

Revisions to TCC Auction Rules

Presented to:
Business Issues Committee
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Revisions to TCC Auction Rules

The Issue:

- The assessment of charges to Transmission Owners (TOs) for modeling transmission facilities as out-of-service in the TCC auctions is resulting in inconsistent market responses.
 - ▶ Transmission Owners are canceling longer-term scheduled transmission facility outages to avoid these charges that they believe are significantly higher than expected DAM congestion.
 - ▶ This action will reduce transparency in the TCC market and increase the uncertainty faced by Market Participants.

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The Issue:

- TOs could submit bids to purchase counterflow TCCs to mitigate their exposure to these charges, however, certain TO's believe that FERC would find this behavior inappropriate.
 - ▶ A TO could submit small $-\$/\text{TCC}$ bids for counterflow TCCs. These bids most certainly would be awarded because they minimally reduce the value of the auction objective function. It is likely that other Market Participants would not submit smaller $-\$/\text{TCC}$ bids because of their unwillingness to take on the obligations in the DAM without the potential for some reward.
 - ▶ More importantly, these bids would set the market-clearing price for TCCs. Certain TO's believe that FERC may view this activity as market manipulation, consequently there is an unwillingness to utilize counterflow bids to address this issue.

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A Solution:

- Allow the TOs to opt out of the requirement to model a transmission facility as out-of-service in a TCC auction that has a posted scheduled outage for a majority (>50%) of the effective period of the TCCs being sold in the auction.
 - ▶ If a TO opts out of this requirement, then the TO will be assessed congestion shortfall charges in the DAM when the transmission facility is modeled as out-of-service in the DAM.
 - ▶ The TO must designate in writing to the NYISO which of the posted transmission facility outages will be modeled as in-service in the auction.
 - ▶ Prior to the auction, the NYISO would post the modeling option chosen by the TO for each transmission facility outage that has a posted scheduled outage for a majority (>50%) of the effective period of the TCCs being sold in the auction.

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Benefits:

- Encourages Transmission Owners to continue to provide longer-term outage schedules in advance of the outage dates.
- Increases transparency in the TCC market and reduces uncertainty faced by Market Participants.
- Provides the Transmission Owners with a mechanism to potentially mitigate their exposure to TCC auction revenue shortfall costs due to scheduled outage modeling assumptions.

Revisions to the Transmission Services Manual

2.1.1 Transmission Lines In Service

In conducting the OPF analysis for a sub-auction in which 6-month TCCs are sold and monthly Reconfiguration Auctions, the NYISO will model each transmission facility as in-service unless that facility is expected to be out-of-service for the majority (>50%) of the effective period of the TCCs being sold in the sub-auction or Reconfiguration Auction. **The Transmission Owner responsible for the transmission facility outage may request in writing that the facility be modeled as in-service for sub-auctions in which 6-month TCCs are sold and monthly Reconfiguration Auctions.** In conducting the OPF analysis for a sub-auction in which TCCs with a duration greater than 6-months are sold, the NYISO will model all transmission facilities as in-service.

Revisions to the TCC Auction Rules, Procedures and Guidelines

- 9.7 Scheduled transmission outages, where the outage is for the majority (>50%) of the Effective Period, will be scheduled as transmission outages during the entire Effective Period in the OPF Analysis, unless the responsible Transmission Owner has requested in writing that the transmission outage should not be scheduled as out-of-service in the OPF Analysis.
- 9.8 Five business days prior to the start of a 6-month sub-auction for TCCs and monthly Reconfiguration Auction, the NYISO will provide the Transmission Owners with a list of transmission facility outages posted on the NYISO web-site that are scheduled out-of-service for a majority (>50%) of the effective period of the TCCs being sold in the sub-auction or Reconfiguration Auction. Three business days prior to the auction, the Transmission Owner responsible for the scheduled outage must designate in writing which of the scheduled outages will be modeled as in-service in the auction, otherwise, all of the scheduled outages provided by the NYISO will be modeled as out-of-service.
- 9.9 Three business days prior to the auction, the NYISO will post to its web-site the TCC auction modeling option chosen for each transmission facility outage that was scheduled out-of-service for a majority (>50%) of the effective period of the TCCs being sold in the auction.

Motion:

Having reviewed proposed changes to the TCC auction rules and Transmission Services Manual that would permit a Transmission Owners to designate as being “in-service” for TCC auction purposes when that facility has otherwise been posted to the NYISO web-site as being scheduled out-of-service for a majority (>50%) of the effective period of the TCCs being sold in a 6-month sub-auction or monthly reconfiguration auction, the Business Issues Committee approves these changes.