Annual ARR Allocation. During the Annual ARR Allocation, requests for ARRs must be associated with firm pt-to-pt service that spans the entire planning period and are confirmed by the opening of the Annual ARR Allocation.

ARR requests associated with shorter term point-to-point service may be made within the planning period via OASIS.

18. What happens if the net economic value of ARRs is negative?
Answer: The ARR is considered a liability, defined by the clearing prices that are determined for the source and sink of the ARR.

19. When submitting a request for Firm Point-to-Point ARRs, what do I need to submit in OASIS?
Answer: To qualify for an annual allocation of ARRs, Firm Point-to-Point ARR requests are associated with firm point-to-point service that spans the entire next planning period, and

is confirmed by the opening of the Annual ARR Allocation window. The Firm Transmission Service Customer submits Transmission Service Requests (TSRs) via OASIS, including the optional request for the associated ARR. This is also required if a Firm Point to Point ARR is requested outside the Annual ARR Allocation window.

During transitional periods when PJM expands, and FTRs are allocated for the transition period, Firm Point to Point FTR requests have the same requirements.

20. Where do the LMPs used in the ARR Target Allocation come from?
Answer: The ARR Target Allocation is calculated to determine the revenues that will be distributed to ARR holders in proportion to (but not to exceed) the economic value of the ARRs. The economic value of each ARR is based on the LMPs that result from the Annual FTR Auction and each ARR is defined by a valid source and sink.

21. How is external capacity units handled during the Annual ARR Allocation period?
Answer: Participant must have a Transmission Service Request (TSR) submitted in OASIS and confirmed prior to the Annual ARR Allocation period. ARR requests associated with External Capacity Units are submitted with a source designated at the specific unit bus that is tied to the respective interface point.

22. What if my external capacity unit is in a territory that is being incorporated into the PJM Market?
Answer: If the external capacity is in an expansion territory, the above rule will apply until the territory is incorporated. Once the territory is incorporated into PJM, then the firm point-to-point transmission service will convert to Network Integration Service, as long as both parties have mutually agreed to the conversion.

23. Will participants be able to see all ARRs that are subscribed?
Answer: A participant will be able to view the ARRs they are allocated.

24. What are the available paths that a participant can submit an ARR request during the Annual ARR Allocation?

Answer: Stage 1 requests must use the Historical Generation Resource list as the source point; sink points are Zones and Aggregates. For Stage 2, ARR requests will be designated from eligible ARR source points to aggregate loads. Eligible ARR source points include Generator Busses, Interfaces, Zones and Hubs. Eligible ARR sink points include Zones and Aggregates.

25. Do I need to designate an ICAP resource when I am requesting ARRs during the Annual ARR Allocation?
Answer: No. ARR requests do not have to be designated from a unit specific capacity resource. ARR requests will be designated from eligible ARR source points to aggregate loads. Eligible ARR source points include Generator Busses, Interfaces, Zones and Hubs. Eligible ARR sink points include Zones and Aggregates.

26. What happens when 100% of the capability is not allocated?
Answer: Excess Revenue Auctions will result in the Annual FTR Auction. Thos Excess Revenues are used to fund any deficiencies in the FTR Target Allocation payments.

27. What is ARR Trading?
Answer: In the PJM FTR Markets, ARRs can only be traded between affiliates and must be traded after the Annual ARR Allocation and before the Annual FTR Auction. ARRs can

be traded among affiliates for accounting purposes, and will be reflected in PJM Market Settlements. ARR trading is facilitated in eFTR.

ARRs can be traded bilateral outside the PJM Market, but there will be NO impact to Market Settlements, and any settlement that occurs will be done by the individual participants conducting the bilateral trade.

ARR Reassignment

28. How could I lose an ARR which has already been granted?
    Answer: You would lose an ARR if there is a reduction of you Network Peak Load at any time during the planning period.

29. For ARRs, what happens if you do not have load at the beginning of the planning period, but know you will pick it up later in the year?
    Answer: ARRS will be reassigned automatically on a daily basis as load shifts from one supplier to another at any time during the planning period.

