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26.4.2.4 TCC Component

The TCC Component shall be equal to the greater of either (a) the amount calculated in accordance with Section 26.4.2.4.1 (Auction TCC Holding Requirement) or Section 26.4.2.4.2 (Fixed Price TCC Holding Requirement), as appropriate, or (b) Section 26.4.2.4.3 (Mark-to-Market Calculation) below; *provided however*, that upon initial award of a TCC until the ISO receives payment for the TCC (or payment for the first year of a two-year TCC), the NYISO will hold the greater of the payment obligation for the TCC or the credit requirement for the TCC calculated in accordance with this Section 26.4.2.4.

26.4.2.4.1 Auction TCC Holding Requirement~~Award Calculation~~

This Section 26.4.2.4.1 applies to TCCs awarded in the Centralized TCC Auction and Balance-of-Period Auction.

The credit requirement pursuant to this Section 26.4.2.4.1 shall equal ~~T~~the sum of the amounts calculated in accordance with the appropriate per TCC term-based formulas listed below. The ISO will not impose a credit requirement on TCCs that have been sold by a Market Participant in the Centralized TCC Auction or Balance-of-Period Auction, for TCC purchases less the amounts calculated in accordance with the appropriate per TCC term-based formulas listed below for TCC sales; provided however, that upon initial award of a TCC until the ISO receives payment for the TCC (or payment for the first year of a two-year TCC), the NYISO will hold the greater of the payment obligation for the TCC or the credit requirement for the TCC calculated in accordance with this Section 26.4.2.4.1.

26.4.2.4.1.1 Two-Year TCCs:

- (1) upon initial award of a two-year TCC until completion of the final round of the current two-year Sub-Auction, the sum of the first year and second year amounts, which will be calculated as follows:

First Year:

the amount calculated in accordance with the one-year TCC formula set forth in Section 26.4.2.4.1.5 below

where:

P_{ijt} = market clearing price of a one-year TCC in the final round of the one-year Sub-Auction in the prior Capability Period Centralized TCC Auction with the same POI and POW combination as the two-year TCC.

Second Year:

$$+1.909\sqrt{e^{10.9729 + .6514(\ln(|P_{ijt}| + e)) + .6633 * Zone J + 1.1607 * Zone K}}$$

where:

P_{ijt} = market clearing price of that two-year TCC minus the market clearing price of a one-year TCC in the final round of the one-year Sub-Auction in the prior Capability Period Centralized TCC Auction with the same POI and POW combination as the two-year TCC

- (2) upon completion of the final round of the current two-year Sub-Auction until completion of the final round of the current one-year Sub-Auction, the sum of the first year and second year amounts, which will be calculated as follows:

First Year:

the amount calculated in accordance with the one-year TCC formula set forth in Section 26.4.2.4.1.5 below

where:

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P_{ijt} = market clearing price of a one-year TCC in the final round of the one-year Sub-Auction in the prior Capability Period Centralized TCC Auction with the same POI and POW combination as the two-year TCC

Second Year:

$$+1.909\sqrt{e^{10.9729 + .6514(\ln(|P_{ijt}| + e)) + .6633 * Zone J + 1.1607 * Zone K}}$$

where:

P_{ijt} = market clearing price of a two-year TCC in the final round of the current two-year Sub-Auction with the same POI and POW combination as the two-year TCC minus the market clearing price of a one-year TCC in the final round of the one-year Sub-Auction in the prior Capability Period Centralized TCC Auction with the same POI and POW combination as the two-year TCC

- (3) upon completion of the final round of the current one-year Sub-Auction until completion of the Balance-of-Period Auction for the first month of the two-year TCC ISO receives payment for the second year of the two-year TCC, the sum of the first year and second year amounts, which will be calculated as follows:

First Year:

the amount calculated in accordance with the one-year TCC formula set forth in Section 26.4.2.4.1.5 below

where:

P_{ijt} = market clearing price of a one-year TCC in the final round of the current one-year Sub-Auction with the same POI and POW combination as the two-year TCC

