

# ***Draft Proposal for Allocation of Transmission Import Rights***

ICAP Working Group Task Force

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Kathy Whitaker - NYISO

# Principles for New Process

- Continue to be subject to import limits
- Fair and unbiased
- External capacity associated with import rights used to offset New York LSE's requirements
- Market mechanisms to prevent manipulation of capacity prices
- Simple to administer

# Proposed Design - Auction

- Import rights auction before each capability period, for the six months in upcoming capability period
- Rights offered in one-month periods
- Rules for monthly UCAP auctions apply
- Rights can be traded on a secondary market
- Revenues used to reduce Rate Schedule 1 charges

# Proposed Process - Auction

- Amount of import rights available determined by the NYISO
- Market Participants submit bids to buy available rights
- Highest bidders awarded rights subject to import limits
- If multiple bids at the market clearing price, awards are pro-rated

# Proposed Process - Auction

- Post-Auction Activities
  - 48-hours to provide documentation of bilateral transaction with qualified ICAP supplier
  - If documentation not provided, bids from that Market Participant removed and auction is re-run
    - **No additional or revised bids will be accepted**
  - If transaction with New York LSE not certified, and the rights are fully subscribed, capacity associated with the rights will be entered into the Spot Market at \$0/kW-Month