30. How does PJM determine if there is a load shift for the ARR reassignment?
    Answer: On a daily basis, PJM will compare each LSE's daily deviation of Network Peak Load in the zone.

31. What is the MW granularity of the reallocation process?
    Answer: All ARRs are specified to the nearest 0.1 MW.

32. How will an LSE know what ARRs are reassigned?
    Answer: PJM will inform each LSE of their ARR reassignment.

33. How will an LSE know what ARRs are available?
    Answer: PJM will post the aggregate value ($$) of ARRs for each zone.

34. Are ARRs tied to specific retail customers?
    Answer: No. ARRs are tied to aggregate load amounts

35. How can an LSE who does not acquire ARRs during the Annual ARR Allocation receive ARRs during the year if that LSE acquires new load in the zone?
    Answer: When an LSE acquires another LSE's load any time during the planning period, the LSE will be assigned ARRs. The new LSE is assigned the ARRs that are forfeited from the previous LSE that lost the load in the zone. This Reassignment of ARRs is an automatic process that happens daily.

36. If an LSE's received ARRs during the Annual ARR Allocation, and then self schedules those ARRS in the Annual FTR Auction to convert them into FTRs, what happens if the LSE loses load throughout the year?
    Answer: LSE will lose ARRs, and the ARRs lost are reassigned to the new LSE serving that load. The LSE will retain their FTRs that are converted in the Annual FTR Auction until they are sold.

37. Will there be a separate FTR auction for the New Jersey Basic Generation Supplier (BGS) Auction?
    Answer: No. ARRS will be reassigned automatically on a daily basis as load shifts from one supplier to another at any time during the planning period.

38. Why was the Annual FTR Auction created?
Answer: In order to create a more robust FTR Market, the current FTR allocation procedure will be converted to a long-term Annual FTR Auction. The Annual FTR Auction will provide more flexible transmission congestion hedging alternatives. The new Auction will also make benefits of congestion hedges generally more available to customers who switch suppliers under Retail programs.

39. How does PJM clear the FTR Auctions?
Answer: The clearing mechanism of the FTR Auctions will maximize the quote-based value of set of simultaneous feasible FTRs awarded in the each auction (or in each round of the Annual FTR Auction) . The FTR Auctions will calculate clearing prices for all FTR obligations at all buses, regardless of whether they are bought or sold in the auction. The FTR Auctions will calculate the clearing prices for FTR options for all valid FTR Option paths, regardless of whether they are bought or sold in the auction.

40. When are the FTR Options available to be acquired?
Answer: FTR Options are available to be bought or sold for the first time in the Annual FTR Auction and will be effective June 1st, 2003. The June, 2003 Monthly Auction was the first monthly Auction in which FTR Options can be bought and sold.

41. Can an ARR holder self-schedule an FTR Option in the Annual FTR Auction?
Answer: No. Since ARRs are only allocated in the form of Obligations, the FTR that is self scheduled in the Annual FTR Auction must be an FTR Obligation.

42. What percent of the load is covered by FTRs in a particular FTR auction?
Answer: In the Annual FTR Auction the entire system capability is auctioned. During each monthly FTR Auction the residual system capability is auctioned.

43. What are the requirements to bid into the FTR Auctions?
Answer: To submit a bid to purchase FTRs, you must be a PJM Member or a PJM Transmission Service Customer. To submit an offer to sell FTRs, you must own the FTR for the entire month or year. You can sell any portion of the FTR.

44. If I sell an FTR, what happens with my transmission reservation and my congestion costs?
Answer: If you sell an FTR, you still have the right to deliver the energy, and your curtailment priority does not change.

If you sell an FTR, you will pay any congestion charges incurred in the delivery of energy to your sink. Actually everyone pays congestion, only FTR owners get it back in the form of congestion credits.

45. Does an FTR to a hub or a zone hedge you against congestion for delivery to any bus in that aggregate?
Answer: No. The FTR will only protect you against delivery to that aggregate.