Second Year:

$$+1.909\sqrt{e^{10.9729 + .6514(\ln(|P_{ijt}| + e)) + .6633 * Zone J + 1.1607 * Zone K}}$$

where:

P_{ijt} = market clearing price of a two-year TCC in the final round of the current two-year Sub-Auction with the same POI and POW

combination as the two-year TCC minus the market clearing price of a one-year TCC in the final round of the current one-year Sub-Auction with the same POI and POW combination as the two-year TCC

- (4) upon completion of the Balance-of-Period Auction for the first month of the two-year TCC until completion of the final round of the six-month Sub-Auction in the next Centralized TCC Auction, the sum of the first year and second year amounts, which will be calculated as follows:

First Year:

the amount calculated in accordance with the appropriate Balance-of-Period Auction holding requirement formulas set forth in Section 26.4.2.4.1.6 below

Second Year:

$$+1.909\sqrt{e^{10.9729 + .6514(\ln(|P_{ijt}| + e)) + .6633 * Zone J + 1.1607 * Zone K}}$$

where:

P_{ijt} = market clearing price of a two-year TCC in the final round of the ~~current~~ two-year Sub-Auction in which the TCC was purchased with the same POI and POW combination as the two-year TCC minus the market ~~clearing~~ price of a one-year TCC in the final round of the ~~current~~ one-year Sub-Auction that directly followed the two-year Sub-Auction in which the TCC was purchased with the same POI and POW combination as the two-year TCC

- (5) upon completion of the final round of the six-month Sub-Auction for the final six months of the first year of the two-year TCC until completion of the ~~BoP~~Balance-of-Period Auction immediately preceding the final six months of the first year of the two-year TCC, the sum of the first year and second year amounts, which will be calculated as follows:

First Year:

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the amount calculated in accordance with the six-month TCC formula set forth in Section 26.4.2.4.1.5 below

where:

P_{ijt} = market clearing price of a six-month TCC in the final round of the six-month Sub-Auction with the same POI and POW combination as the one-year TCC

Second Year:

$$+1.909 \sqrt{e^{10.9729 + .6514(\ln(|P_{ijt}| + e)) + .6633 * Zone J + 1.1607 * Zone K}}$$

where:

P_{ijt} = market clearing price of a two-year TCC in the final round of the ~~current~~ two-year Sub-Auction in which the TCC was purchased with the same POI and POW combination as the two-year TCC minus the market —clearing price of a one-year TCC in the final round of the ~~current~~ one-year Sub-Auction that directly followed the two-year Sub-Auction in which the TCC was purchased with the same POI and POW combination as the two-year TCC

(6) upon completion of the ~~BoP~~Balance-of-Period Auction immediately preceding the final six months of the first year of the two-year TCC until ISO receipt of payment for the second year of the two-year TCC, the sum of the first year and second year amounts, which will be calculated as follows:

First Year:

the amount calculated in accordance with the appropriate Balance-of-Period TCC Auction holding requirement formula set forth in Section 26.4.2.4.1.6 below

Second Year:

$$+1.909 \sqrt{e^{10.9729 + .6514(\ln(|P_{ijt}| + e)) + .6633 * Zone J + 1.1607 * Zone K}}$$

where:

P_{ijt} = market clearing price of a two-year TCC in the final round of the ~~current~~ two-year Sub-Auction in which the TCC was purchased with the same POI and POW combination as the two-year TCC minus the market —clearing price of a one-year TCC in the final

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round of the ~~current~~ one-year Sub-Auction that directly followed the two-year Sub-Auction in which the TCC was purchased with the same POI and POW combination as the two-year TCC

(7) upon ISO receipt of payment for the second year of the two-year TCC until

commencement of year two of the two-year TCC completion of the final round of

the one-year Sub-Auction in the next Centralized TCC Auction, the sum of the

first year and second year amounts, which will be calculated as follows:

First Year:

the amount calculated in accordance with the one-year TCC formula set forth in Section 26.4.2.4.1.5 below

where:

