19.5   Reservation of Transmission Capacity in a Centralized TCC Auction through RCRR TCCs

19.5.1 Before each Centralized TCC Auction, the ISO shall, subsequent to performing the reduction process pursuant to Section 19.8.2 of this Attachment M, determine the number of RCRRs between each of the following contiguous pairs of Load Zones within the NYCA that the ISO shall allocate to each Member System: West – Genesee; Genesee – Central; North – Mohawk Valley; Central - Mohawk Valley; Mohawk Valley – Capital; Capital - Hudson Valley; Hudson Valley – Millwood; Millwood – Dunwoodie; Dunwoodie - New York City; Dunwoodie - Long Island.

The ISO shall determine the number of RCRRs that the ISO shall allocate for each of these Load Zone pairs by maximizing the number of RCRRs between each Load Zone pair that are simultaneously feasible with all TCCs and Grandfathered Rights listed in Section 19.8.2 (i), and Table 1 ETCNL/TCCs that remains after reduction pursuant to Section 19.8.2 of this Attachment M.

To do so, the ISO will use the same optimization model that is used in determining the award of TCCs in a Centralized TCC Auction, and will represent each TCC and Grandfathered Right listed in Section 19.8.2 (i), Table 1 ETCNL/TCCs remaining after reduction pursuant to Section 19.8.2, and a large number of RCRRs in the model as fixed injections and withdrawals. The Centralized TCC Auction software will determine the maximum number of RCRRs for each Load Zone pair by maximizing the area under the bid curve $Bids_j$ as expressed by the following formula, subject to the constraint that the injections and withdrawals corresponding to the TCCs, Grandfathered Rights listed in Section 19.8.2 (i) and Table 1 ETCNL/TCCs remaining after reduction pursuant to Section 19.8.2, and potential RCRRs must correspond to a simultaneously feasible Power Flow:

$$\sum_{j \in N} \int_0^{A_j} Bids_j$$

Where,

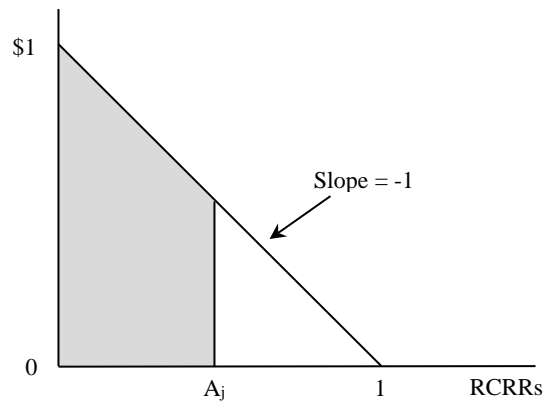 $j =$ A Load Zone pair

        $N =$ The set of all Load Zone pairs for which the ISO shall calculate RCRRs

        $A_j =$ The number of RCRRs defined between Load Zone pair j

        $Bids_j =$ The line that intersects the y-axis at \$1/TCC and which intersects the x-axis at 1 MW, as illustrated in the bid curve illustrated below.

Bid Curve Bids$_j$ for RCRR$_j$

The ISO shall determine the POI and POW of each RCRR by assigning the POI and POW that the ISO expects, based on the ISO's review of historical and other information available to the ISO, to produce positive Congestion payments to a Member System that converts the RCRR into an RCRR TCC for the majority of the ~~duration, in hours, of the longest duration TCCs to be sold in~~ Capability Period that commences immediately following the completion of the relevant Centralized TCC Auction.

19.5.2 The ISO shall allocate RCRRs between each Load Zone pair to each Member System in an amount equal to the product of (i) the number of RCRRs between the Load Zone pair for the Centralized TCC Auction as calculated pursuant to Section 19.5.1 of this Attachment M, and (ii) the Member System's allocation factor for that Load Zone pair, which shall be calculated pursuant to the following formula:

$$\text{Allocation Factor}_{t,j} = \frac{\sum_{a \in A} \left(\text{Interface Revenue}_{t,j,a} \right)}{\sum_{\substack{t \in T \\ a \in A}} \left(\text{Interface Revenue}_{t,j,a} \right)}$$

Where,

Allocation Factor$_{t,j}$	=	The allocation factor used by the ISO to allocate a share of RCRRs between Load Zone pair j to Member System t for a Centralized TCC Auction
Interface Revenue$_{t,j,a}$	=	The revenue from the sale of TCCs (excluding those TCCs for which revenue is allocated to a Member System pursuant to Sections 20.3.3 through 20.3.5 of Attachment N) associated with the Interface between Load Zone pair j in Centralized TCC Auction a assigned to Member System t
t	=	A Member System
T	=	The set of all Member Systems
a	=	A Centralized TCC Auction
A	=	The set of Centralized TCC Auctions beginning with the Centralized TCC Auction held for the 2000 Summer Capability Period and ending with the Centralized TCC Auction held for the 2003-2004 Winter Capability Period
j	=	A Load Zone pair.

19.5.3 Subject to the limitations set forth in Section 19.5.4 of this Attachment M, a Member System allocated an RCRR pursuant to Section 19.5.2 of this Attachment M shall have a right prior to each Centralized TCC Auction to convert each RCRR into an RCRR TCC. Each RCRR TCC will have a duration of 6 months and will have the same POW and POI as the RCRR from which it was converted. If a Member System fails to exercise its right to convert an RCRR into an RCRR TCC in the manner and by the date specified in this Section 19.5.0, the Member System shall forfeit the RCRR. Each RCRR shall be valid only for the Centralized TCC Auction for which it was allocated.

19.5.4 Notwithstanding any other provisions of this Section 19.5.0, a Member System shall not convert an amount greater than the Capacity Reservation Cap of the Member System's RCRRs into RCRR TCCs.

RCRRs may be converted only into whole RCRR TCCs. If the Capacity Reservation Cap multiplied by the number of RCRR does not yield a whole number, then the number of RCRR TCCs that a Member System shall have a right to convert from RCRRs will be reduced to the nearest integer and the number of RCRRs that a Member System shall not have a right to convert to RCRR TCCs will be increased to the nearest integer.

19.5.5 Before each Centralized TCC Auction, the ISO shall, subsequent to performing the reduction process pursuant to Section 19.8.2 of this Attachment M, determine the number of RCRRs that each Member System shall have a right to convert to RCRR TCCs. The ISO shall notify each Member System of the ISO's determination with regard to its RCRRs in a written notice to be received by the Member System on or before the date specified in the timeline for the relevant Centralized TCC Auction posted on the ISO's website, as that timeline may be revised from time to time.

19.5.6 A Member System may exercise its right to convert its RCRRs into RCRR TCCs by notifying the ISO of the number of the Member System's RCRRs that the Member System elects to convert to RCRR TCCs. The Member System shall make the notification in a written notice, in accordance with ISO Procedures, to be received by the ISO on or before the date specified in the timeline for the relevant Centralized TCC Auction posted on the ISO's website, as that timeline may be revised from time to time. After receipt by the ISO, the Member System's notification shall not be modified or revoked, except by permission of the ISO.

19.5.7 A Member System shall not transfer (by sale or otherwise) its RCRR TCCs except through a Centralized TCC Auction or Reconfiguration Auction, and shall not sell its RCRR TCCs through Direct Sales or through Secondary Markets.