46. Even though we are auctioning off 25% of the capability for each round of the Annual FTR Auction, can a participant bid 100% of their requested MW?
Answer: Yes. A participant can submit a bid for any positive MW amount.

47. Will PJM allow partial FTR bids to be granted if the whole amount bid is not feasible?

Answer: Yes.

48. Can there be a negative strike (bid) price for an FTR bid?
Answer: If the FTR bid is for an FTR Obligation bid, the strike (bid) price can be negative. If the FTR bid is for an FTR Option, then the strike (bid) price cannot be negative..

49. How are FTR Options cleared in the auction in conjunction with FTR Obligations?
Answer: The FTR Auctions maximize the quote based bid value of a set of simultaneous feasible FTRs awarded in the auction. To ensure feasibility, counterflow created by an FTR Option bid must be ignored when FTRs bids are tested for feasibility.

Since you can not pay for something that has no downside, the clearing prices of an FTR Option Buy Bid will never be less than zero. The clearing price of an FTR Option will always be greater than the clearing price of an FTR Obligation for the same path.

50. Is there a limit to the number of FTR Obligations and FTR Options in the FTR Auctions? What are the valid sources and sinks?
Answer: In the Annual FTR valid sources and sinks for FTR Obligations are limited to Hubs, Zones, Aggregates, Interface Buses, and Generator Buses. In the Monthly FTR Auctions, valid sources and sinks include single bus or combination of buses for which a Day-ahead LMP is calculated and posted including Hubs, Zones, Aggregate Buses, Generator Buses, and Load Buses. In all FTR Auctions, the paths of FTR Options are limited to a subset of the entire PJM system.

The number of FTR Obligations and FTR Options is only limited by the bids submitted by Participants.

51. Under what circumstances can the sink LMP (load) be less than the source LMP (generator)?
Answer: Depending on the binding constraints that result, the LMP at a sink can be less than the LMP at the source.

52. Can FTR Options be traded on the FTR Secondary (Bilateral) Market?
Answer: Yes. Both FTR Options and FTR Obligations can be traded bilaterally in the FTR Secondary Market.

53. How do you end up with an FTR Obligation in the opposite direction of flow?
Answer: A participant can submit a bid for an FTR Obligation in the opposite direction of the flow?

Simultaneous Feasibility Test

54. What is the Simultaneous Feasibility Test?
Answer: The Simultaneous Feasibility Test (SFT) is a market feasibility test run by PJM that provides revenue adequacy by ensuring that the Transmission System can support the subscribed set of FTRs or ARRs during normal system conditions.

The purpose of the SFT is to preserve the economic value of FTRs or ARRs to the holders by ensuring that all FTRs or ARRs awarded can be honored. An SFT is run for each FTR or ARR requested.

55. What is Revenue Adequacy?

Answer: If the FTRs or ARRs can be supported under normal system conditions and congestion occurs, PJM will be collecting enough congestion charges to cover the FTRs or ARR credits, thus becoming revenue adequate.

56. Are there situations when the PJM Market IS NOT Revenue Adequate?
Answer: Yes. This can occur under two circumstances: 1. The PJM Market is no longer revenue adequate when the loop flow assumptions are different in the Day Ahead than was modeled in the FTR Auction. 2. The PJM Market is no longer revenue adequate when emergency outages occur in the Day Ahead that were not modeled in the FTR Auction.

Market Settlements

57. How are the ARR credits paid out to the participants? Monthly, Annually?
Answer: The Annual FTR Auction and corresponding ARRs will be settled on a monthly basis over the course of the planning period for which the FTRs awarded in the Annual FTR Auction are in effect.

