

Elimination of Non-Firm Transmission Service for External Transactions

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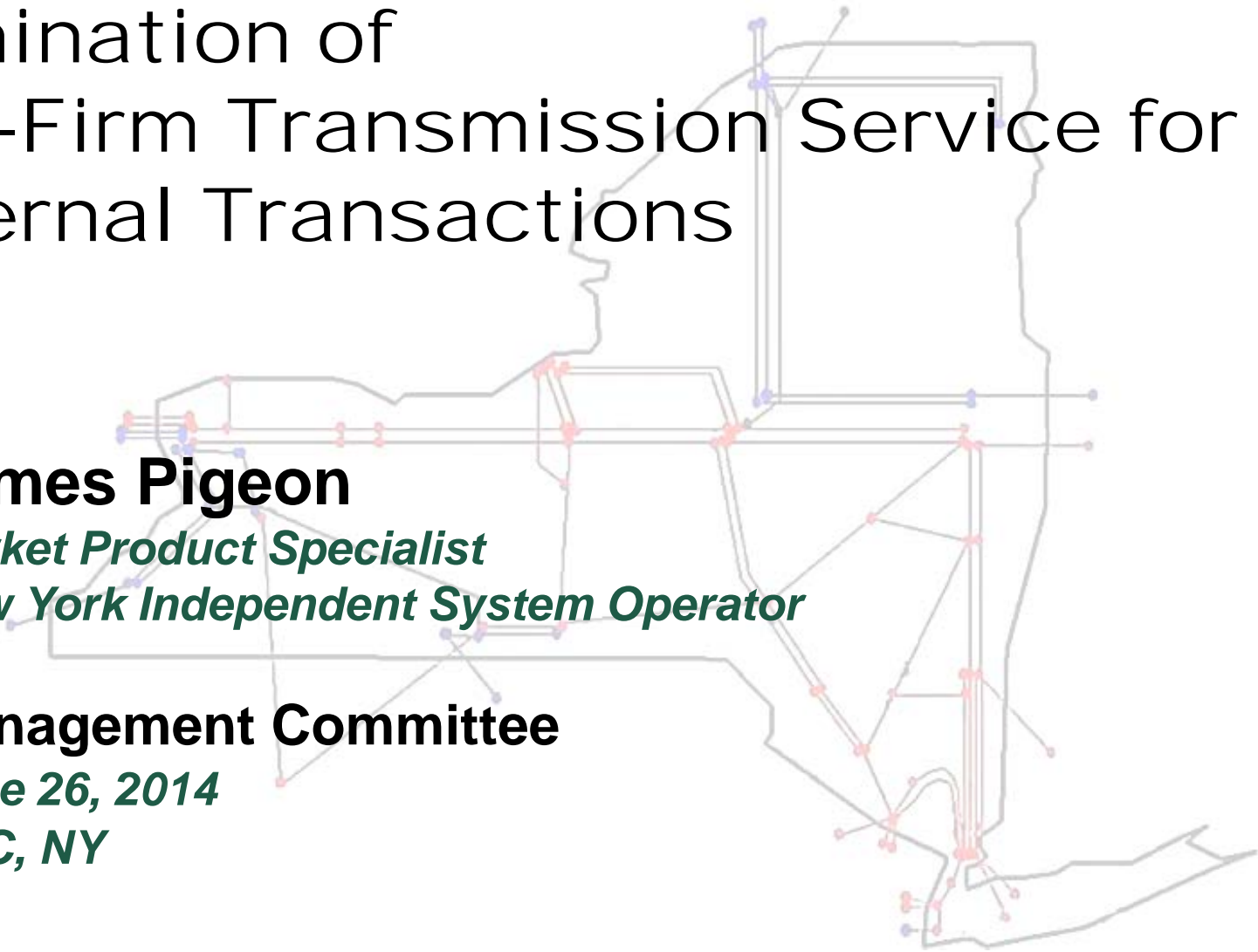
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NYC, NY



