

# **TCC Unbundling**

**Project Status Report**  
**Market Structures Working Group**  
**June 12, 2000**

# Motivation

- ✚ **Divide TCCs into component parts that can be more easily traded**
- ✚ **Increase liquidity of TCCs**
- ✚ **Facilitate a secondary market for TCCs**

# Project Phases

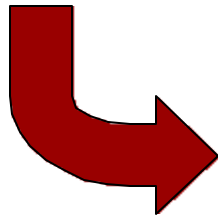
- ✚ **Phase 1:** Divide TCCs into component pieces for billing and reporting
  - *September 30, 2000*
- ✚ **Phase 2:** Track secondary TCC holders
  - *Future*
- ✚ **Phase 3:** Establish automated auction/trading software to facilitate trading of TCCs on a secondary market
  - *Future*

Phase 1

Phase 1: September 30, 2000

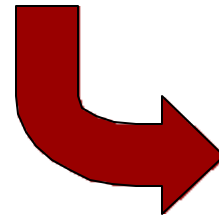
fallback: October 31, 2000

optimistic: August 31, 2000



Phase 2

Market Participants'  
Comments and  
Suggestions



Phase 3

Time



# Allowable Whole TCCs

## ✚ Bus to Bus

- *Same zone different buses*
- *Different zones*

## ✚ Bus to Zone

- *Same zone*
- *Different zones*

## ✚ Zone to Zone

- *Different zones*

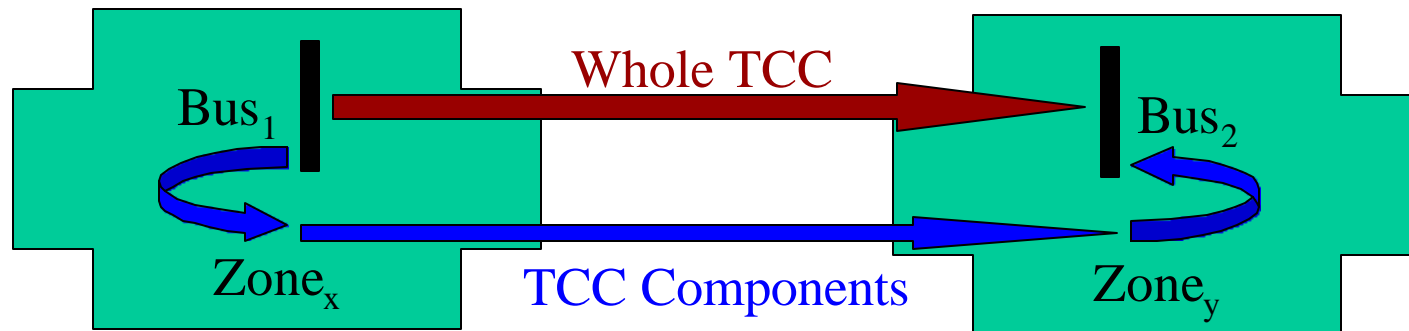
## ✚ Zone to bus

- *Same zone*
- *Different zones*

# TCC Components

## ✚ Up to three components:

- *Bus to zone (if applicable)*
- *Zone to zone (if applicable)*
- *Zone to Bus (if applicable)*



# Trading

- ✚ **TCC auctions are limited to whole TCCs**
  - *Buyer becomes primary holder*
- ✚ **TCC components can be traded on a secondary market**
  - *Buyer becomes secondary holder*
  - *Secondary holder may petition to become the primary holder*
- ✚ **NYISO invoices only primary holders**

# TCC Auction

- ✚ TCC auction: no change
- ✚ TCC reconfiguration auction: no change
- ✚ Auction requirements: no change
  - *Only primary holders may offer TCCs for sale*
  - *Buyer becomes primary holder*
  - *Creditworthiness*
  - *Etc.*

# Secondary Market

- Deals are strictly between buyer and seller
- Seller may be primary or secondary holder
- Buyer becomes secondary holder
- Both seller and buyer must report the transaction to the NYISO (FERC)
- Buyer may apply to NYISO to become primary holder

# Transaction Report to NYISO

- ✚ **FERC requires both seller and buyer to report secondary transactions to NYISO:**
  - *Buyer*
  - *Seller*
  - *TCCs transferred*
  - *Duration of transfer*
  - *Etc.*
- ✚ **OASIS form to facilitate submittal of information**

# Secondary to Primary

- **Secondary holder may request to become primary holder for TCCs acquired on secondary market:**
  - *Identification of TCCs*
  - *Proof of ownership*
  - *Creditworthiness*
  - *Etc.*
- **OASIS form to facilitate submittal of information**
- **NYISO invoice to new primary holder**

# Changes to OASIS Reports

- ✚ **TCC holders hourly report: modified to show TCC components. Limited to primary holders**
- ✚ **TCC holders daily report: modified to show TCC components. Limited to primary holders**
- ✚ **Invoice statement: no change. Limited to primary holders (obviously)**

# New OASIS Reports

- **Report of TCC primary holders, updated**
  - *Upon completion of auction*
  - *When secondary holder becomes primary*
- **Compilation of secondary transactions reported by sellers**
- **Compilation of secondary transactions reported by buyers**

**Questions?**