58. What will happen when there is an excess or deficiency in an hour of the Annual FTR Auction?
Answer: If insufficient revenues are collected from the Annual FTR Auction to satisfy ARR Target allocations, then the following will occur:
    1. ***ARR Credits are prorated proportionally,***
    2. ***Revenues from the monthly FTR auction are first used to fund any ARR deficiencies in the month, then FTR Target Allocation deficiencies,***
    3. ***ARR deficiencies may be funded from any annual excess congestion charges remaining at the end of the planning period.***

59. How are congestion charges calculated during the SFT analysis?
Answer: Congestion charges are not calculated in the SFT analysis. The Simultaneous Feasibility Test (SFT) is used to allocate the system and ensure that the system has not been oversubscribed

60. How are FTRs allocated for new load being integrated into PJM?
Answer: For a transitional period, Network Service Users and Firm Transmission Customers that take service that sinks in new PJM zones, at their election, may receive a direct allocation of Financial Transmission Rights instead of an allocation of Auction Revenue Rights. This transitional period covers the succeeding two Annual FTR Auctions after the integration of the new zone into the PJM interchange energy market. The election of a direct FTR Allocation shall be made prior to the commencement of each Annual FTR Auction.

61. When does the Phase-in FTR Allocation taken place?
Answer: Results of the Phase-in FTR Allocation must be filed with FERC 60 days prior to Market Integration.

62. What is the duration of the FTRs awarded during the Phase-in FTR Allocation?
Answer: An initial allocation will be conducted for Firm Transmission customers (Network and Firm Point-to-Point) in new zones prior to market integration. The Allocation of FTRs will cover the period from that zone's integration until the end of the planning period. The duration of each succeeding FTR allocation will be for the entire planning period and the FTR allocation will be run simultaneously with the Annual ARR Allocation.

63. Do I need unit-specific capacity to request FTRs?
Answer: No. FTR requests do not have to be designated from a unit specific capacity resource. FTR requests will be designated from eligible FTR source points to aggregate loads. Eligible FTR source points include Generator Busses, Interfaces, Zones and Hubs. Eligible FTR sink points include Zones and Aggregates.

64. What is a Load Aggregate and how is one created?
Answer: A LSE may aggregate load within a zone based on distribution factors that are agreed upon between the LSE and the EDC. Distribution factors may be modified periodically. An LSE must submit the request to create a Load Aggregate to PJM Market Settlements. Included in the request are the proposed name of the Aggregate, the Voltage (B1), Equipment (B2), Zone (B3), and the distribution factors. The distribution factors may be defined to any level of granularity but must add up to the value of 1 (100%).

65. What is the benefit of participating in the Phase-in FTR Allocation?
Answer: The Phase-in FTR Allocation is the mechanism by which property rights are allocated to Firm and Network Transmission Customers.

66. What is the difference between Stage 1 and Stage 2 of the Phase-in FTR Allocation?
Answer: The FTR allocation process is a two-stage allocation process.. In Stage 1,each LSE would be allowed to designate FTRs for Network Service and Firm Pt-to-Pt service to a percentage of the historical generation resources for the zone. In Stage 2, each LSE would be allowed to designate FTRs for Network and Firm Pt-to-Pt service any source (the "free-for-all").

67. Describe the FTR Allocation Process in Stage 1?
Answer: Stage 1 of the Phase-in FTR Allocation is a single round allocation process. First PJM will assign each LSE a pro-rate amount of the MW capability from each historical generation resource. Then, each LSE chooses the set of FTRs that it wants to request

based on the resources assigned and submits FTR requests to PJM. An LSE's request is limited to an amount not greater than the designated MW amount.

Once all requests are received, PJM will test all requests for feasibility and approve all requests that are feasible.

68. What are valid Sources in Stage 1 of the FTR Allocation?
Answer: PJM publishes a list of Historical Generation Resources prior to the Phase-in FTR Allocation for each transmission zone or each historic load aggregation zone within a transmission year. The list is based on the historical reference year that corresponds to the LMP-based market implementation for that transmission zone. The list consists of actual generators that exist in the zone and serve load at the time of market implementation.

69. What is an Historic Load Aggregation Zone?
Answer: An historic Load aggregation zone is a sub-region within a transmission zone that has been served separately under a supply contract and/or generation resources. An example of a load aggregation zone is a municipal or cooperative utility. This sub-region has been served separately from the other non-municipal/cooperative load in the transmission zone.

70. What if I am awarded FTRs in Stage 1 that I do not want?
Answer: An LSE may surrender any portion of the awarded FTRs prior to Stage 2 of the Phase-in FTR Allocation.

