Long-Term Transmission Rights

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LTFTR Discussion Topics

- Report on NYISO meeting with FERC Staff
- Background & Recap of Strawman Proposal
- Grandfathered Rights/ETCNL Data
- Review of Timeline
- General Discussion & Comments

Guidelines of FERC Final Rule

1. A LTFTR must specify a source, sink, and fixed MW quantity.
2. The value of the LTFTR hedge is fixed for its term.
3. Parties that pay for transmission expansion are eligible to receive LTFTRs.
4. LTFTRs must have an effective minimum term of 10 years.
5. Load Serving Entities (LSE) have priority over non-LSEs in the allocation of LTFTRs.
6. Rights are re-assignable to follow load.
7. LSEs do not have to participate in an auction to acquire LTFTRs.

NYISO Background

- **The NYISO strawman proposal was developed taking into consideration the existing situation and comments of stakeholders in New York**
- **Specific concerns included:**
  - *Grandfathered Rights and existing TCC holders*
  - *Availability of existing transmission capacity*
  - *Current TCC market operation and liquidity*
  - *Potential impact on retail access*
  - *Impact on TCC auction automation project*

NYISO Background (Cont'd)

- **Pre-existing firm transmission rights holders have already been grandfathered**
  - *Established a congestion hedge for holders of long-term contracts that existed at the start of NYISO operation*
  - *Option to retain rights or convert to TCCs*
  - *Transmission capacity is currently released to the TCC markets when contracts expire*
  - *Seven years, multiple settlements and lengthy litigation were required to address these historic agreements*

NYISO Background (Cont'd)

- **Existing Transmission Capacity for Native Load (ETCNL) was also identified**
  - *Allocated to certain Transmission Owners*
  - *Historic capacity to deliver generation resources outside of their Transmission District*
- **Original Residual TCCs allocated**
  - *TCCs established from Residual Transmission Capacity estimated prior to the first Centralized TCC Auction and allocated among certain Transmission Owners*
- **Currently, capacity from ETCNL & Original Residual TCCs is released by the TOs into the auctions**
  - *LSEs benefit from the revenues generated by the sale of this capacity as a pass-through in the form of a reduced Transmission Service Charge (TSC)*

Current NYISO Proposal

- **Establish a LTTR through the creation of Auction Revenue Rights (ARRs) that would be allocated to qualifying LSEs**
- **The set of ARRs would be derived from ETCNL and Original Residual TCCs**
  - ***Must satisfy a simultaneous feasibility test based on summer capability ratings***

Current NYISO Proposal (Cont'd)

- **Allocation to LSE's**
  - ***Based on the ratio of peak load in a particular zone to the total peak load in that zone***
  - ***Performed annually and convertible to TCCs for a quantity of MWs from a specific source and sink***
  - ***An LSEs entitlement to receive ARRs will be reduced to the extent it already holds grandfathered rights***
  - ***An LSE that holds grandfathered rights or grandfathered TCCs would have a priority to an ARR equivalent upon the expiration of the underlying transmission contract***

Current NYISO Proposal (Cont'd)

- **Load Shifting**
  - ***An LSE that acquires load will be assigned the appropriate incremental share of ARRs in that zone***
  - ***An LSE that has lost load would have its allocation of ARRs reduced so that they may be made available to the LSE that has gained load***

Current NYISO Proposal (Cont'd)

- **LSEs that opt to convert their ARRs and take them as TCCs**
  - *Will not have their TSC reduced by revenues from the sale of ARR capacity in the TCC auctions*
- **LSEs that choose to take the TCCs will be subject to the normal tariff rules of a TCC holder including:**
  - *Credit requirements*
  - *TCC Obligation*
  - *Full Funding of the TCC*

Current NYISO Proposal (Cont'd)

- **Other areas addressed in FERC Guidelines**
  - *The NYISO tariff already provides for the award of expansion TCCs, however specific procedures still need to be finalized and agreed upon by NYISO market participants*
  - *Need to assess whether changes in the Comprehensive Reliability Planning Process are needed to ensure the feasibility of the long-term rights*