P_{ijt} = market clearing price of a one-year TCC in the final round of the one-year Sub-Auction in the prior equivalent Capability Period Centralized TCC Auction with the same POI and POW combination as the two-year TCC

the amount calculated in accordance with the appropriate Balance-of-Period Auction holding requirement formula set forth in Section 26.4.2.4.1.6 below

Second Year:

the amount calculated in accordance with the one-year TCC formula set forth in Section 26.4.2.4.1.5 below

where:

P_{ijt} = market clearing price of a one-year TCC in the final round of the one-year Sub-Auction in the prior equivalent Capability Period Centralized TCC Auction with the same POI and POW combination as the two-year TCC

(85) upon completion of the final round of the one-year Sub-Auction for the second

commencement of year two of the two-year TCC until completion of the

Balance-of-Period Auction for the first month of the second year commencement

of the final six months of the two-year TCC, the sum of the first year and second

year amounts, which will be calculated as follows:

First Year:

the amount calculated in accordance with the appropriate Balance-of-Period Auction holding requirement formula set forth in Section 26.4.2.4.1.6 below

Second Year:

the amount calculated in accordance with the one-year TCC formula set forth in Section 26.4.2.4.1.5 below

where:

P_{ijt} = market clearing price of a one-year TCC in the final round of the most recently completed one-year Sub-Auction with the same POI and POW combination as the two-year TCC

- (96) upon completion of the Balance-of-Period Auction for the first month of the second year of the ~~mencement of the final six months of a~~ two-year TCC until completion~~mencement~~ of the final ~~month-round~~ of the six-month Sub-Auction in the next Centralized TCC Auction~~two-year TCC~~, the sum of the first year and second year amounts, which will be calculated as follows:

First Year:

the amount calculated in accordance with the appropriate Balance-of-Period Auction holding requirement formula set forth in Section 26.4.2.4.1.6 below

Second Year:

the amount calculated in accordance with the appropriate Balance-of-Period Auction holding requirement formula set forth in Section 26.4.2.4.1.6 below

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(10) upon completion of the final round of the six-month Sub-Auction for the final six months of the two-year TCC until completion of the Balance-of-Period Auction immediately preceding the final six months of the two-year TCC:

the amount calculated in accordance with the six-month TCC formula set forth in Section 26.4.2.4.1.5 below
where:

P_{ijt} = market clearing price of a six-month TCC in the final round of the most recently completed six-month Sub-Auction with the same POI and POW combination as the two-year TCC

(117) upon completion of the Balance-of-Period Auction for the first month ~~menement~~ of the final six months of a two-year TCC:

the amount calculated in accordance with the Balance-of-Period~~one-month~~ TCC formulas set forth in Section 26.4.2.4.1.6 below

~~where:~~

~~P_{ijt} = market clearing price of a one-month TCC in the most recently completed monthly reconfiguration auction with the same POI and POW combination as the two-year TCC~~

26.4.2.4.1.2 One-Year TCCs:

(1) upon initial award of a one-year TCC until completion of the final round of the current one-year Sub-Auction:

the amount calculated in accordance with the one-year TCC formula set forth in Section 26.4.2.4.1.5 below

(2) upon completion of the final round of the current one-year Sub-Auction until completion of the Balance-of-Period Auction for the first month ~~commencement~~ of the ~~final six months of the~~ one-year TCC:

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the amount calculated in accordance with the one-year TCC formula set forth in Section 26.4.2.4.1.5 below

where:

P_{ijt} = market clearing price of a one-year TCC in the final round of the current one-year Sub-Auction with the same POI and POW combination as the one-year TCC

- (3) upon ~~completion~~ commencement of the Balance-of-Period Auction for the first month of the one-year TCC until completion of the final round of the six-months Sub-Auction ~~in the next Centralized TCC Auction of a one-year TCC until commencement of the final month of the one-year TCC:~~

the amount calculated in accordance with the appropriate Balance-of-Period Auction holding requirement formula set forth in Section 26.4.2.4.1.6 below

