

Proposed Update to Existing Transmission Agreements in OATT Attachment L

October 10, 2008

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Attachment L Background

- ♦ Attachment L currently consists of five tables
 - *Table 1A, Long Term Transmission Wheeling Agreements*
 - *Table 1B, Short Term Transmission Wheeling Agreements*
 - *Table 2, Transmission Facility Agreements*
 - *Table 3, Existing Transmission Capacity for Native Load*
 - *Table 4, Grandfathered Transmission Service by Interface*

- ♦ These tables relate to the following settlements:
 - *Grandfathered Rights and Grandfathered TCCs (Table 1A)*
 - Congestion Rent payments to GFTCC holders
 - Relief from congestion charges to GFR holders
 - Relief from TSC
 - TCC auction model
 - Award of Fixed Price TCCs
 - Allocation of congestion rent shortfalls among TOs
 - *ETCNL (Table 3)*

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Current State of Table 1A

- ♦ Currently, NYISO settlements are based on the terms actually set forth in the TOs' and other MPs' existing transmission agreements whether or not those terms are reflected in Table 1A.
- ♦ Changes requested by Market Participants to Table 1A have been incorporated into the TCC market and other settlements, but no updates to Attachment L tables have been made.
- ♦ This approach can cause confusion and an increased risk of error.

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Summary of Proposed Changes

- ◆ Proposed changes:

1. *Present an updated Table 1A to FERC for acceptance*
2. *Tariff language and ISO Procedures establishing a streamlined process by which NYISO receives information about a requested change and approves it (an “Accepted ETA Revision”)*
3. *Tariff language to make future NYISO settlements based exclusively on Table 1A information (including updates as they become effective)*
4. *Tariff language to require Market Participants to diligently pursue updates to Table 1A to the extent that there are any changes to the underlying agreements or errors in Table 1A and to be responsible for the accuracy of the information provided*

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Starting Point: Update Table 1A

- ♦ Table 1A has not been updated since NYISO start-up.
- ♦ The NYISO has been working to develop a proposed update to Table 1A.
 - *The NYISO has processed changes to its BAS settlement database since start-up and will reflect these changes in the updated Table 1A.*
 - *The NYISO has recently received additional updates from several TOs.*
 - *The provision in some transmission agreements that allow holders to change the POW (“redirect rights”) should be reflected in Table 1A.*
 - *The provision in some transmission agreements that allow future, automatic changes to the MW or termination date of the agreement should be reflected in Table 1A.*
- ♦ After the NYISO has developed a final draft proposed update, the NYISO will provide a draft Table 1A for stakeholder comments.
- ♦ The NYISO expects to answer questions at that time about changes to specific line items, and the proposed revised Attachment L is being prepared with that in mind.
 - *The NYISO recognizes that increases in MWs or extensions will receive particular scrutiny.*

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Future Updates to Table 1A

- ♦ The NYISO proposes that information in Table 1A be updated from time to time through either of two processes:
 1. Ordinary section 205/206 tariff filing to amend Table 1A – pursued through standard stakeholder process by NYISO or Market Participant
 2. A streamlined process by which NYISO receives information about a requested change and approves it (an “Accepted ETA Revision”)
 - *The details of this process are included in the “Key Terms” document included with the materials for this meeting.*
 - *Generally, two steps:*
 1. *TO or other MP informs the NYISO of a change and provides appropriate supporting documentation (e.g., FERC order)*
 - *NYISO will rely on information provided, and parties requesting changes to be held accountable for providing accurate information;*
 2. *NYISO agrees that documentation supports update*
 - *NYISO will rely on the provided information to review in good faith the requested update.*
 - *If NYISO is not comfortable that a change is supported, it will not be an “Accepted ETA Revision.”*

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Future Updates to Table 1A

- ♦ The NYISO will maintain a list of “Accepted ETA Revisions” on the NYISO website.
- ♦ The NYISO will incorporate “Accepted ETA Revisions” into the NYISO tariffs from time to time. This will be done through the ordinary stakeholder process.

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Timing Issues for Future Updates

- ♦ The effective date of Table 1A changes needs to be handled differently for different aspects of the market:
 - *TSC, congestion payments, and congestion charges impacted by changes to Table 1A can be revised retroactively (subject to standard NYISO settlement rules).*
 - *Changes to the TCC auction model cannot be made retroactively.*
 - *Changes impacting award of Fixed Price TCCs must be made in a timely fashion to allow the awards to be finalized prior to an auction.*
 - *True-ups to day-ahead congestion shortfall/surplus allocation factors will not be made retroactively.*
- ♦ A NYISO proposed tariff revision will provide that Table 1A changes are not effective for purposes of TCC auction models, Fixed Price TCC awards, and shortfall/surplus allocations until 30 days after the update occurs (whether through an “Accepted ETA Revision” or otherwise).

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Proposed Update of Tables 1B-4

- ♦ Table 1B, Short Term Transmission Wheeling Agreements
 - *Remove Table 1B since all agreements are now expired.*

- ♦ Table 2, Transmission Facility Agreements
 - *Only a few Transmission Facility Agreements are relevant to NYISO settlements; these are addressed in other tariff provisions.*
 - *Accordingly, remove Table 2.*

- ♦ Table 3, Existing Transmission Capacity for Native Load
 - *Tariff revision to replace endpoints of ETCNL for which the NYISO does not calculate LBMP prices with nearby endpoints.*
 - *This was previously done in Table 2 of Attachment M, but Table 3 needs similar update.*

- ♦ Table 4, Grandfathered Transmission Service by Interface
 - *Remove Table 4 since its information is available in other tables.*

Next Steps

- ♦ NYISO to reflect any comments coming out of this meeting.
- ♦ NYISO to work with TOs and other MPs to finalize update of Table 1A.
 - *NYISO intends to circulate proposed Table 1A shortly after this meeting (where changes remain subject to review / evidence, this will be indicated).*
 - *NYISO to obtain all comments by October 22 BIC.*
- ♦ BIC – October 22
- ♦ MC – October 29
- ♦ Board of Directors – November 17
- ♦ Effective date – ~January 2009 (in time for F.P. TCC administration for Spring 2009 TCC auction)

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