

Autumn 2014 Centralized TCC Auction Survey and Discussion

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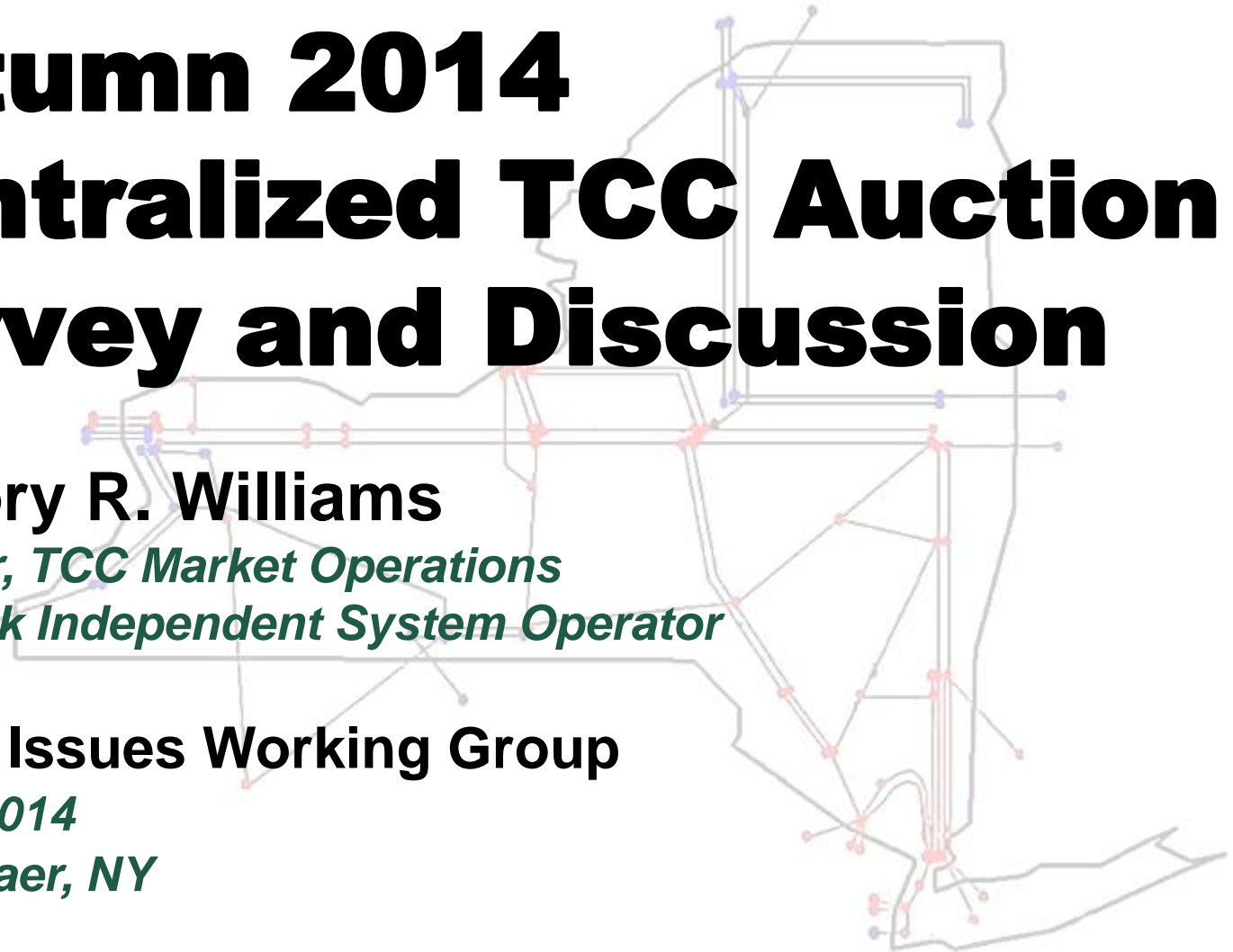
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New York Independent System Operator

Market Issues Working Group

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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 Autumn 2014 Centralized TCC Auction.
 - *One survey response accepted per MP*
 - *Responses were due on May 9, 2014*
 - *14 TCC Market Participants responded*
 - *Responses for Autumn 2014 Auction limited to Six Month, One Year, and Two Year TCCs*

Survey Results – Autumn 2014

Capacity per Duration

# of MP Responses	Desired % of System Capacity		
	6 Month	1 Year	2 Year
1	60%	10%	
4	50%	20%	
1	35%	35%	
2	40%	20%	10%
1	35%	30%	5%
1	35%	25%	10%
2	30%	20%	20%
1	20%	40%	10%
1	15%	25%	30%
Average	38.6%	23.2%	8.2%

The numbers above do not include the System Capacity that was sold in the Spring 2013 Centralized TCC Auction as Two Year TCCs (5%) and in the Spring 2014 Centralized TCC Auction as Two Year and One Year TCCs (25%).

