

Autumn 2011 Centralized TCC Auction Survey and Discussion

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Survey Overview

- ◆ The NYISO conducted a poll of current TCC Market Participants to solicit information about the demand for TCCs of various durations in future auctions as well as the desired structure of the Autumn 2011 Centralized TCC Auction.
 - *One survey response accepted per MP*
 - *Responses were due on April 29, 2011*
 - *16 TCC Market Participants responded*
 - *Responses for Autumn 2011 Auction limited to Six Month, One Year, and Two Year TCCs*

Survey Overview – Survey Form

NYISO Autumn 2011 Centralized TCC Auction
 Survey of Market Participant Preference for Six Month and Longer Duration TCCs
 TCCs become effective November 1, 2011

Organization Name (required field)

-For the Autumn 2011 Centralized TCC Auction-

Duration of TCCs	Desired Total Percentage of System Capacity to be Available by Duration in Percent (e.g. 10%)	Number of Auction Rounds per Duration
Six Months	0.00%	0 (Must be >= 1)
One Year	0.00%	0 (Must be >= 1)
Two Years	0.00%	0
Total	0.00% (Must equal 100%)	0

For Future Auctions

Duration of TCCs	Desired Total Percentage of to be Available by Duration i	Number of Auction Rounds per Duration
Six Months	0.00%	0 (Must be >= 1)
One Year	0.00%	0 (Must be >= 1)
Two Years	0.00%	0
Three Years	0.00%	0
Four Years	0.00%	0
Five Years	0.00%	0
		0

Indicate the desire for a percentage of available transmission Capacity to be reserved from the Centralized TCC Auction so that it may be available to support TCCs purchased in the subsequent monthly TCC Auctions by entering a non-zero percentage below. (Note: This feature is not currently supported by the NYISO Tariffs. This item is included on the survey to ascertain the level of Market Participant interest in such a feature.)

Monthly	0.00%
Total	0.00% (Must equal 100%)

Market Participant Comments:

Survey Results – Autumn 2011

Capacity per Duration

# of MP Responses	Desired % of System Capacity		
	6 Month	1 Year	2 Year
3	65%	30%	5%
2	70%	20%	10%
2	60%	30%	10%
2	50%	40%	10%
2	40%	40%	20%
1	75%	25%	
1	66%	34%	
1	60%	40%	
1	50%	50%	
1	35%	35%	30%
Average	58%	33%	9%

Survey Results – Autumn 2011

Total Rounds per Duration

# of MP Responses	Total # of Rounds			Total Rounds
	6 Month	1 Year	2 Year	
1	5	5	5	15
1	4	4	2	10
1	3	3	3	9
2	3	3	2	8
1	4	4		8
1	4	3	1	8
1	3	4	1	8
3	3	3	1	7
1	4	2		6
1	3	3		6
1	3	2	1	6
1	2	2	1	5
1	1	1		2
Average	3.2	3	1.3	7.5

Survey Results – Future Auctions

Capacity per Duration

# of MP Resp.	Desired % of System Capacity						
	6 Mo.	1 Year	2 Year	3 Year	4 Year	5 Year	Monthly
1	66%	34%					
1	25%	50%					25%
1	50%	25%					25%
1	50%	40%					10%
1	40%	50%	10%				
1	50%	40%	10%				
1	40%	30%	5%				25%
1	50%	30%	10%				10%
3	55.2%	27.6%	3.4%				13.8%
1	50%	30%	10%			10%	
2	65%	15%	10%	5%			5%
1	30%	30%	5%	5%	5%	5%	20%
1	25%	25%	25%	5%	5%	5%	10%

Survey Results – Future Auctions

Total Rounds per Duration

# of MP Resp.	Total # of Rounds						Total Rounds
	6 Mo.	1 Year	2 Year	3 Year	4 Year	5 Year	
1	5	5	5	4	4	4	27
1	3	3	1	1	1	1	10
1	4	4	2				10
2	3	3	2	1			9
1	4	4	1				9
1	4	3	1				8
1	4	4					8
3	3	3	1				7
1	3	2	1			1	7
1	2	2	2				6
1	4	2					6
1	3	3					6
1	1	1					2

Survey Results

Capacity Reserved for Monthly TCCs

- ◆ A new item on the TCC Survey was added to assess the market demand for a feature not currently supported by the NYISO Tariffs:
 - *Whether or not a percentage of available transmission Capacity should be reserved from the Centralized TCC Auction so that it may be available to support TCCs purchased in subsequent monthly TCC Auctions*
 - 12 respondents expressed interest in capacity being reserved to support monthly TCCs
 - Of those interested MPs, the average available transmission Capacity to reserve was 14.7%

Survey Comments

TCC Durations

- ◆ 3 respondents that currently did not express a desire for TCC durations greater than two years expressed interest in the concept of allocating a limited amount of capacity to durations greater than 2 years.
- ◆ 1 respondent indicated that TCC durations greater than two years were beyond the scope of their current business plan.
- ◆ 1 respondent indicated that the credit requirement of TCCs greater than one year would likely outweigh any hedging benefit.

