

Clarifications of Grandfathered Rights Provisions Attachment K (OATT)

Presented to the Market Issues Working
Group
May 06, 2009

Draft - for Discussion Purposes Only

Background

- ✓ This presentation and proposed tariff amendments are part of the NYISO's comprehensive review of its tariffs.

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Attachment K: Effectiveness

- ✓ The NYISO has confirmed that all necessary actions related to Existing Transmission Agreements (ETA) were undertaken at NYISO startup. The effectiveness of Attachment K is no longer contingent on ETA amendments.
- ✓ Thus, the last sentence of Section 1.0 of Attachment K, stating that it will not apply to the extent that ETAs were not amended to accord with Attachment K, should be deleted.

TSC Relief for Third Party TWAs

- ✓ Attachment K states that Third Party Transmission Wheeling Agreement (TWA) customers may inject and withdraw energy without being assessed a Transmission Service Charge (TSC) if the customer schedules the transaction Day-Ahead.
- ✓ Implicit in this requirement is that the customer must use the scheduling process set out in ISO procedures.
- ✓ Attachment K should be clarified to make this implicit corollary explicit -- by adding the parenthetical phrase "in accordance with ISO Procedures" to modify the customer's Day-Ahead scheduling requirement.
- ✓ This is consistent with current NYISO practice.

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Assignment of GFRs and GFTCCs

- ✓ From time to time, Market Participants have raised questions regarding the sale and assignment of GFRs and Grandfathered TCCs (GFTCC). The rules governing sale and assignment of GFRs and GFTCCs are spread across numerous provisions and sometimes are ambiguous. The NYISO proposes to clarify these rules.

The following rules will apply to the sale and assignment of GFRs and GFTCCs:

1. The holder of a GFR may not transfer (whether through sale or otherwise) such GFR to any party. But, a holder of a GFR may transfer such GFR to the extent that the underlying ETA is transferred, in whole or in part, as permitted under the terms of the ETA, such that the related GFR is assigned along with the ETA.

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Assignment of GFRs and GFTCCs, cont.

2. GFTCCs may be transferred (whether through sale or otherwise) in the same manner in which other types of TCCs may be transferred pursuant to Attachment M; provided, however, if it sells GFTCCs, a Transmission Owner shall do so either through Direct Sales or through Centralized TCC Auctions or Reconfiguration Auctions. In addition, a holder of a GFTCC may transfer such GFTCC to the extent that the underlying ETA is transferred, in whole or in part, as permitted pursuant to the terms of the ETA, such that the related GFTCC is assigned along with the ETA.

Assignment of GFRs and GFTCCs, cont.

3. To the extent a GFTCC is transferred and the underlying agreement is not transferred, the relief from the TSC and the obligation to pay the transmission charges set forth in an ETA shall continue to apply to the ETA customer, and such rights and obligations shall not transfer with the transfer of the GFTCC..
4. A holder of a GFR or GFTCC may appoint the party indicated in Attachment L, Table 1A, in the column labeled Requestor to hold the GFR or GFTCC for the ultimate benefit of the ETA customer, and such parties shall be deemed to be the holder of the GFR or GFTCC, and such appointment shall not be deemed a transfer.

Drafting Changes to Update Outdated Provisions of Attachment K

- ✓ Attachment K has not been materially updated since its original draft. Several provisions refer to modifications and conversions of agreements as if they were to happen in the future.
- ✓ In addition, a number of provisions were necessary for NYISO start-up, but are now unnecessary.
- ✓ These provisions should be either revised to reflect the current state of the NYISO or removed if no longer needed.

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Drafting Changes to Update Outdated Provisions of Attachment K, cont.

Examples:

- ✓ "Each TWA between Transmission Owners associated with a Generator or a power supply contract shall be converted into a Modified Wheeling Agreement (MWA) to be effective upon LBMP implementation." This should be restated to reflect that it happened in 1999.
- ✓ Section 2.1(vi)(A)-(B) established limitations on the termination of certain ETAs prior to the end of the LBMP Transition Period. The LBMP Transition Period has passed; the limitations are now outdated and should be removed.

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Minor Drafting Issues

- ✓ Other minor revisions will need to be made throughout the tariffs to reflect the revisions proposed here and to make other clarifying or drafting changes.
- ✓ A number of definitions need to be updated consistent with the revisions proposed here.

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Next Steps

Schedule:

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|--------|----------------------|
| ✓ MIWG | <i>May 06, 2009</i> |
| ✓ BIC | <i>June 10, 2009</i> |
| ✓ MC | <i>June 24, 2009</i> |

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