- (4) upon completion of the final round of the six-month Sub-Auction for the final six months of a one-year TCC until completion of the Balance-of-Period Auction immediately preceding the final six months of a one-year TCC:

the amount calculated in accordance with the six-month TCC formula set forth in Section 26.4.2.4.1.5 below

where:

P_{ijt} = market clearing price of a six-month TCC in the final round of the most recently completed six-month Sub-Auction with the same POI and POW combination as the one-year TCC

- (45) upon ~~completion~~ commencement of the Balance-of-Period Auction for the first month of the final six months of a one-year TCC:

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the amount calculated in accordance with the appropriate Balance-of-Period Auction holding requirement ~~one month TCC~~ formula set forth in Section 26.4.2.4.1.6 ~~5~~ below

where:

~~P_{ijt} = market clearing price of a one month TCC in the most recently completed monthly reconfiguration auction with the same POI and POW combination as the one year TCC~~

26.4.2.4.1.3 Six-Month TCCs:

- (1) upon initial award of a six-month TCC until completion of the final round of the current six-month Sub-Auction:

the amount calculated in accordance with the six-month TCC formula set forth in Section 26.4.2.4.1.5 below

- (2) upon completion of the final round of the current six-month Sub-Auction until completion of the Balance-of-Period Auction for the first month ~~mencement of the final month of~~ a six-month TCC:

the amount calculated in accordance with the six-month TCC formula set forth in Section 26.4.2.4.1.5 below

where:

P_{ijt} = market clearing price of a six-month TCC in the final round of the current six-month Sub-Auction with the same POI and POW combination as the one-year TCC

- (3) upon completion of the Balance-of-Period Auction for the first ~~mencement of the final~~ month of a six-month TCC:

the amount calculated in accordance with the Balance-of-Period ~~one month TCC Auction~~ formula set forth in Section 26.4.2.4.1.6 ~~1~~ below

where:

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~~P_{ijt} = market clearing price of a one-month TCC in the most recently completed monthly reconfiguration auction with the same POI and POW combination as the six-month TCC~~

26.4.2.4.1.4 One-Month TCCs:

upon initial award of a one-month TCC:

the amount calculated in accordance with the Balance-of-Period TCC Auction holding requirement one-month TCC formula set forth in Section 26.4.2.4.1.6.15 below

26.4.2.4.1.5 Centralized TCC Auction – Holding Requirement Formulas:

for one-year TCCs, representing a 5% probability curve:

$$+1.909\sqrt{e^{10.9729 + .6514(\ln(|P_{ijt}| + e)) + .6633 * Zone J + 1.1607 * Zone K}} - 1 P_{ijt}$$

for six-month TCCs, representing a 3% probability curve:

$$+2.565\sqrt{e^{11.6866 + .4749(\ln(|P_{ijt}| + e)) + .4856 * Zone J + .8498 * Zone K - .0373 Summer}} - 1 P_{ijt}$$

~~for one-month TCCs, representing a 3% probability curve:~~

$$+2.221\sqrt{e^{11.2682 + .3221(\ln(|P_{ijt}| + e)) + 1.3734 * Zone J + 2.001 * Zone K + Month}} - 1 P_{ijt}$$

where:

P_{ijt} = market clearing price of i to j TCC in round t of the auction in which the TCC was purchased;

Zone J = 1 if TCC sources or sinks but not both in Zone J, zero otherwise;

Zone K = 1 if TCC sources or sinks but not both in Zone K and does not source or sink in Zone J, 0 otherwise;

Summer = 1 for six-month TCCs sold in the spring auction, 0 otherwise; and

~~Month = the following values:~~

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January	=	0
February	=	0.0201
March	=	0
April	=	0
May	=	0.8181
June	=	0.2835
July	=	0.5201
August	=	0.7221
September	=	0
October	=	0.32
November	=	0.7681
December	=	0

~~Provided, however, for purposes of determining the credit holding requirement for a Fixed Price TCC, the market clearing price shall be replaced by the fixed price associated with that Fixed Price TCC, as determined in Section 19.2.1 or Section 19.2.2, of Attachment M as appropriate, of the OATT.~~

Further, when calculating “Pijt” in Section 26.4.2.4.1, in the event there is no market clearing price for a two-year, one-year, or six-month, ~~or one month~~ TCC in the appropriate prior Capability Period Centralized TCC Auction with the same POI and POW combination as the awarded two-year, one-year, or six-month, ~~or one month~~ TCC, as appropriate, then the market clearing price shall equal a proxy price, assigned by the ISO, for a TCC with like characteristics.