Summary of Transmission Allocations

Comparison of OATT Attachment L - ETA / ETCNL Interface Allocations

to Load & Capacity Report Closed Interface Transfer Limits

	Interface (MWs)									
	DE	*WC*	*VE*	*MoS*	*TE*	*US*	*UC*	*MS*	*DS*	*CE-LI*
ETCNL	1080	1080	1070	0	1180	0	3042	3968	3017	0
Grandfathered Agreements*	1192	1137	2790	649	2882	3393	2139	2433	3197	1000
Original Residual TCCs	70	0	0	0	0	0	0	0	0	0
Totals	2342	2217	3860	649	4062	3393	5181	6401	6214	1000
Normal Power Transfer Limits ++	3700	2400	5050	1875	5025	5400	6875	8025	6600	1425
% of Limits	63%	92%	76%	35%	81%	63%	75%	80%	94%	70%
Remaining Transfer Capability	1358	183	1190	1226	963	2007	1694	1624	386	425

* Totals reflect non-expired Grandfathered MW amounts
++ Reference 2005 Load & Capacity Report

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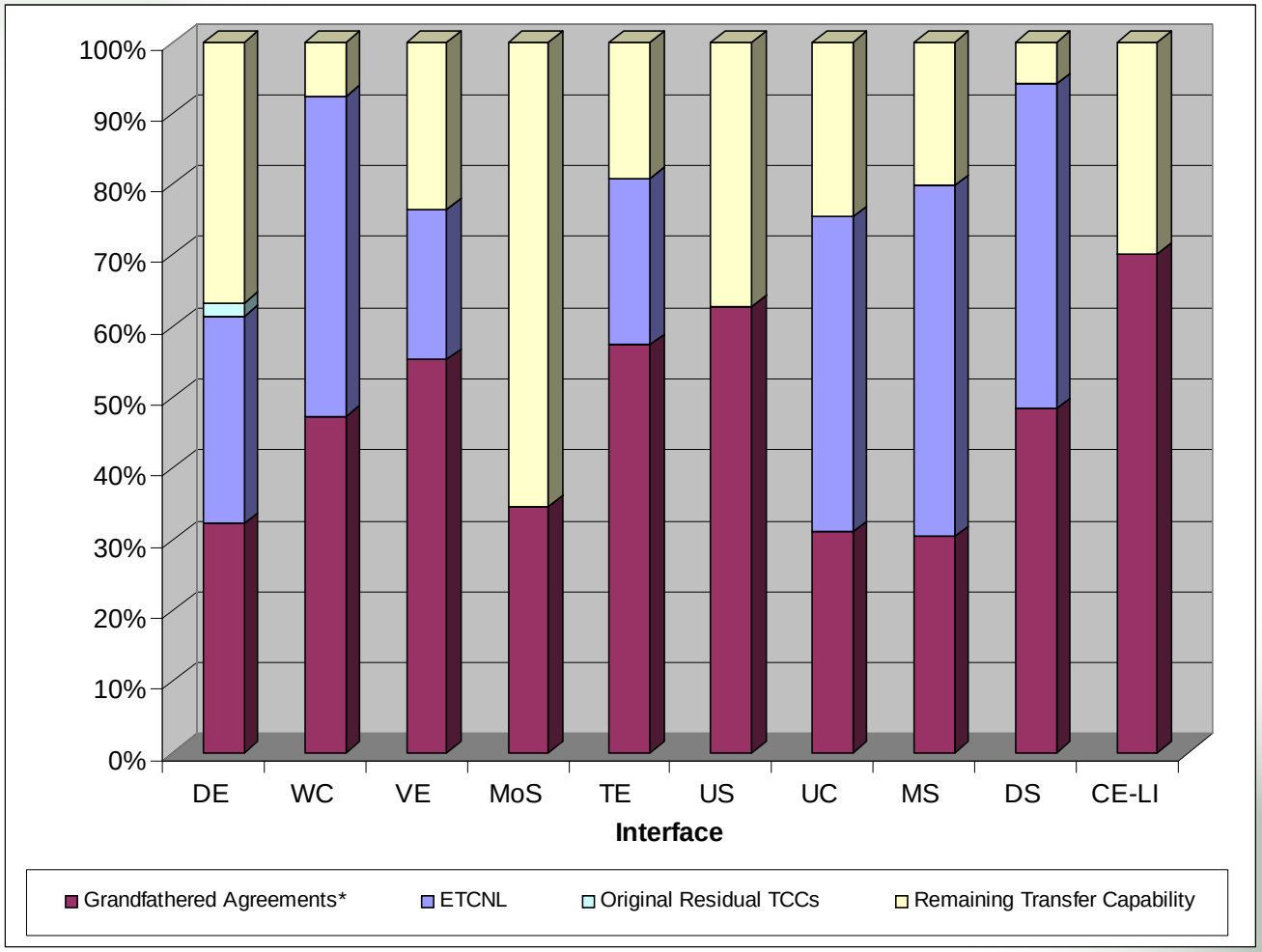
Summary of Transmission Allocations