Survey Results – Autumn 2014

Total Rounds per Duration

# of MP Responses	Total Rounds	Total # of Rounds per Duration		
		6 Month	1 Year	2 Year
2	2	1	1	
1	4	2	2	
1	6	3	3	
1	7	4	3	
1	8	4	4	
1	4	2	1	1
1	5	3	1	1
1	7	3	3	1
1	8	3	4	1
2	8	3	3	2
1	10	4	4	2
1	10	2	4	4
Average	6.36	2.71	2.64	1.0

Survey Results – Future Auctions

Capacity per Duration

# of MP Responses	Desired % of System Capacity					
	6 Month	1 Year	2 Year	3 Year	4 Year	5 Year
2	80%	20%				
1	67.7%	33.3%				
1	60%	40%				
1	50%	50%				
1	60%	30%	10%			
1	55%	35%	10%			
1	50%	40%	10%			
1	30%	60%	10%			
1	50%	30%	15%	5%		
1	30%	40%	20%	10%		
1	30%	30%	30%	10%		
1	40%	20%	10%	10%	10%	10%
1	10%	20%	30%	15%	15%	10%

Survey Results – Future Auctions

Total Rounds per Duration

# of MP Responses	Total Rounds	Total # of Rounds per Duration					
		6 Month	1 Year	2 Year	3 Year	4 Year	5 Year
2	2	1	1				
1	4	2	2				
1	6	3	3				
1	8	4	4				
1	4	2	1	1			
1	8	4	3	1			
1	8	3	3	2			
1	9	4	4	1			
1	8	3	3	1	1		
1	10	3	3	2	2		
1	12	4	4	2	2		
1	8	3	1	1	1	1	1
1	19	2	4	4	3	3	3

Survey Results

On-Peak and Off-Peak TCCs

- ◆ Two questions were added to the TCC Survey to assess the market demand for on-peak and off-peak TCCs.
 - *Would you like the NYISO to make on-peak and off-peak TCCs available for purchase in TCC Auctions?*
 - 8 MPs (57%) responded in the affirmative
 - *If yes, would you prefer other currently planned TCC market design enhancements (i.e., Balance-of-Period and Multi-Duration Centralized TCC Auctions) be delayed to allow for implementation of on-peak/off-peak TCCs?*
 - Of the 8 MPs answering yes to the 1st question, 7 MPs (87.5%) responded in the affirmative to the 2nd question

Survey Comments

- ◆ For on-peak and off-peak TCCs, the number of bids should be increased from 500 to 1000 and clearing fees should be adjusted for the number of hours in the TCCs
- ◆ Prefer to keep number of rounds at least 7 or 8 to maintain liquidity

Auction Proposal

Seven Auction Rounds

- ◆ The NYISO would offer:
 - *25% of System Capacity as One Year TCCs across three auction rounds, and*
 - *45% of System Capacity as Six Month TCCs across four auction rounds.*
- ◆ The remaining 30% of System Capacity was sold as Two Year TCCs in the Spring 2013 Centralized TCC Auction and Two Year and One Year TCCs in the Spring 2014 Centralized TCC Auction.

Proposed Schedule

Week	Round
August 15 - 21	September Reconfiguration
August 22 - 28	Round 1 (One Year)
August 29 - September 5	Round 2 (One Year)
September 6 - 11	Round 3 (One Year)
September 12 - 18	October Reconfiguration
September 19 - 25	Round 4 (Six Month)
September 26 - October 2	Round 5 (Six Month)
October 3 - 9	Round 6 (Six Month)
October 10 - 16	Round 7 (Six Month)
October 17 - 23	November Reconfiguration

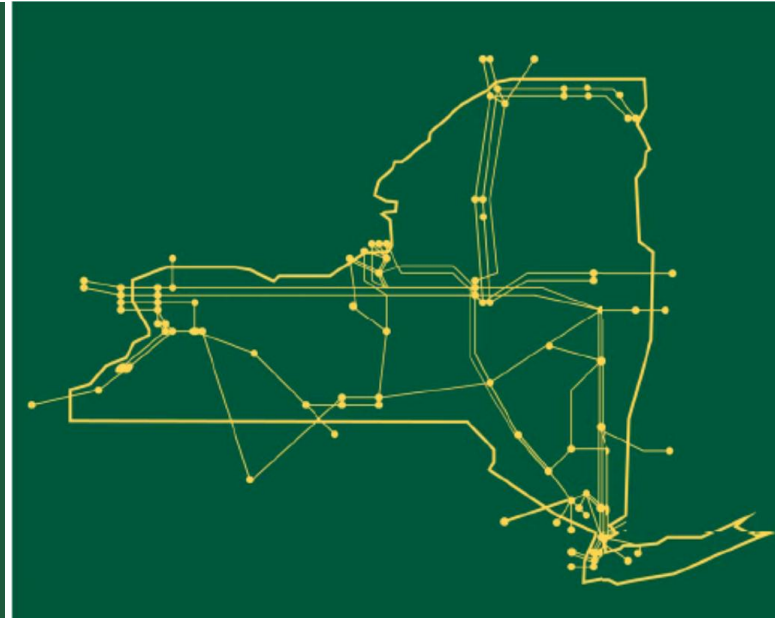
Auction Proposal – Discussion

- ◆ Unanimous agreement by the Transmission Owners is required for the NYISO to conduct fewer than four rounds in any Sub-Auction.
- ◆ 11 respondents expressed interest in conducting fewer than four Six Month rounds in the Autumn 2014 Auction.
- ◆ 10 respondents expressed interest in conducting fewer than four One Year rounds in the Autumn 2014 Auction.

Next Steps

- ◆ Receive and consider Market Participant comments resulting from this meeting
- ◆ Confer with the Transmission Owners concerning proposed auction plans with fewer than four rounds per Sub-Auction
- ◆ MIWG – 7/22/2014

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