

Long Island Long Term TCCs

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Management Committee

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Agenda

◆ Background

- *LIPA has requested that the NYISO make TCCs with POIs and/or POWs on Long Island for durations of three years or less available in the NYISO Centralized TCC Auctions.*
- *Refer to July 17, 2013 BIC presentation.*

◆ Required Tariff Changes, 205 Filing

- *OATT Attachment M – TCC Auctions*
- *MST Attachment K – TCC Credit Policy*
- *Other Attachment M TCC Clarifications and Corrections*

◆ Next Steps

Background

- ◆ **Several provisions of the OATT indicate that Transmission Owners are not required to offer their Transmission Capacity in TCC auctions if it would jeopardize the tax-exempt status of existing bonds or impair the ability to issue new tax-exempt bonds.**
 - *See: OATT Section 2.5.5 and 19.1.1*
- ◆ **Historically, only LIPA has invoked this offer exemption. Until now, LIPA has authorized sales of TCCs only with monthly durations for POIs and/or POWs on Long Island. TCCs with these configurations are sold only in the Reconfiguration Auctions.**
 - *The current credit requirements, as defined in the NYISO tariffs, only provide coverage for one month Zone K TCCs.*
- ◆ **LIPA has advised the NYISO, in writing, that selling TCCs with durations of three years or less will not adversely affect the tax-exempt status of any of LIPA's tax-exempt bonds or impair LIPA's ability to issue future tax-exempt obligations.**

Required Tariff Changes – OATT Attachment M

- ◆ **Section 19.1.1 identifies transmission rights provisions associated with tax-exempt financing. Updates are proposed to clarify Transmission Owner responsibilities to advise the ISO what duration of TCCs are unavailable, pursuant to these provisions, and specifically if One-Month TCCs are available.**
- ◆ **Section 19.8.3 describes the transmission Capacity sold in Centralized TCC Auctions. Language substitutions for 19.8.3.4 are made stating Capacity not withheld pursuant to Section 19.1.1 will be offered in Centralized TCC Auctions.**
- ◆ **Section 19.8.3.4 and 19.8.5 concerning LIPA transmission Capacity describes how that Capacity may be offered in Reconfiguration Auctions. Clarifications are made such that Capacity not being withheld pursuant to Section 19.1.1, will be available in Reconfiguration Auctions.**

Required Tariff Changes – OATT Attachment M

- ◆ **Section 19.2.1.2 (iii):** Language substitution describing the price calculation for Historic Fixed Price TCCs with POWs at or inside Load Zone K (Long Island). Language describing the same calculation in 19.2.1.2 (ii) was replaced with a reference.
- ◆ **Section 19.2.1.2 (iii):** Changes to the price calculation for Historic Fixed Price TCCs with POWs at or inside Load Zone K (Long Island) to accommodate the opportunity to buy and sell TCCs in Centralized Auctions with POWs at or inside Load Zone K (Long Island) starting in 2014. If bidding to Load Zone K was permitted in the one-year Sub-Auctions for the four previous Centralized TCC Auctions, the price calculation will be same as other Historic Fixed Price TCCs; otherwise the calculation remains as currently described.

Required Tariff Changes – MST Attachment K

- ◆ **Credit Policy for offering TCCs with POI and/or POW in Zone K in TCC Centralized Auctions developed at CPWG.**
- ◆ **Since the NYISO has no historical data to analyze, the NYISO suggests using a factor of 1.75 multiplied by the Zone J term to create the Zone K term in the Six-Month, One-Year and year two of the Two-Year TCC formulas.**
 - *In Attachment K, Zone K is defined as a TCC that sources or sinks but not both in Zone K and does not source or sink in Zone J.*
 - *In Attachment K, Zone J is defined as a TCC that sources or sinks but not both in Zone J.*
- ◆ **Proposed credit policy presented at April 22, 2013 CPWG.**

Tariff sheet redline provided as attachments.

Other Attachment M TCC Clarifications and Corrections

- ◆ **Several corrections to resolve inconsistencies or to correct errors.**
 - *Section 19.4.1 is incorrect as written and needs the word “not” added to correct it.*
 - *Section 19.7 unnecessary sentence, inadvertently added to tariff, is removed.*
 - *Multiple reference and grammatical corrections applied.*
 - *19.9.2 corrects the masked bid data release to be three months versus six and after bids were submitted to be consistent with current practice.*

Tariff sheet redline provided as attachments.

Next Steps

- ◆ MIWG – June 28, 2013
- ◆ July BIC – Discussion and Vote
- ◆ **July MC – Discussion and Vote**
- ◆ **August Board meeting**
- ◆ **Deployment planned for January 2014**
- ◆ **Implementation for Spring 2014 Centralized TCC Auction**

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