

Spring 2015 Centralized TCC Auction Survey and Discussion

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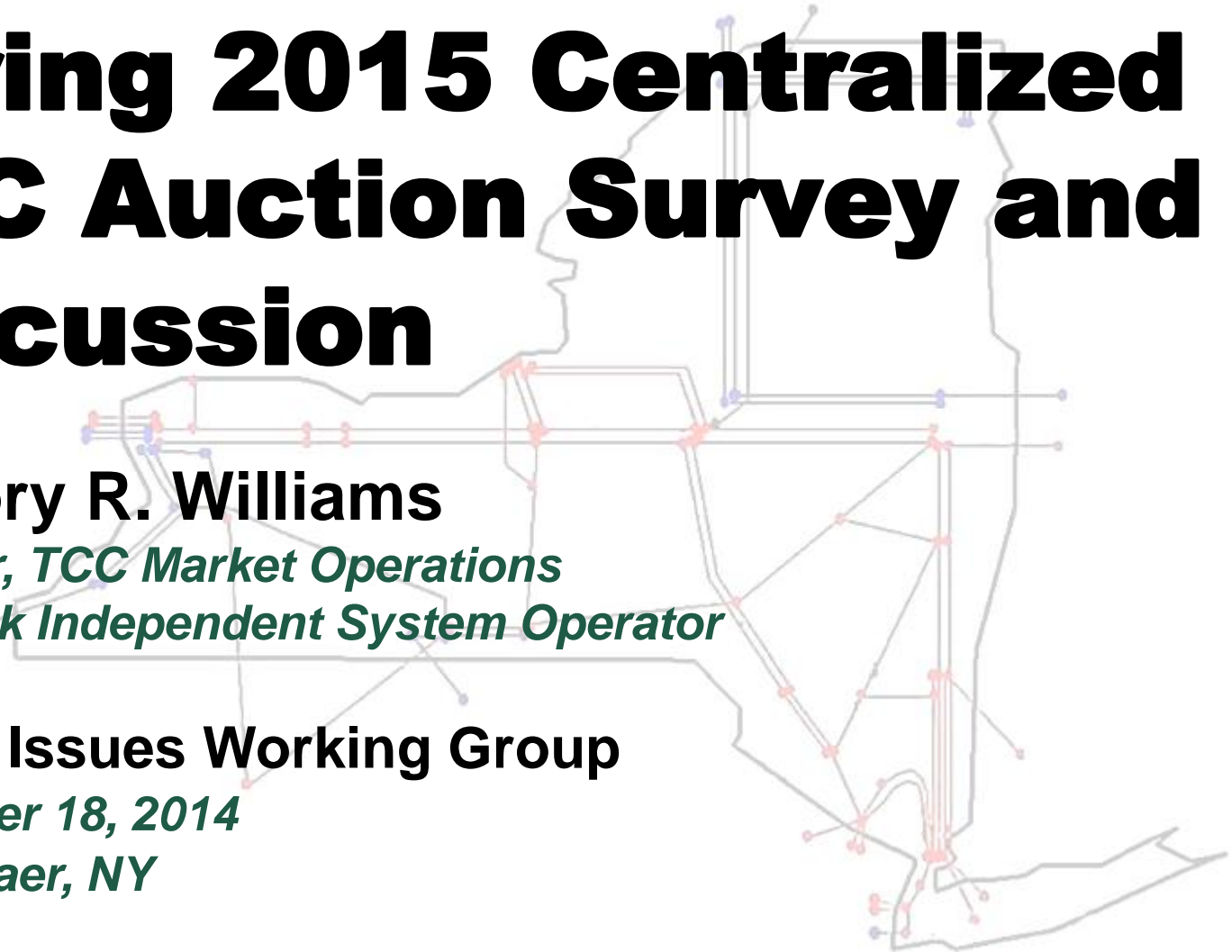
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New York Independent System Operator

Market Issues Working Group

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Rensselaer, NY



Survey Overview

- ◆ The NYISO conducted a poll of current TCC Market Participants to solicit information about the demand for TCCs of various durations in future auctions as well as the desired structure of the Spring 2015 Centralized TCC Auction.
 - *One survey response accepted per MP*
 - *Responses were due on November 4, 2014*
 - *15 TCC Market Participants responded*
 - *Responses for the Spring 2015 Centralized TCC Auction limited to Six Month, One Year, and Two Year TCCs*

Survey Results – Spring 2015

Capacity per Duration

# of MP Responses	Desired % of System Capacity		
	6 Month	1 Year	2 Year
1	60%	5%	2.5%
1	50%	16.5%	1%
1	45%	20%	2.5%
1	40%	22.5%	5%
2	40%	20%	7.5%
1	35.5%	27%	5%
1	35%	22.5%	10%
2	32.5%	25%	10%
1	30%	30%	7.5%
2	30%	25%	12.5%
1	27.5%	20%	20%
1	20%	30%	17.5%
Average	36.5%	22.2%	8.7%

The numbers above do not include the 2.5% of System Capacity being made available as Non-Historic Fixed Price TCCs in Spring 2015 and the System Capacity that was sold in the Spring 2014 Centralized TCC Auction as Two Year TCCs (5%) and in the Autumn 2014 Centralized TCC Auction as One Year TCCs (25%)

Survey Results – Spring 2015

Total Rounds per Duration

# of MP Responses	Total Rounds	Total # of Rounds per Duration		
		6 Month	1 Year	2 Year
1	3	1	1	1
1	4	2	1	1
3	5	2	2	1
5	7	3	3	1
1	7	3	2	2
1	8	3	3	2
1	8	4	3	1
1	9	4	4	1
1	12	4	4	4
Average	6.7	2.8	2.6	1.3

