

Supplemental Congestion Reduction Proposal

**A Motion Before the
NYISO Business Issues Committee
Presented by Jerry Ancona
Albany, NY
February 11, 2003**

Objectives

- ◆ **Meet intent of:**
 - ❖ MC approved Congestion Reduction proposal (02/07/2002)
 - ❖ NYISO Board's decision (04/17/2002)
- ◆ **Go one step further from “what” to “how”**
- ◆ **Offer simple transparent procedure**
 - ❖ “Implementable” with hopefully no significant new software.
 - ❖ Fairly accurately allocate congestion rent shortfall and surpluses to the TOs responsible
 - ❖ Assure that TCCs are not unrealistically subscribed thereby generating excessive shortfalls and/or surpluses.

This supplemental proposal was reviewed/revised by the Congestion Reduction Task Force and the Market Structures Working Group).



First: Assign Surplus (Shortfall) to Interfaces

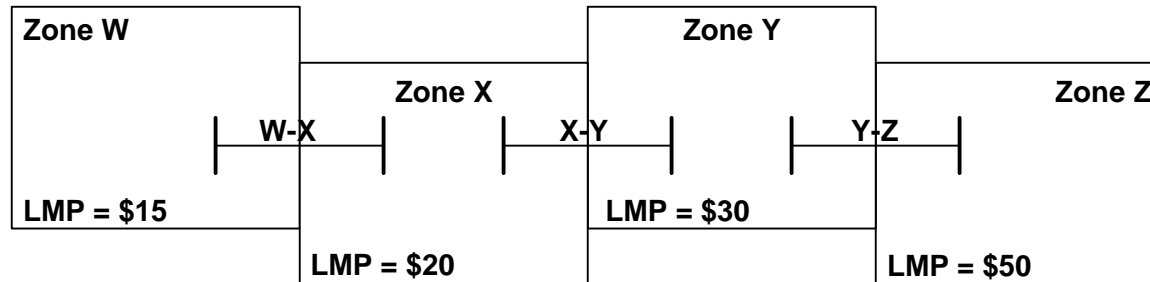
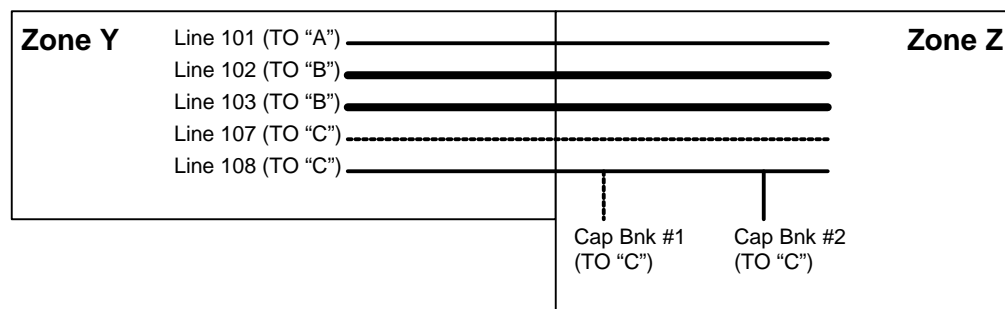


Table 1: Cost Allocation of Surpluses (Shortfalls) by Transmission Interfaces

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Interface	TCCs et al Subject to Full-Funding (MW)	Avg TCC Price x TCCs et al Subject to Full-Funding (\$-MW)	Day-Ahead Interface Capability (MW)	Day-Ahead Capability in Excess of TCCs (MW)	Congestion Price = Sink LMP minus Source LMP (\$/MWh)	Computed "Nominal" Surplus (Shortfall) Allocation (\$)	Allocated Share of Surplus (Shortfall) Mismatch (%)	Allocated Share of Surplus (Shortfall) Mismatch (\$)	Total Surplus (Shortfall) Allocation (\$)
W to X	2,000	\$8,000	2,100	100	\$5	\$500	12.5%	(\$63)	\$438
X to Y	2,000	\$22,000	2,000	0	\$10	\$0	34.4%	(\$172)	(\$172)
Y to Z	2,000	\$34,000	1,700	(300)	\$20	(\$6,000)	53.1%	(\$266)	(\$6,266)
Total						(\$5,500)	100.0%	(\$500)	(\$6,000)