71. Describe the FTR Allocation Process in Stage 2?
Answer: Stage 2 is an iterative allocation process that consists of four sequential rounds. In each round, 25% of the remaining system capability that was not allocated in Stage 1 is awarded.

In each round, an LSE chooses a set of FTRs it wants to request from any generator bus, Hub or external interface or load zone. In Stage 2, the FTR request is limited to ¼ of the Network Customer's Peak Load remaining unallocated after Stage 1.

Once all requests are received in each round, PJM will test all requests for feasibility. If all requests are not simultaneously feasible, then PJM will pro-rate the FTRs. PJM will approve all requests that are feasible.

72. What are valid Sources in Stage 2?
Answer: In Stage 2, an FTR request may be designated from any generation bus, hub, zone or interface.

73. Is there a limit to the amount of FTRs an LSE can be allocated in the Phase-in FTR Allocation?
Answer: In both Stages of the Phase-in FTR Allocation and LSE may only request FTRs up to the value of their Network Service Peak Load value in that zone or load aggregation zone. In Stage 1, an LSE may request FTRs up to the full the value of their Network Service Peak Load value in that zone or load aggregation zone. In Stage 2, however, an LSE can only request and be allocated the amount that remains unallocated from Stage 1.

74. How does an LSE receive FTRs for Firm Pt-to-PT service?
Answer: All FTR requests for Firm Pt-to-Pt service are made in Stage 1 of the Phase-in FTR Allocation. During the Phase-in FTR Allocation, requests for FTRs must be

associated with firm pt-to-pt service that spans the entire planning period and are confirmed by the opening of the Phase-in FTR Allocation.

FTR requests associated with shorter term point-to-point service may be made within the planning period via OASIS.

75. When will a participant be able to buy or sell FTRs in the new zone in a Monthly FTR Auction?
Answer: FTRs in a new zone can be bought and sold in Monthly FTR Auctions after market integration has taken place. The first Monthly FTR Auction that will auction FTRs for the entire expanded PJM territory is one month after integration. For example, for an October 1st Market Integration, the November FTR Auction will be the first Monthly FTR Auction to include the newly expanded PJM system. This occurs to ensure that the market is fully integrated into PJM without delay and the results of the auction would be valid.

76. How could I lose an FTR which has already been granted?
Answer: You would lose an FTR if there is a reduction of you Network Peak Load at any time during the planning period.

77. For FTRs, what happens if you do not have load at the beginning of the planning period, but know you will pick it up later in the year?
Answer: FTRS will be reassigned automatically on a daily basis as load shifts from one supplier to another at any time during the planning period. The LSE losing load will be required to relinquinsh a pro-rata amount of FTRs based on the ratio of the load being lost by the LSE's total load. The LSE gaining the load will be reassigned the FTRs that were relinquished.

78. How does PJM determine if there is a load shift for the FTR reassignment?
Answer: On a daily basis, PJM will compare each LSE's daily deviation of Network Peak Load in the zone.

79. What is the MW granularity of the reallocation process?
Answer: All FTRs are specified to the nearest 0.1 MW.

80. How will an LSE know what FTRs are reassigned?
Answer: PJM will inform each LSE of their FTR reassignment.

81. Are FTRs tied to specific retail customers?
Answer: No. FTRs are tied to aggregate load amounts

82. How can an LSE who does not acquire FTRs during the Phase-in FTR Allocation receive FTRs during the year if that LSE acquires new load in the zone?
Answer: When an LSE acquires another LSE's load any time during the planning period, the LSE will be assigned FTRs. The new LSE is assigned the FTRs that are forfeited from the previous LSE that lost the load in the zone. This Reassignment of FTRs is an automatic process that happens daily.

PJM Contact Information

83. How can I learn more about the PJM FTR Market?
    Answer: Information on the PJM FTR Market can be found at the PJM Website at http://www.pjm.com/markets/ftr/ftr.html. Questions can be directed to the PJM Markets staff at 610-666-8998.