Survey Comments

Number of Rounds

- ◆ 1 response suggested the number of rounds for the One Year and Six Month Sub-Auctions should be reduced.
- ◆ 1 response suggested the number of rounds should be the minimum possible.
- ◆ 1 response suggested the number of rounds should be 8 or more to facilitate hedging opportunities.
- ◆ 1 response suggested the number of Two Year TCC rounds should be greater than 1 to provide price discovery.

Survey Comments

Market Design

- ◆ 4 responses supported the proposed Balance-of-Period Auction structure.
- ◆ 1 response indicated a desire for On-Peak and Off-Peak TCCs.
- ◆ 1 respondent requested more than two business days between rounds.
- ◆ 1 respondent requested the publication of the auction schedule a few months in advance.

Auction Proposal

Eight Rounds with Two Year TCCs

- ◆ The NYISO would offer 5% of system capability as Two Year TCCs in one round.
- ◆ The NYISO would offer 20% of system capability as One Year TCCs across three rounds.
- ◆ The NYISO would offer 45% of system capability as Six Month TCCs across four rounds.
- ◆ The remaining 30% of system capability was sold as One Year TCCs in Spring 2011 and Two Year TCCs in Autumn 2010.

Expected Schedule

Eight Round Auction

<u>Week</u>	<u>Activity</u>
◆ August 5 – 11	Round #1 (Two Year TCCs)
◆ August 12 – 18	Sept. Reconfiguration Auction
◆ August 19 – 25	Round #2 (One Year TCCs)
◆ August 26 – Sept. 1	Round #3 (One Year TCCs)
◆ September 2 – 9	Round #4 (One Year TCCs)
◆ September 10 – 15	Round #5 (Six Month TCCs)
◆ September 16 – 22	Oct. Reconfiguration Auction
◆ September 23 – 29	Round #6 (Six Month TCCs)
◆ September 30 – Oct. 6	Round #7 (Six Month TCCs)
◆ October 7 – 13	Round #8 (Six Month TCCs)
◆ October 14 – 20	Nov. Reconfiguration Auction

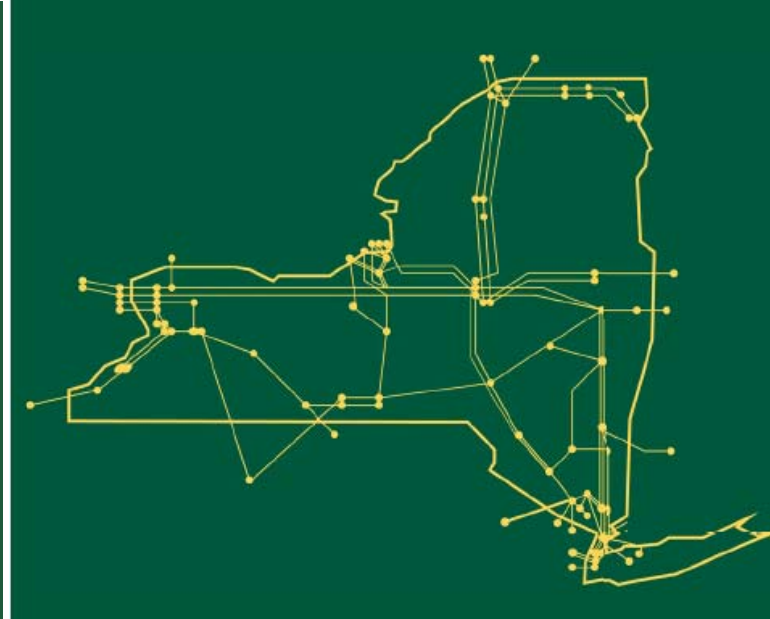
Auction Proposal – Discussion

- ◆ Unanimous agreement by the Transmission Owners is required for the NYISO to conduct fewer than four rounds in any Sub-Auction.
 - *Transmission Owner agreement required to reduce the number of Two Year auction rounds from four to one and the number of One Year auction rounds from four to three.*
- ◆ 12 respondents expressed interest in Two Year TCCs in the Autumn 2011 Auction.

Next Steps

- ◆ Receive and consider Market Participant comments resulting from this meeting.
- ◆ Schedule a follow-up MIWG session if necessary to continue discussions on the Autumn 2011 Centralized TCC Auction.
- ◆ Confer with the Transmission Owners concerning proposed auction plans with fewer than twelve rounds.
- ◆ MIWG 5/26 (if necessary).
- ◆ BIC 6/15.

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