

Reserving Capacity for TCC Balance-of-Period Auctions

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ICAPWG/MIWG/PRLWG:

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Agenda

- Overview
- Supplemental Stakeholder Feedback
- Next Steps

Overview

- **NYISO's tariffs require that all transmission capacity not associated with Grandfathered Rights or outstanding TCCs and not reserved through conversion of Existing Transmission Capacity for Native Load (ETCNL) to ETCNL TCCs or Residual Capacity Reservation Rights (RCRR) to RCRR TCCs be made available for sale in the Centralized TCC Auctions**
 - This may significantly limit the opportunity for Market Participants (MPs) to acquire shorter-term TCCs in Balance-of-Period (BoP) Auctions
 - Other ISO/RTOs reserve some portion of transmission capacity for sale in their monthly Financial Transmission Right auctions
- **This project was created to develop a market design that accommodates the reservation of a portion of otherwise available transmission capacity for release in the BoP Auctions**
- **The NYISO previously discussed the proposed market design with stakeholders on June 30, 2020 and requested submission of any supplemental comments/feedback from stakeholders**
 - Slides previously presented at the June 30, 2020 ICAPWG/MIWG/PRLWG meeting are provided in the appendix of this presentation

Supplemental Stakeholder Feedback

- **The following feedback was supplied to the NYISO regarding the proposed market design**
 - The amount of transmission capacity that may be reserved from a Centralized TCC Auction for BoP Auctions should be no greater than 10%. The maximum amount of transmission capacity that may be reserved should be specified in the tariff. (2 responses)
 - The actual amount of reserved transmission capacity from any Centralized TCC Auction should be determined by the NYISO after consideration of feedback from Market Participants through the current auction survey mechanism (2 responses)
 - One response recommended eliminating the current requirement mandating that Sub-Auctions contain at least four rounds absent unanimous agreement by the Transmission Owners subject to OATT Attachment N settlements

Supplemental Stakeholder Feedback (cont.)

- **Feedback regarding the release of reserved transmission capacity in BoP Auctions:**
 - One response recommended equal distribution of reserved transmission capacity across the relevant BoP Auctions (example #3 from the June 30, 2020 presentation)
 - One response noted a preference for most or all of the transmission capacity that has been reserved for a given month to be released into the prompt-month BoP Auction (example #1 from the June 30, 2020 presentation)
 - The response further noted that if reserved capacity for a particular month is released in more than one BoP Auction, the number of BoP Auctions into which that transfer capability is released should be limited

Next Steps

- **The NYISO is seeking any additional stakeholder feedback on today's presentation and the June 30, 2020 market design proposal by September 11, 2020**
- **Q3/Q4 2020: Additional MIWG discussions on proposal including draft tariff revisions**
- **Q4 2020 BIC: seek stakeholder approval of proposed market design to facilitate development of functional requirements in 2021**
 - The ultimate timeline for implementation (including seeking further stakeholder approval on the proposal) will be determined as part of the annual project prioritization process

Questions/Feedback?

- Email additional feedback to: deckels@nyiso.com

Appendix

(Slides Presented at the June 30, 2020
ICAPWG/MIWG/PRLWG Meeting)

Proposal – Capacity Reserved for BoP Auctions

- The NYISO proposes that the maximum allowable amount of transmission capacity that may be reserved from a Centralized TCC Auction for BoP Auctions be specified in the tariff
 - Proposed Maximum = x% (10% was assumed for the remainder of this presentation)
- The NYISO proposes to poll MPs regarding their preferred amount of transmission capacity to be reserved for the BoP Auctions of a given Capability Period as part of the normal TCC auction survey process
- Consistent with decisions related to the amount of transmission capacity supporting TCCs of various durations and percentage of transmission capacity made available in each auction round, the NYISO proposes that it retain authority to determine the amount of transmission capacity to be reserved for the BoP Auctions as informed by consideration of the survey responses

