

Reserving Capacity for TCC Balance-of-Period Auctions

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Agenda

- Background
- Market Design Overview
- Next Steps

Background

- **The tariff currently requires 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 ability to reserve a portion of otherwise available transmission capacity for release in the BoP Auctions**

Background (continued)

- **The NYISO previously discussed the proposed market design with stakeholders on June 30, 2020, September 1, 2020, and October 27, 2020**
 - An overview of the proposed market design is provided on the following slides
- **The NYISO has developed draft revisions to the Open Access Transmission Tariff (OATT) to address the proposed market design**
 - The draft tariff revisions were developed to assist stakeholders in reviewing the proposed market design
 - The NYISO is not seeking stakeholder approval of tariff revisions to implement the proposed market design at today's meeting
 - The draft tariff revisions were reviewed with stakeholders and are posted with the meeting material for the October 27, 2020 ICAPWG/MIWG/PRLWG meeting
- **This presentation and approval sought from stakeholders is intended to facilitate the NYISO's ability to proceed with the development of functional requirements for the market design in 2021**

Market Design Overview

- The NYISO proposes to establish authority in the tariff to reserve a portion of transmission capacity from a Centralized TCC Auction for release into the BoP Auctions
- The NYISO proposes to limit the amount of transmission capacity that can be reserved from a Centralized TCC Auction to no more than 10% of the of the transmission capacity not otherwise required to support already-outstanding Grandfathered Rights, Grandfathered TCCs, Fixed Price TCCs, Incremental TCCs, ETCNL TCCs, and RCRR 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 transmission capacity that is reserved for release in BoP Auctions. This impacts several other TCC market administration processes/procedures, including:
 - Allocation of revenue from the release of ETCNL and sale of Original Residual TCCs
 - Calculation and allocation of Net Auction Revenue
 - Calculation and allocation of Day-Ahead Market Net Congestion Rent

Market Design Overview (continued)

- **The NYISO proposes to poll MPs regarding their preferred amount of transmission capacity to be reserved for the BoP Auctions 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 of a Centralized TCC Auction, the NYISO proposes to retain authority to determine the amount of transmission capacity to be reserved for the BoP Auctions as informed by consideration of the survey responses
- **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”)**
 - Every BoP Auction includes an opportunity to purchase TCCs in each month remaining in the Capability Period
 - The transmission capacity distribution establishes the method of releasing the reserved capacity across the available months in the BoP Auctions

Next Steps

- **Seek stakeholder approval of the proposed market design**
 - Stakeholder approval of the proposed market design will facilitate the ability to development functional requirements for such design 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

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- Operating open, fair and competitive wholesale electricity markets
- Planning the power system for the future
- Providing factual information to policymakers, stakeholders and investors in the power system