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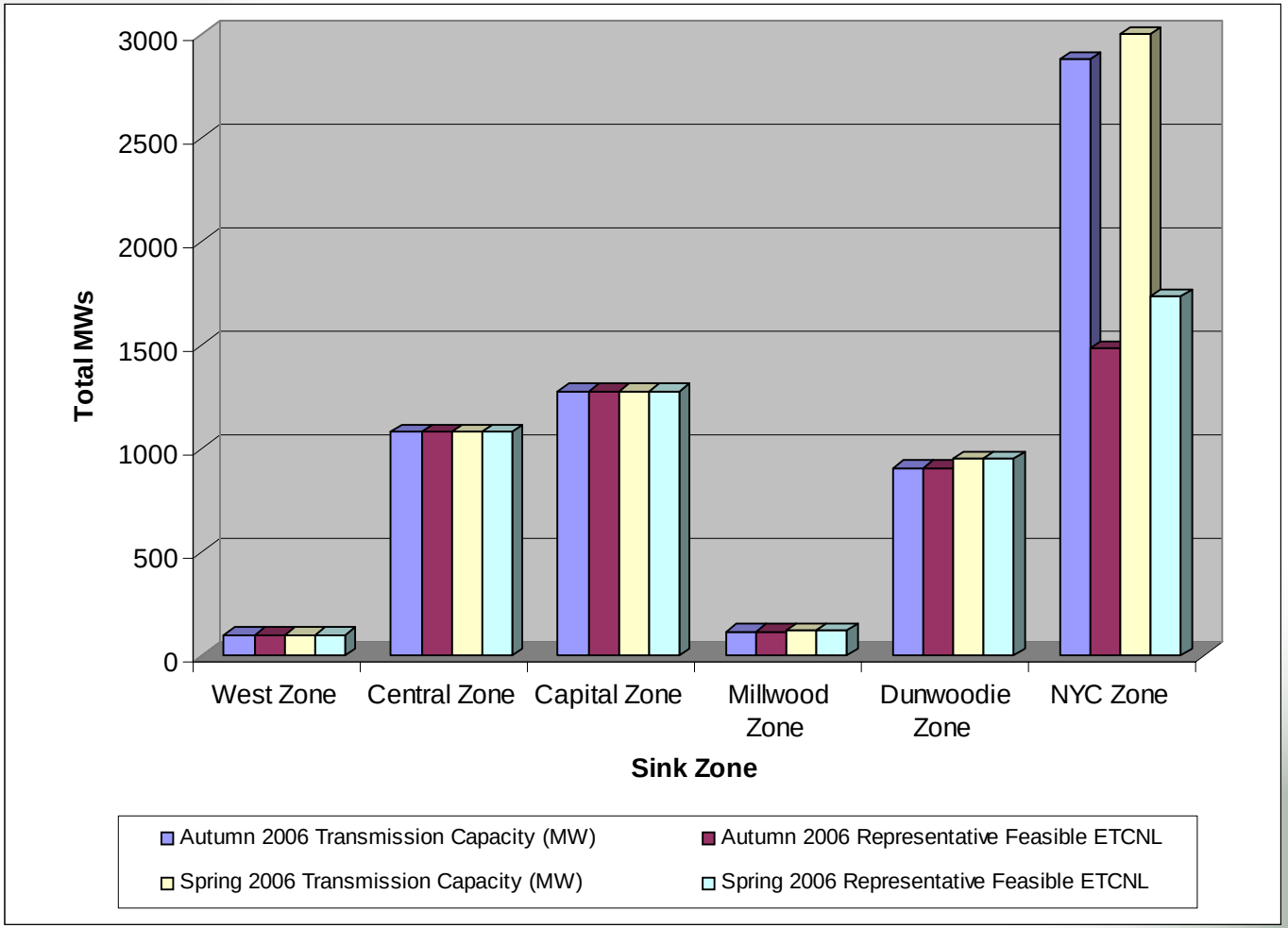
Amount of ETCNL Sinking in a Zone