Proposal – Capacity Distribution in BoP Auctions

- Every BoP Auction includes an opportunity to purchase TCCs in each month remaining in the Capability Period
- If all of the transmission capacity reserved for the BoP Auctions was made available for purchase in all months of the first BoP Auction of a Capability Period, then no transmission capacity would be reserved for any of the remaining BoP Auctions of that Capability Period
- The NYISO proposes to retain authority to determine the amount of reserved transmission capacity released in each month of each BoP Auction (“transmission capacity distribution”) to facilitate releasing a portion of the reserved in each BoP Auction
- The following slides provide examples of several potential transmission capacity distributions
 - All examples are for the distribution of transmission capacity among the six BoP Auctions for the Summer 2022 Capability Period assuming 10% of the otherwise available transmission capacity reserved from the Spring 2022 Centralized TCC Auction

Distribution – Example #1

- All reserved transmission capacity made available in the prompt month; no reserved transmission capacity made available in the remaining months
 - Inventory scaled up to reserve transmission capacity in the remaining months

Auction	Capacity Made Available in Month					
	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022
May 2022 BoP	10%	0%	0%	0%	0%	0%
June 2022 BoP		10%	0%	0%	0%	0%
July 2022 BoP			10%	0%	0%	0%
August 2022 BoP				10%	0%	0%
September 2022 BoP					10%	0%
October 2022 BoP						10%

Distribution – Example #2

- A limited, consistent amount of reserved transmission capacity made available in the remaining months
- Remainder of reserved transmission capacity made available in the prompt month

Auction	Capacity Made Available in Month					
	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022
May 2022 BoP	10%	1%	1%	1%	1%	1%
June 2022 BoP		9%	1%	1%	1%	1%
July 2022 BoP			8%	1%	1%	1%
August 2022 BoP				7%	1%	1%
September 2022 BoP					6%	1%
October 2022 BoP						5%

Distribution – Example #3

- Reserved transmission capacity made available in each month is equally divided among each opportunity to purchase that month in the BoP Auctions

Auction	Capacity Made Available in Month					
	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022
May 2022 BoP	10%	5%	$3\frac{1}{3}\%$	2.5%	2%	$1\frac{2}{3}\%$
June 2022 BoP		5%	$3\frac{1}{3}\%$	2.5%	2%	$1\frac{2}{3}\%$
July 2022 BoP			$3\frac{1}{3}\%$	2.5%	2%	$1\frac{2}{3}\%$
August 2022 BoP				2.5%	2%	$1\frac{2}{3}\%$
September 2022 BoP					2%	$1\frac{2}{3}\%$
October 2022 BoP						$1\frac{2}{3}\%$

Distribution – Example #4

- Reserved transmission capacity made available in each month is divided among all opportunities to purchase that month in the BoP Auctions, but with the amount made available increasing with each opportunity

Auction	Capacity Made Available in Month					
	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022
May 2022 BoP	10%	$3\frac{1}{3}\%$	$1\frac{2}{3}\%$	1%	$\frac{2}{3}\%$	$\frac{10}{21}\%$
June 2022 BoP		$6\frac{2}{3}\%$	$3\frac{1}{3}\%$	2%	$1\frac{1}{3}\%$	$\frac{20}{21}\%$
July 2022 BoP			5%	3%	2%	$1\frac{3}{7}\%$
August 2022 BoP				4%	$2\frac{2}{3}\%$	$1\frac{19}{21}\%$
September 2022 BoP					$3\frac{1}{3}\%$	$2\frac{8}{21}\%$
October 2022 BoP						$2\frac{6}{7}\%$

ETCNL and Original Residual TCCs

- **The NYISO proposes to make the transmission capacity associated with ETCNL and Original Residual TCCs available to support the purchase of TCCs in the same proportion(s) as the Residual Transmission Capacity that is reserved for release in BoP Auctions**
- **Due to the release of ETCNL and Original Residual TCCs in BoP Auctions, the following will require process and potentially corresponding tariff adjustments:**
 - Allocation of revenue from the sale of Original Residual TCCs
 - Allocation of revenue from the release of ETCNL
 - Calculation of Net Auction Revenue
 - Allocation of Net Auction Revenue (both Facility Flow-Based Methodology and negative Net Auction Revenue coefficients)
 - Calculation of Day-Ahead Market Net Congestion Rent allocation factors

Other Considerations

- **Impact of modeled transmission outages on the feasibility of ETCNL**
 - Also, the related impact on Auction Revenue Shortfall Charges and Surplus Payments
- **Incremental TCC evaluations**
 - Currently, the models from recently completed Centralized TCC Auctions are used in evaluating requests for Incremental TCCs

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