

Spring 2012 Centralized TCC Auction Survey and Discussion

Gregory R. Williams

*Manager, TCC Market Operations
New York Independent System Operator*

Market Issues Working Group

*December 16, 2011
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 2012 Centralized TCC Auction.
 - *One survey response accepted per MP*
 - *Responses were due on November 17, 2011*
 - *10 TCC Market Participants responded*
 - *Responses for Spring 2012 Auction limited to Six Month, One Year, and Two Year TCCs*

Survey Overview – Survey Form

NYISO Spring 2012 Centralized TCC Auction
 Survey of Market Participant Preference for Six Month and Longer Duration TCCs
 TCCs become effective May 1, 2012

Organization Name (required field)

-For the Spring 2012 Centralized TCC Auction-

Duration of TCCs	Desired Total Percentage of System Capacity to be Available by Duration in Percent (e.g. 10%)	Number of Auction Rounds per Duration
Six Months	<input type="text" value="0.00%"/>	<input type="text" value="0"/> (Must be >= 1)
One Year	<input type="text" value="0.00%"/>	<input type="text" value="0"/> (Must be >= 1)
Two Years	<input type="text" value="0.00%"/>	<input type="text" value="0"/>
Total	0.00% (Must equal 100%)	0

-For Future Auctions-

Duration of TCCs	Desired Total Percentage of System Capacity to be Available by Duration in Percent (e.g. 10%)	Number of Auction Rounds per Duration
Six Months	<input type="text" value="0.00%"/>	<input type="text" value="0"/> (Must be >= 1)
One Year	<input type="text" value="0.00%"/>	<input type="text" value="0"/> (Must be >= 1)
Two Years	<input type="text" value="0.00%"/>	<input type="text" value="0"/>
Three Years	<input type="text" value="0.00%"/>	<input type="text" value="0"/>
Four Years	<input type="text" value="0.00%"/>	<input type="text" value="0"/>
Five Years	<input type="text" value="0.00%"/>	<input type="text" value="0"/>
Total		0

Indicate the desire for a percentage of available transmission Capacity to be reserved from the Centralized TCC Auction so that it may be available to support TCCs purchased in the subsequent monthly TCC Auctions by entering a non-zero percentage below. (Note: This feature is not currently supported by the NYISO Tariffs. This item is included on the survey to ascertain the level of Market Participant interest in such a feature.)

Monthly	<input type="text" value="0.00%"/>
Total	0.00% (Must equal 100%)

-Market Design Inquiry-

The current maximum number of bids that can be submitted in an auction round is 500. Indicate the desire to maintain the same maximum bid limit by leaving the value below as 500. Otherwise, enter a different desired Bid Limit below. (Note: The current Bid Limit of 500 is specified in the TCC Manual. This item is included on the survey to ascertain the level of Market Participant interest in updating the Bid Limit in the future.)

Bid Limit	<input type="text" value="500"/>
-----------	----------------------------------

Market Participant Comments:

Survey Results – Spring 2012

Capacity per Duration

# of MP Responses	Desired % of System Capacity		
	6 Month	1 Year	2 Year
2	80%	15%	5%
1	60%	30%	10%
1	50%	40%	10%
1	40%	40%	20%
1	25%	50%	25%
1	70%	30%	
1	60%	40%	
2	50%	50%	
Average	56.5%	36%	7.5%

Survey Results – Spring 2012

Total Rounds per Duration

# of MP Responses	Total # of Rounds			Total Rounds
	6 Month	1 Year	2 Year	
1	3	3	3	9
2	4	3	1	8
1	3	3	2	8
1	3	3	1	7
1	3	2	1	6
1	3	3		6
2	1	1		2
Average	2.8	2.4	1	6.2

Survey Results – Future Auctions

Capacity per Duration

# of MP Resp.	Desired % of System Capacity						
	6 Mo.	1 Year	2 Year	3 Year	4 Year	5 Year	Monthly
2	70%	30%					
2	50%	30%					20%
1	40%	40%	20%				
1	45%	35%	5%				15%
1	50%	30%	10%			10%	
2	70%	15%	5%	5%			5%
1	20%	25%	10%	5%			40%

Survey Results – Future Auctions

Total Rounds per Duration

# of MP Resp.	Total # of Rounds						Total Rounds
	6 Mo.	1 Year	2 Year	3 Year	4 Year	5 Year	
2	4	2	1	1			8
1	3	3	2				8
1	3	2	1			1	7
2	3	3					6
2	1	1					2

Survey Results

Capacity Reserved for Monthly TCCs

- ◆ An item on the TCC Survey is provided to assess the market demand for a feature not currently supported by the NYISO Tariffs:
 - *Whether or not a percentage of available transmission Capacity should be reserved from the Centralized TCC Auction so that it may be available to support TCCs purchased in subsequent monthly TCC Auctions*
 - 6 respondents expressed interest in capacity being reserved to support monthly TCCs
 - Of those interested MPs, the average available transmission Capacity to reserve was 17.5%