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Use of posted ETCNL data in the previous chart

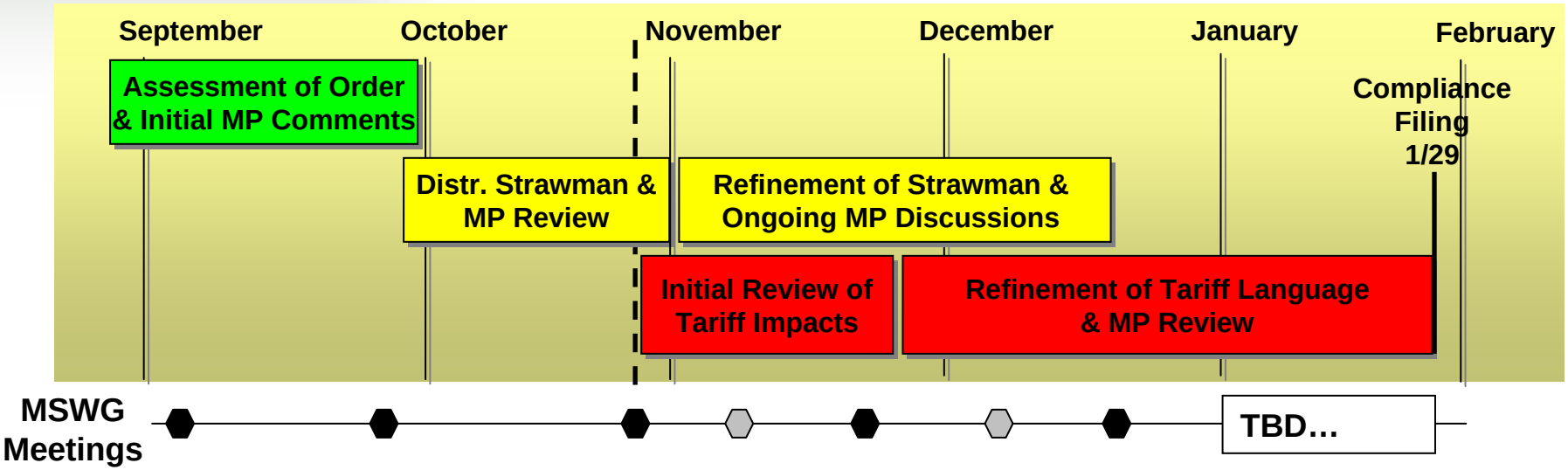
Autumn 2006 TCC Auction - Existing Transmission Capacity for Native Load Nominations