The numbers above do not include the mandatory NHFPTCC Allocation Round and subsequent Two Year TCC Auction Round in which any capacity made available in the NHFPTCC Allocation Round that remains unsold will be made available

Survey Results – Future Auctions

Capacity per Duration

# of MP Responses	Desired % of System Capacity					
	6 Month	1 Year	2 Year	3 Year	4 Year	5 Year
1	80%	20%				
1	75%	25%				
1	66.7%	33.3%				
1	65%	35%				
1	60%	40%				
1	58%	37%	5%			
1	50%	45%	5%			
1	45%	45%	10%			
2	40%	40%	20%			
1	50%	30%	10%	10%		
1	30%	30%	20%	20%		
1	45%	30%	10%	5%	5%	5%
1	30%	30%	20%	10%	5%	5%
1	15%	30%	25%	10%	10%	10%

Survey Results – Future Auctions

Total Rounds per Duration

# of MP Responses	Total Rounds	Total # of Rounds per Duration					
		6 Month	1 Year	2 Year	3 Year	4 Year	5 Year
1	2	1	1				
1	3	2	1				
2	4	2	2				
1	6	3	3				
1	5	2	2	1			
1	8	3	3	2			
2	8	4	3	1			
1	9	4	4	1			
1	8	2	2	2	2		
1	9	3	3	2	1		
1	10	3	3	1	1	1	1
1	11	2	3	3	1	1	1
1	18	4	4	3	3	2	2

Survey Comments

- ◆ Prefer to keep number of rounds at least 7 or 8 to maintain liquidity for hedging purposes
- ◆ Durations beyond one year offer no additional value to participants. Adding a Balance of Period auction or On-Peak/Off-Peak product would offer more value.
- ◆ 2 respondents indicated a desire to purchase On-Peak and Off-Peak products
- ◆ Desire for future auctions to include quarterly (3 month) terms (e.g., Q1, Q2, Q3, and Q4)
- ◆ Desire for a reduction in the delay between the closing of the bidding window and the posting of the results while keeping the submittal period at 2 business days

Auction Proposal

Eight Auction Rounds + One Allocation Round

- ◆ The NYISO would offer:
 - *5% of System Capacity as Two Year TCCs in a single auction round,*
 - *2.5% of System Capacity as NHFPTCCs (Two Year TCCs) in a single allocation round,*
 - a subsequent Two Year TCC auction round will be held in which any of the unsold System Capacity made available for sale as NHFPTCCs will be sold
 - *22.5% of System Capacity as One Year TCCs across three auction rounds,*
 - *40% of System Capacity as Six Month TCCs across three auction rounds.*
- ◆ The remaining 30% of System Capacity was sold as Two Year TCCs in Spring 2014 and One Year TCCs in Autumn 2014 Centralized TCC Auction.

Proposed Schedule

Week	Round
February 6 - 12	Round 1 (Two Year)
February 13 - 20	March Reconfiguration
February 13 - 26	NHFPTCC Allocation
February 27 - March 5	Round 2 (Two Year)
March 6 - 12	Round 3 (One Year)
March 13 - 19	Round 4 (One Year) + NHFPTCC Renewal Round April Reconfiguration
March 20 - 26	Round 5 (One Year)
March 27 - April 2	Round 6 (Six Month)
April 3 - 9	Round 7 (Six Month)
April 10 - 16	Round 8 (Six Month)
April 17 - 23	May Reconfiguration

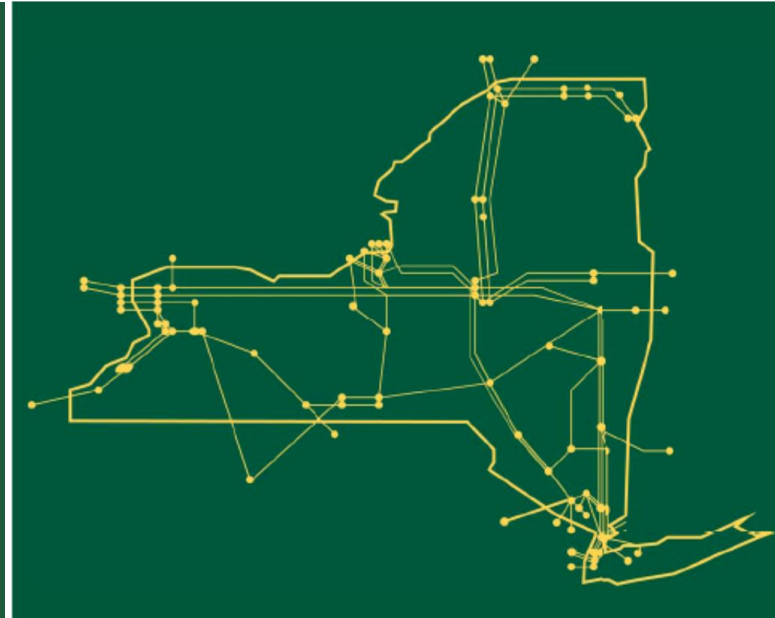
Auction Proposal – Discussion

- ◆ Unanimous agreement by the Transmission Owners is required for the NYISO to conduct fewer than four rounds in any Sub-Auction.
- ◆ 12 respondents expressed interest in conducting fewer than four Six Month rounds in the Spring 2015 Auction.
- ◆ 13 respondents expressed interest in conducting fewer than four One Year rounds in the Spring 2015 Auction.

Next Steps

- ◆ Receive and consider Market Participant comments resulting from this meeting
- ◆ Confer with the Transmission Owners concerning proposed auction plans with fewer than four rounds per Sub-Auction
- ◆ MIWG – 1/7/2015

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