Survey Results

Bid Limit

- ◆ A new item on the TCC Survey was added to assess the market demand for an update to the maximum number of bids allowed per auction round.
- ◆ Per the TCC Manual, the current maximum number of bids that can be submitted in an auction round is 500.
 - *4 respondents expressed interest in increasing the Bid Limit*
 - 3 responses supported a limit of 1,000 bids
 - 1 response supported a limit of 750 bids

Survey Comments

- ◆ 2 responses indicated a desire for On-Peak and Off-Peak TCCs.
- ◆ 1 respondent indicated that it was not in favor of reserving transmission Capacity for the Monthly TCC Auctions because they only participate in the Centralized TCC Auctions.

Auction Proposal

Eight Rounds with Two Year TCCs

- ◆ The NYISO would offer 5% of system capability as Two Year TCCs in one round.
- ◆ The NYISO would offer 20% of system capability as One Year TCCs across three rounds.
- ◆ The NYISO would offer 45% of system capability as Six Month TCCs across four rounds.
- ◆ The remaining 30% of system capability was sold as One and Two Year TCCs in Autumn 2011 and Two Year TCCs in Autumn 2010.

Alternate Auction Proposal

Eight Rounds with no Two Year TCCs

- ◆ The NYISO would offer 25% of system capability as One Year TCCs across four rounds.
- ◆ The NYISO would offer 45% of system capability as Six Month TCCs across four rounds.
- ◆ The remaining 30% of system capability was sold as One Year and Two Year TCCs in Autumn 2011 and Two Year TCCs in Autumn 2010.

Expected Schedule

Eight Round Auction

<u>Week</u>	<u>Activity</u>
◆ February 3 – 9	Round #1 (One/Two Year TCCs)
◆ February 10 – 16	Round #2 (One Year TCCs)
◆ February 17 – 24	March Reconfiguration Auction
◆ February 25 – March 1	Round #3 (One Year TCCs)
◆ March 2 – 8	Round #4 (One Year TCCs)
◆ March 9 – 15	Round #5 (Six Month TCCs)
◆ March 16 – 22	April Reconfiguration Auction
◆ March 23 – 29	Round #6 (Six Month TCCs)
◆ March 30 – April 5	Round #7 (Six Month TCCs)
◆ April 6 – 12	Round #8 (Six Month TCCs)
◆ April 13 – 19	May Reconfiguration Auction

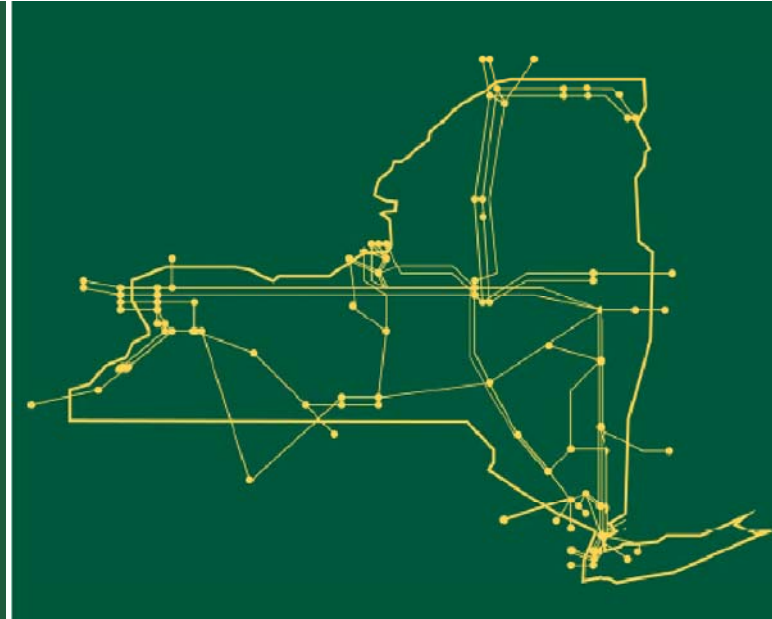
Auction Proposal – Discussion

- ◆ Unanimous agreement by the Transmission Owners is required for the NYISO to conduct fewer than four rounds in any Sub-Auction.
- ◆ 5 respondents expressed interest in conducting fewer than eight rounds in the Spring 2012 Auction.
- ◆ An additional 4 respondents expressed interest in conducting fewer than eight rounds in the Spring 2012 Auction if the number of desired Two Year TCC rounds is removed.

Next Steps

- ◆ Receive and consider Market Participant comments resulting from this meeting.
- ◆ Schedule a follow-up MIWG session if necessary to continue discussions on the Spring 2012 Centralized TCC Auction.
- ◆ Confer with the Transmission Owners concerning proposed auction plans with fewer than eight rounds.
- ◆ MIWG 1/6/2012 (if necessary).
- ◆ BIC 1/11/2012.

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.



www.nyiso.com