ETCNL - Attachment M Table 2

	Holder of ETCNL	Name of Set of ETCNL	Point of Injection	Point of Withdrawal	Transmission Capacity (MW)	ETCNL Sold in Previous Auctions (MW)	ETCNL Reduction to ensure feasibility (MW)	Remaining ETCNL Capacity (MW)	ETCNL Reservation (5%) Based on Total ETCNL Capacity	TO Nominations of ETCNL Reservations (MW)
1	Con Edison	Native Load-Bowline	Bowline	Millwood Zone	33	8	0	25	1	0
2	Con Edison	Native Load-Bowline	Bowline	Dunwoodie Zone	184	46	0	138	9	0
3	Con Edison	Native Load-Bowline	Bowline	NYC Zone	584	146	288	150	29	29
4	Con Edison	Native Load- HQ	Pleasant Valley 345kV	Millwood Zone			0		0	0
5	Con Edison	Native Load- HQ	Pleasant Valley 345kV	Dunwoodie Zone			0		2	0
6	Con Edison	Native Load- HQ	Pleasant Valley 345kV	NYC Zone			61		7	7
7	Con Edison	Native Load - Gilboa	Pleasant Valley 345kV	Millwood Zone			0		0	0
8	Con Edison	Native Load - Gilboa	Pleasant Valley 345kV	Dunwoodie Zone			0		1	0
9	Con Edison	Native Load - Gilboa	Pleasant Valley 345kV	NYC Zone			36		4	4
10	Con Edison	Native Load - Roseton	Roseton-#1	Millwood Zone			0		0	0
11	Con Edison	Native Load - Roseton	Roseton-#1	Dunwoodie Zone			0		5	0
12	Con Edison	Native Load - Roseton	Roseton-#1	NYC Zone			172		17	17
13	Con Edison	Native Load - Corinth	Pleasant Valley 345kV	Millwood Zone			0		0	0
14	Con Edison	Nativ								0
15	Con Edison	Nativ								4
16	Con Edison	Nativ								0
17	Con Edison	Nativ								0
18	Con Edison	Nativ								30
19	Con Edison	Nativ								0
20	Con Edison	Nativ								0
21	Con Edison	Nativ								9
22	Con Edison	Nativ								0
23	Con Edison	Nativ								33
24	Con Edison	Nativ								0
25	Con Edison	Nativ								4
26	Con Edison	Nativ								0
27	Con Edison	Native Load - 1P Gas	Indian Pt.-G1	NYC Zone	30	9	18	9	1	1
28	NMPC	Native Load - NMP1	Nine Mile Pt. #1	Capital Zone	610	152	1	457	30	30
29	NMPC	Native Load - NMP2	Nine Mile Pt. #2	Capital Zone	460	115	1	344	23	23
30	NMPC	Native Load - Hydro	Colton Hydro	Capital Zone	110	27	0	83	5	5
31	NYSEG	Native Load - Homer	PJM Proxy Bus	Central Zone	863	215	0	648	43	0
32	NYSEG	Native Load - Homer	PJM Proxy Bus	West Zone	100	25	0	75	5	0
33	NYSEG	Native Load -	PJM Proxy Bus	Central Zone	37	9	0	28	1	0
34	NYSEG	Native Load - BCLP	PJM Proxy Bus	Central Zone	80	20	0	60	4	0
35	NYSEG	Native Load - LEA	Gardenville 115kV	Central Zone	100	25	0	75	5	0
36	NYSEG	Native Load - Gilboa	Gilboa	Capital Zone	99	24	0	75	4	0
				Total	6358	1625	1395	3338	301	196

The data in the previous chart compares the total Transmission Capacity sinking in each zone to the Sum [ETCNL Sold in Previous Auctions + Remaining ETCNL Capacity] to try and approximate the total feasible ETCNL in a given capability period. This is only an approximation as the feasible ETCNL will depend on the configuration of previously sold ETCNL.

Approximate Timeline



- **Utilize regularly scheduled MSWG meetings**
- **In addition, working to schedule additional special MSWG meetings in Nov, Dec, and Jan**