

Draft For Discussion

NYISO LTFTR Compliance Strawman

Definition and Creation of Long Term Firm Transmission Right

A Long Term FTR (FTR) product would be offered by establishing Auction Revenue Rights (ARRs) for a quantity of MWs from a specific source and sink that would be allocated to qualifying LSEs based on the ratio of their peak load in a particular zone to the total peak load in that zone. The ARRs would be derived from the set of existing ETCNL and Original Residual TCCs sinking in load zones that satisfy a simultaneous feasibility test based on summer capability ratings. LSE entitlements would be their load ratio share of the entire set of ARRs sinking in that zone. Only ETCNL defined to sink at the zone, rather than at a load bus would be redefined as ARRs and subject to conversion into FTRs.

ARRs vs. Converted FTRs

LSEs may convert their share of the ARRs sinking in a zone to FTRs (which look just like and settle just like TCCs) and may retain the FTR or sell it in the auction. All ARRs not converted to FTRs will be valued in the Spring Capability Period Auction with the Auction revenues being credited against the TSC for that zone paid by the LSEs that did not convert their ARRs to FTRs. An LSE that chooses to convert its ARRs to FTRs must convert its entire share of ARRs in that zone. LSEs shall be offered an annual right to rollover their FTRs for a period of ten years. LSEs will be charged the auction price for any FTRs they choose to rollover to the extent that their load ratio share no longer supports those FTRs. In addition, LSEs opting to convert their ARRs and take them as FTRs, will not have their TSC charges reduced by revenues from the sale of ARRs in the TCC auctions.

Adjustments for Load Following

As discussed above, an LSE that has lost Load, but which chooses to rollover all its FTRs in a particular year, will be charged the auction price for that portion of its FTR(s) no longer supported by its load. This charge essentially creates a new ARR for the LSE gaining the load to acquire. An LSE that has lost load can also decline the rollover, in which case the ARR will be available for reallocation. Thus, an LSE that acquires load will be assigned the appropriate share of ARRs in that zone and may convert them into FTRs on an annual basis.

Financial Obligations

Financial settlement of FTRs will be identical to current NYISO TCC settlements and holders of FTRs will be subject to all of the normal tariff requirements of a TCC holder including credit requirements.

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Treatment of Grandfathered Agreements

Grandfathered Rights and Grandfathered TCCs are binding agreements that must be respected. Under this proposal an LSE's allocation of ARR will be adjusted to account for grandfathered rights that they may already hold. As these contracts expire, the capacity associated with the contracts would become available for allocation as ARRs. A possible approach to meet the reasonable needs of LSEs that have existing contracts would be to give priority to the LSE for this capacity when the agreement expires. That is, the LSE that held the grandfathered rights or grandfathered TCCs would receive ARR equivalents upon the expiration of the underlying transmission contract. The LSE would have the same right to convert the ARR to FTRs. As well, upon expiration of the underlying contract these LSEs would become liable for the TSC in the zones in which they serve load. This would provide a means for an LSE with a sufficient load obligation to initially maintain its rights to congestion relief at the historic contract level and also be folded into the TSC methodology for transmission service payments.

Other Changes

ARRs converted to FTRs could be reconfigured in the subsequent annual TCC auction. To simplify this process, there will be a single auction round for annual TCCs. In addition, the NYISO will restrict the sale of one year TCCs to the Spring Capability Period Auctions to accommodate this new process.

Issues surrounding the implementation of separate TSC rates by each Transmission Owner for those LSEs converting their ARRs to FTRs may also need to be addressed in the tariff.