

Non-Historic Fixed Price TCC Revenue Distribution

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Agenda

- **Background**

- Proposal to implement procedures to allocate and distribute revenues received by the NYISO from the sale of Non-Historic Fixed Price TCCs
- Compliance filing related to FERC Order Nos. 681 and 681-A

- **Review of Required Tariff Changes**

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

- **Next Steps**

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Background

- The NYISO began administering its Non-Historic Fixed Price TCC product in 2013. In obtaining FERC approval of this product as complying with Order Nos. 681 and 681-A the NYISO committed to file additional tariff revisions regarding the allocation of these revenues in a subsequent compliance filing
- The NYISO and the New York Transmission Owners have developed a methodology for allocating and distributing the revenues received from the award and renewal of Non-Historic Fixed Price TCCs that would apply to both past revenues and any future revenues received by the NYISO from such sales
 - Proposal leverages, and is substantially similar to, the revenue allocation methodology accepted by FERC in 2016 for Historic Fixed Price TCCs
 - Adjustments to the Historic Fixed Price TCC revenue distribution methodology are required to recognize certain differences between the Historic Fixed Price TCC and Non-Historic Fixed Price TCC products
- To date, these revenues total about \$1.2 M
- Proposed tariff revisions are included with the meeting materials for today's meeting

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Required Tariff Changes, OATT Attachment N

- Add a new Section 20.5 to describe the allocation of revenues received from the sale of Non-Historic Fixed Price TCCs to Transmission Owners
 - Provide clarifying revisions in Section 20.1 to reference the new Section 20.5
- 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 and any negative Net Auction Revenue allocation percentages

Distribution Methodology

- The allocation approach generally mirrors the allocation of revenues received from the sale of: (1) two-year TCCs for initial purchases of Non-Historic Fixed Price TCCs; and (2) one-year TCCs for renewal purchases
- 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 Non-Historic Fixed Price TCCs were sold in the applicable Sub-Auction rounds of the Centralized TCC Auction conducted for the period the Non-Historic Fixed Price TCCs were/are awarded
 - For initial purchases, data from the first round of the two-year Sub-Auction is not utilized
 - Using the saved cases from each Centralized TCC Auction
- The DAM Net Congestion Rent and any negative Net Auction Revenue allocations 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 Non-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 Non-Historic Fixed Price TCC revenue allocated to NYPA

Distribution Period

- **All Non-Historic Fixed Price TCC revenue received through 2017 will be incorporated into TSCs and NTAC during the Capability Period following FERC approval of the proposal, provided the Transmission Owners and NYPA have received notice of their respective share of the revenue at least two weeks prior to the start of such Capability Period**
 - 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, Non-Historic Fixed Price TCC revenue will be incorporated into the TSCs and NTAC in a manner consistent with revenues from the sale of two-year TCCs for initial purchases and one-year TCCs in the case of renewals**

Other Ministerial Tariff Revisions

- **FERC recently issued a notice identifying that certain types of footnotes are not properly recognized by FERC's eTariff system**
 - As a result, these footnotes are not reproduced in the versions of the tariffs posted on FERC's website
- **The NYISO proposes to address FERC's notice for the tariff sections related to the proposal**
 - NYISO proposes ministerial revisions in Attachment H and Attachment N to discontinue use of the types of footnotes at issue and incorporate the substance thereof into the body of the tariff text
 - Affected provisions in Attachment H are Sections 14.1.1.1, 14.1.1.2, 14.1.7, 14.2.2.1.1 and 14.2.2.1.2
 - Affected provisions in Attachment N are Sections 20.1.2, 20.2.4 (Formula N-5), 20.2.4.2.3 (Formula N-8), 20.2.5 (Formula N-15), 20.3.3, 20.3.4, 20.3.6.2.3 (Formula N-21), 20.3.7 (Formula N-29) and 20.4.3 (Formula N-31)
- **NYISO also proposes ministerial changes to the titles of Sections 14.2 and 14.2.1 to clarify the contents of these sections**

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Next Steps

- **Tariff amendment only, no software modifications necessary**
- **NYISO is currently targeting submission of this compliance filing by mid-February 2018**

Comments/Feedback?

- Please submit any additional comments by February 12, 2018 to: deckels@nyiso.com

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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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