Further, the NYISO may adjust any of the Zone K multipliers in Section 26.4.2.4.1 if, for TCCs of the same duration, the percentage ratio between collateral and congestion rents for Zone K TCCs deviates from the percentage ratio for Zone J TCCs by more than ten percent (10.0%).

26.4.2.4.1.6 Balance-of-Period Auction – Holding Requirement Formulas:

During the Balance-of-Period Auction, a TCC awarded in the Centralized TCC Auction (or the remaining segments of a TCC awarded in a prior Centralized TCC Auction) is segmented, as appropriate, into (i) a monthly segment, corresponding to the months within the current Capability Period, (ii) a future six-month segment, corresponding to the next Capability Period.

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and (iii) a one-year segment, corresponding to the next Capability Year, such that the sum of segments (i), (ii), and (iii) covers the entire remaining duration of the TCC. The credit holding requirement for the monthly segments and the future six-month segment are calculated in accordance with the formulas below.

26.4.2.4.1.6.1 Monthly Segment

Monthly Segment (\$) = [(Monthly Margin (\$) × Monthly Index Ratio × Monthly Factor) – TCC Price (\$)] × MWs

where:

Monthly Margin is calculated based on a methodology approved by Market Participants and posted to the ISO's website

Monthly Index Ratio as determined from time to time by the ISO based on historical data and a methodology approved by Market Participants and posted to the ISO's website

Monthly Factor as determined from time to time by the ISO based on historical data and a methodology approved by Market Participants and posted to the ISO's website

TCC Price is the market clearing price for the respective Capability Period month in the most recent Balance-of-Period Auction

MWs is the number of awarded TCC MWs

26.4.2.4.1.6.2 Future Six-Month Segment

Future Six-Month Segment (\$) = (Six-Month Margin (\$) – TCC Price (\$)) × MWs

where:

Six-Month Margin is calculated based on a methodology approved by Market Participants and posted on the ISO's website

TCC Price is the market clearing price, using the same POI/POW combination, resulting from the

(1) Market clearing price from the final round of the most recent one-year TCC Sub-Auction, less the

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(2) Market clearing price from the second round of the most recent six-month TCC Sub-Auction

MWs is the number of awarded TCC MWs

26.4.2.4.2 Fixed Price TCC Holding Requirement:

Upon award of a Fixed Price TCC, and for the duration of the Fixed Price TCC, the credit holding requirement will equal the amount calculated in accordance with the one-year TCC formula set forth in Section 26.4.2.1.5; provided, however, the market clearing price (P_{ijt}) shall be replaced by the fixed price associated with that Fixed Price TCC, as determined in accordance with, as appropriate, OATT Section 19.2.1 or OATT Section 19.2.2.

26.4.2.4.32 Mark-to-Market Calculation

The projected amount of the Primary Holder's payment obligation to the NYISO, if any, considering the net mark-to-market value of all TCCs in the Primary Holder's portfolio, as defined for these purposes, according to the formula below:

$$\sum_{n \in N} \left\{ \frac{NAP_n}{90} * RD_n \right\} + \sum_{n \in N} ACR_n$$

where:

NAP = the net amount of Congestion Rents between the POI and POW composing each TCC_n during the previous ninety days

RD = the remaining number of days in the life of TCC_n; *provided, however*, that in the case of Grandfathered TCCs, RD shall equal the remaining number of days in the life of the longest duration TCC sold in an ISO-administered auction then outstanding;

N = the set of TCCs held by the Primary Holder; and

ACR = the net amount owed to the ISO for Congestion Rents between the POI and POW composing each TCC_n.