Background

- ◆ **At 3/25 MIWG we discussed the concern that Non-Firm Transmission Service is not supported by ISO-NE and how this posed an issue for CTS with ISO-NE**
- ◆ **At 5/6 MIWG we had a follow up on MP feedback and NYISO action items as well as a NYISO proposal to eliminate Non-Firm Transmission Service for External Transactions**
 - *Non-Firm Transmission Service for internal use has already been eliminated*
- ◆ **At 6/3 MIWG the NYISO presented draft tariff revisions**
- ◆ **Requested endorsement at 6/18 BIC**

MP feedback on usage

- ◆ **We reached out to the market participants (fewer than 5) that have used the product in the last 15 months.**
 - *Feedback from those market participants indicates that there is no intention to use External Non-Firm Transactions in the future.*

Removal vs Maintenance

- ◆ **One-time removal of External Non-Firm Transactions is estimated at 600hrs**
 - *Eliminates future need to update/maintain software*
- ◆ **Updating External Non-Firm Transactions to work with the CTS rule changes is estimated at 3000hrs**
 - *Ongoing maintenance is not eliminated and will be necessary for each adjustment of scheduling processes with external entities*

Proposal

- ◆ **Based on the costs to update and maintain software, as well as lack of use, the NYISO proposes to eliminate External Non-Firm Transactions from its market rules**
- ◆ **The NYISO also believes that both CTS and LBMP transactions are superior to Non-Firm Transactions**
 - *Provide more capabilities for managing market risks*
 - *With CTS, provide ability for managing transaction schedules on a 15 minute basis*

Overview of Tariff updates (1)

- ◆ **The following Tariff sections must be revised for the elimination of Non-Firm Transmission service for External Transactions**
- ◆ **Draft revisions have been posted along with this presentation for review**
 - ***OATT 1.3 and MST 2.3 (minor revisions after BIC meeting)***
 - ***OATT 1.9***
 - ***OATT 1.14 and MST 2.14***
 - ***OATT 1.16 and MST 2.16***

Overview of Tariff updates (2)

- ***OATT 1.18 and MST 2.18***
- ***OATT 3***
- ***OATT 3.1 – 3.3***
- ***OATT 3.6***
- ***OATT 3.15***
- ***OATT 3.17***
- ***OATT 4.2.2(iv)***
- ***OATT 4.3***
- ***OATT 6.8***
- ***OATT 8***
- ***OATT 9***
- ***OATT 16.3***

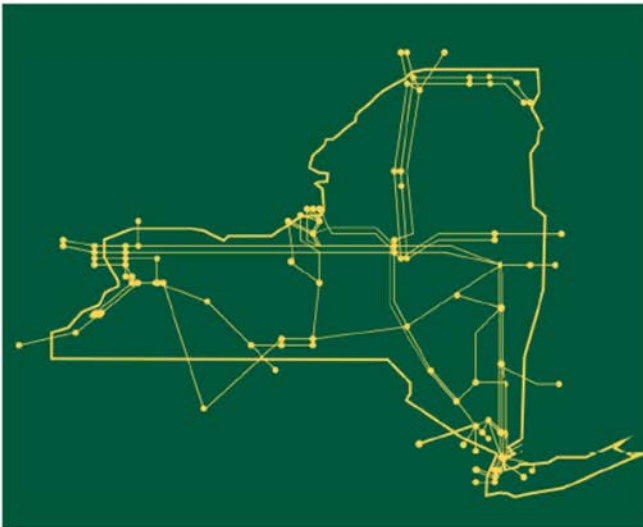
Additional Tariff Changes

- ◆ **MST 18.6.3 - These changes are not related to Non-Firm Transmission Service**
 - *Proposing to remove this subsection consistent with the FERC's March 4, 2014 acceptance of the NYISO's Simplified Proxy Pricing Rule filing as it was inadvertently missed with the original filing*
 - *Real-Time BPCG for External Transactions was removed*
 - *Formula described in Section 18.6.3 is no longer applicable*

Next Steps

- ◆ **July 2014 – Board of Directors endorsement**
- ◆ **August 2014 - File with FERC**

The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state's bulk electricity grid, administering New York's competitive wholesale electricity markets, conducting comprehensive long-term planning for the state's electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.



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