Then: Assign Costs by Transmission Facility & TO Based Upon Impact



Line 107 and Cap Bnk #1 out-of-service
Line 103 derated 5%



Continued – Assign Costs by Impact

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Transmission Facility	TO	Capability Impact (if out) on Interface in Auction (MW)	Portion in Service in SCUC (%)	Uprate (Derate) Capability Impact on Interface in SCUC (MW)	Allocated Share of "Nominal" Interface Surplus (Shortfall) (%)	Allocated Share of "Nominal" Interface Surplus (Shortfall) (\$)	Allocated Share of Interface's Surplus (Shortfall) Mismatch (%)	Allocated Share of Interface's Surplus (Shortfall) Mismatch (\$)	Allocated Surplus (Shortfall) Allocation (\$)
Line 101	A	300	100%	0	0.0%	\$0	10.0%	(\$27)	(\$27)
Line 102	B	900	100%	0	0.0%	\$0	30.0%	(\$80)	(\$80)
Line 103	B	900	95%	(45)	9.1%	(\$545)	30.0%	(\$80)	(\$625)
Line 107	C	400	100%	0	0.0%	\$0	13.3%	(\$35)	(\$35)
Line 108	C	400	0%	(400)	80.8%	(\$4,848)	13.3%	(\$35)	(\$4,884)
Cap Bnk 1	C	50	0%	(50)	10.1%	(\$606)	1.7%	(\$4)	(\$610)
Cap Bnk 2	C	50	100%	0	0.0%	\$0	1.7%	(\$4)	(\$4)
Total of Above		3,000	--	(495)	100.0%	(\$6,000)	100.0%	(\$266)	(\$6,266)
Total Interface Y-Z		2,000	--	(300)	--	(\$6,000)	--	(\$266)	(\$6,266)
Total Allocated to TO "A"						\$0	--	(\$27)	(\$27)
Total Allocated to TO "B"						(\$545)	--	(\$159)	(\$705)
Total Allocated to TO "C"						(\$5,455)	--	(\$80)	(\$5,534)

Other Details

- ◆ **Allocations are cleared each Day-Ahead hour**
- ◆ **Allocation of Surpluses/Shortfalls to be effective May 1, 2003 and/or retroactive to that date**
- ◆ **For jointly owned facilities, TO(s) associated with “root cause” will be charged/credited**
- ◆ **Surplus credited to upgraded facilities only on interfaces that have a surplus; Shortfall charged to facility outages only on interfaces that have shortfall (unless NYISO can verify otherwise)**
- ◆ **Congestion Rent Reserve Funds not needed**
- ◆ **Tariff will be generic enough to allow other methods**
- ◆ **NYISO will implement this proposal and then compare LECG proposal with this for a possible longer term solution**



Advantages of Proposal

- ◆ **Fair**
- ◆ **Helps Reduce Shortfall**
- ◆ **Simple**
- ◆ **Intuitive**
- ◆ **Accommodates...**
 - ❖ **simultaneous shortfalls and surpluses**
 - ❖ **partial as well as full outages**
- ◆ **Transparent**
- ◆ **Versatile**



Changes to Monthly Reconfiguration Auction Allocations to TOs

- ◆ **Cost allocation for monthly TCC reconfiguration auction needs to be done similarly to shortfall/surplus allocation to assure shortfalls/surpluses receive consistent treatment**
- ◆ **Otherwise, TO could evade shortfalls and/or not be fairly credited with surpluses**
- ◆ **This change to take effect March 1, 2003 and/or made retroactive to that date**



Fully-Funding a Realistic Set of TCCs

- ◆ **NYISO – based on analysis and judgement – can apply availability adjustment to TCCs auctions that can be fully-funded to balance TCCs with anticipated average transmission capability**
 - ❖ **Adjustments can begin with the Spring 2003 Six Month TCC Auction subject to the discretion of the NYISO (i.e., zero adjustment is a potential outcome)**
 - ❖ **Adjustments will be made prior to Capability Period TCC auctions**
 - ❖ **Capability withheld in a Six Month Auction may become available in Monthly Reconfiguration Auctions as availability is updated**
- ◆ **A derate (uprate) adjustment made on interface-by-interface basis**
 - ❖ **Not equitable nor efficient to derate one interface below its anticipated capability so that it could provide an offsetting surplus for shortfalls caused by another inter-face that is over-subscribed beyond its anticipated capability.**



Developing a Transmission Facility Dynamic Rating Program

- ◆ **CRTF will meet to discuss the feasibility and desirability of developing a Transmission Facility Dynamic Rating Program**
 - ❖ **Allow a TO to temporarily change transmission facility limits to take advantage of ambient conditions that are more favorable than those assumed in the TCC Auction**



Motion Before BIC

Resolved, that the Business Issues Committee approve the Supplemental Congestion Reduction Proposal as presented herein (and as previously presented and discussed at the Congestion Reduction Task Force and subsequently revised). Further, BIC requests that the NYISO staff estimate the approximate time and other resources needed to implement this proposal.

