

Non-Historic Fixed Price TCC Tariff Language - Compliance Filing

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Business Issues Committee

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Background

- ◆ On April 16, 2010, the NYISO filed a compliance plan (Docket ER07-521-009) describing a new Non-Historic Fixed Price TCC product as a result of April 16, 2008 FERC Order.
- ◆ At October 19, 2011 Market Issues Working Group, changes to the planned Non-Historic Fixed Price TCCs product and schedule were provided for Market Participant Input.
- ◆ On December 1, 2011, the NYISO filed an updated compliance plan describing modifications to planned product offering and included a schedule update.
- ◆ At February 2, 2012 and March 2, 2012 Market Issues Working Group, proposed changes to the NYISO Tariffs describing Non-Historic Fixed Price TCC product was reviewed. Suggested clarifications from stakeholders have been incorporated.

Compliance Filing Status

- ◆ Synopsis December 1, 2011 – ER07-521-000
 - *Separate the offering of Non-Historic Fixed Price TCCs and the introduction of the Multi-Duration TCC Auction into multiple project deliveries.*
 - *Develop the Non-Historic Fixed Price TCC product as part of first delivery.*
 - *First delivery available for Spring 2013 Centralized TCC Auction.*
 - *Initial term of Non-Historic Fixed Price TCC adjusted from five years to two.*
 - *Non-Historic Fixed Price TCCs paid for in annual installments as ordered by FERC.*
 - *Two-Year TCCs purchased in Centralized TCC Auctions would be paid for in annual installments for consistency.*

Tariff Proposed Revisions

- ◆ OATT & MST Section 1 - Definitions
 - *Definition of Fixed Price TCC*
- ◆ OATT Attachment M – Sale and Award of TCCs
 - *Details of Non-Historic Fixed Price TCC product*
- ◆ MST Attachment K – Creditworthiness Requirements for Customers
 - *Two Year Credit Policy Update*
- ◆ OATT Attachment N – Congestion Settlements Related to the Day-Ahead Market and TCC Auction Settlements
 - *Revenue Allocation for Fixed Price TCCs*

Tariff sheet redline for first three items provided as attachment.

OATT & MST Definition

- ◆ Fixed Price TCC definition updated to include both Historic Fixed Price TCCs and Non-Historic Fixed Price TCCs.
 - *Historic Fixed Price TCCs - TCCs obtained through the conversion of expired or expiring ETAs.*
 - *Non-Historic Fixed Price TCCs -- the new product described in updated Attachment M.*
- ◆ Tariff language that includes Fixed Price TCCs without specifying either Historic or Non-Historic will apply to both products.

Attachment M – Sale and Award of TCCs

- ◆ Reference Historic Fixed Price TCCs where necessary in section 19.2.1.
- ◆ Payment provisions relocated from Section 19.2.3 to 19.2.1.
- ◆ A new Section 19.2.2 is included to describe Non-Historic Fixed Price TCCs.
 - *19.2.1 - Continues to cover Historic Fixed Price TCCs.*
 - *19.2.2 - Provides details on awards of Non-Historic Fixed Price TCCs.*
 - *19.2.3 - This existing Section now includes provisions affecting both Historic and Non-Historic Fixed Price TCCs.*

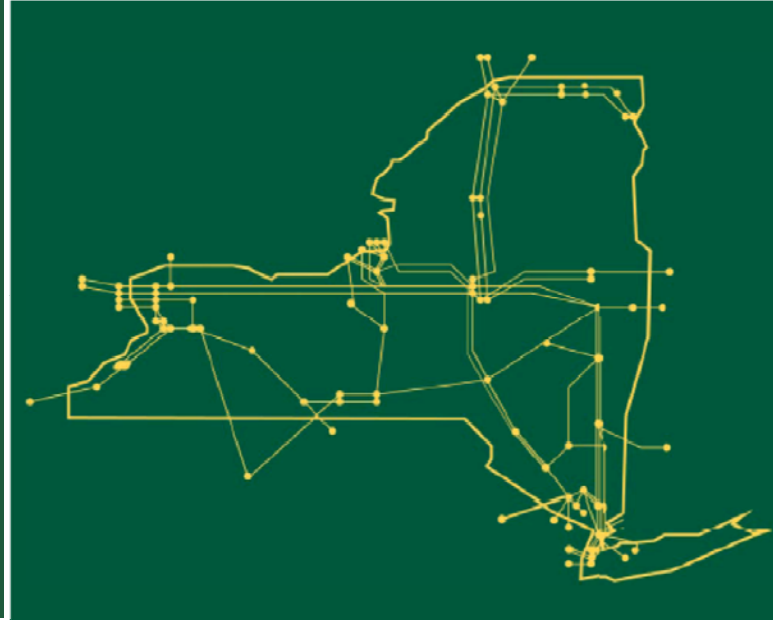
Attachment K – Credit

- ◆ As a result of the change in market design, including annual payments, the credit policy associated with Two-Year TCC products was analyzed for potential modifications.
- ◆ Proposed changes were developed as part of ongoing dialogue with Market Participants at several Credit Policy Working Group meetings. The most current presentation was given at the November 18, 2011 Credit Policy Working Group.
 - *Tariff modifications to the credit policy for Two-Year TCCs are reflected in Attachment K of the MST.*
- ◆ Single credit policy for all Two-Year TCC products ensures similar treatment for purchasers of TCCs in both the Centralized TCC Auction and Non-Historic Fixed Price TCCs.

Next Steps

- ◆ Please provide feedback if any by March 23, 2012.
 - *Send comments to Leigh Bullock: LBullock@nyiso.com*
- ◆ Respond to any FERC Orders from the NYISO December 1, 2011 compliance filing.
- ◆ Plan to file updated tariff sheets with FERC in April, 2012 including any required conforming changes.

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