



# **Historic Fixed Price TCC Revenue Distribution**

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# Agenda

- ◆ Background

- *Proposed amendment to allocate and distribute revenues received by the NYISO from the sale of Historic Fixed Price TCCs from 2008 through 2016 and going forward*
- *Compliance filing related to FERC Order No. 681 and 681-A*
  - *Order issued April 16, 2008 in Docket No. ER07-521-000 acknowledged NYISO's commitment to subsequently file an additional compliance filing to establish revenue allocation procedures for revenues received from the sale of Historic Fixed Price TCCs*

- ◆ Review of Required Tariff Changes

- *Open Access Transmission Tariff (OATT) Attachments H and N*

- ◆ Next Steps

# Background

- ◆ The NYISO began administering its Historic Fixed Price TCC product in 2008. In approving this product as complying with Order No. 681 and 681-A, Long-Term Firm Transmission Rights, FERC acknowledged the NYISO's intention to file additional tariff revisions regarding the allocation of these revenues in a subsequent compliance filing
- ◆ The NYISO and the Transmission Owners have developed a methodology for allocating and distributing the revenues received from the conversion and renewal of Historic Fixed Price TCCs through 2016 and going forward
- ◆ These revenues, accumulated from 2008 through early 2016, total about \$52.8 M
- ◆ Proposed tariff revisions are included with the meeting materials for today's meeting

# Required Tariff Changes, OATT Attachment N

- ◆ Add a new Section 20.4 to describe the allocation of revenues received from the sale of Historic Fixed Price TCCs to Transmission Owners
  - *Provide clarifying revisions in Section 20.1 to reference the new Section 20.4*
- ◆ Amendments to Sections 20.2.5 (Formula N-15) and 20.3.7 (Formula N-29) to describe how these revenue amounts are incorporated in the equation which determines the DAM Net Congestion Rent allocation percentages

# Distribution Methodology

- ◆ The allocation approach mirrors the allocation of revenues received in each of the one-year rounds of a Centralized TCC Auction
- ◆ Revenues received will be distributed to the Transmission Owners using the structure of the facility flow-based methodology, on a path by path basis, as if the awarded Historic Fixed Price TCCs were sold in the one-year rounds of the applicable Centralized TCC Auction conducted for the period the Historic Fixed Price TCCs were/are awarded
  - *Using the saved cases from each Centralized TCC Auction*
- ◆ The DAM Net Congestion Rent allocation will reflect the distribution of this revenue, on a going forward basis only

# Required Tariff Changes, OATT Attachment H

- ◆ Section 14.1.2
  - *These revisions amend the Transmission Service Charge (“TSC”) equation to account for the distribution of Historic Fixed Price TCC revenue allocated to each Transmission Owner*
  
- ◆ Section 14.2.2.2
  - *These revisions amend the NYPA Transmission Adjustment Charge (“NTAC”) equation to account for the distribution of Historic Fixed Price TCC revenue allocated to NYPA*

# Distribution Period

- ◆ All Historic Fixed Price TCC revenue received through 2016 will be incorporated into TSCs and NTAC during the Capability Period following FERC approval of this compliance filing, provided the Transmission Owners and NYPA have been allocated their share of the revenue
  - *If all or a portion of these past revenues have not been allocated in advance of such Capability Period, the revenues (or any remaining portion thereof) would be incorporated into the TSCs and NTAC during the following Capability Period*
- ◆ On a going forward basis, Historic Fixed Price TCC revenue will be incorporated into the TSCs and NTAC in a manner consistent with revenues from the sale of one-year TCCs in the Centralized TCC Auctions

# Further Efforts

- ◆ The NYISO and the Transmission Owners will continue to work on a second allocation method to account for all Non-Historic Fixed Price TCC revenue received since 2013
- ◆ Such methodology would be subject to an additional, future compliance filing and reviewed with stakeholders prior to filing with FERC



# Next Steps

- ◆ Tariff amendment only, no software modifications necessary
- ◆ NYISO is currently targeting submission of this compliance filing by the end of August 2016

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- *Maintaining and enhancing regional reliability*
- *Operating open, fair and competitive wholesale electricity markets*
- *Planning the power system for the future*
- *Providing factual information to policy makers, stakeholders and investors in the power system*

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