

# ETCNL Rights

---

Gregory R. Williams, Manager TCC Market Operations  
Joshua Boles, Sr. Manager Capacity Market Operations  
**ICAPWG/MIWG/PRLWG**

May 8, 2023

# Agenda

- **Background**
- **Transmission Congestion Contract (TCC) Market Considerations**
- **Capacity Market/Resource Adequacy Considerations**

# Background

# Background

- **In response to the recently announced potential retirement of the Homer City generation facility, certain stakeholders raised questions regarding the impact thereof on certain Existing Transmission Capacity for Native Load (ETCNL) rights designated for NYSEG**
  - Questions sought additional information regarding TCC market implications, as well as potential impacts in the context of the capacity market/resource adequacy assessments
- **Certain stakeholders also requested information regarding broader implication of generation facility retirements on ETCNL rights recognized in the TCC market**
  - Specifically, certain stakeholders sought information regarding the impacts of the Indian Point generation facility retirements on certain ETCNL designations of Con Edison

# ETCNL: TCC Market

# TCC Market Considerations

- **At NYISO startup, certain transmission capacity was designated as ETCNL to recognize historical transmission system investments and usage that predated the NYISO's commencement of operations**
- **ETCNL designations are set forth in Table 3 of Attachment L to the OATT**
  - Table 2 of Attachment M to the OATT provides further information on the point-to-point “flow paths” associated with ETCNL designations
- **ETCNL designations are not contingent on the operating status of any generation facility that may be associated with a point of injection (POI) or point of withdrawal (POW) thereof**
  - Subsequent retirement of a generation facility representing the POI/POW of an ETCNL designation does not terminate such designation for purposes of the TCC market
- **In the TCC market, ETCNL designations are primarily utilized for purposes of allocating revenues derived from the sale of TCCs in NYISO-administered auctions to the transmission owners subject to Attachment N of the OATT**
  - ETCNL is intended to help ensure that transmission customers funding the historical transmission system investments and usage represented by such designations are the beneficiaries of the associated auction-derived revenues
  - TCC auction revenues allocated to the applicable transmission owners serve as an offset to the revenue requirements collected through the wholesale transmission service charges under Attachment H of the OATT

# TCC Market Considerations (cont.)

- **Except for certain limited reservation rights, the OATT requires that all transmission capacity associated with ETCNL designations be released to support the sale of TCCs in NYISO-administered auctions**
- **Sections 19.4 and 19.5 of Attachment M to the OATT provided the transmission owners subject to Attachment N of the OATT a right to convert a limited portion of transmission capacity to six-month duration TCCs prior to each Centralized TCC Auction**
  - These limited reservation rights were accepted by FERC and have been in effect since 2004
    - Intended to provide the transmission owners subject to Attachment N a limited mechanism to help mitigate the potential magnitude of congestion rent shortfalls
  - These conversion rights are capped at no more than 5% of the otherwise available transmission capacity associated with these designations
  - Any six-month TCC conversions elected by the applicable transmission owners are for the benefit of transmission customers and all settlements relating thereto are accounted for in establishing transmission service charges under Attachment H of the OATT
  - All elections to exercise the rights afforded under Sections 19.4 and 19.5 are posted on the NYISO's website prior to the start of each Centralized TCC Auction (see [http://tcc.nyiso.com/tcc/public/view\\_nominations.do](http://tcc.nyiso.com/tcc/public/view_nominations.do))

# ETCNL: Capacity Market/Resource Adequacy



# Capacity Market/Resource Adequacy Considerations

- **Section 5.12.2.2 of the MST provides that the External Installed Capacity Rights corresponding ETCNL as reflected in Table 3 of Attachment L to the OATT continue without term**
  - Other External Installed Capacity rights existing as of September 17, 1999 that do not correspond to Table 3 of Attachment L to the OATT survive for the term of the relevant External Installed Capacity contract or until the relevant External Generator is retired
- **Table 3 identifies NYSEG's ETCNL rights associated with Homer City at 963 MW in aggregate**
- **These rights will continue to exist under the NYISO's tariffs and procedures notwithstanding the announced July 1 deactivation of the Homer City Units 1, 2, and 3**

# NYSEG's ETCNL Capacity Market Utilization

- **NYSEG elects how much of its ETCNL it will utilize in the ICAP market prior to each capability period**
  - Any amount of the NYSEG ETCNL it elects to utilize is considered deliverable in accordance with Section 5.12.2.2 of the MST and Section 4.9.2.5.2. of the ICAP Manual
- **In accordance with Section 5.12.2.2 of the MST and Section 4.9.2.5.2, any ETCNL MW not utilized by NYSEG are made available to other market participants via the NYISO's first-come-first-serve import rights process to the extent that amount is determined to be deliverable.**
  - Any such MW that NYSEG elects not to utilize are evaluated for deliverability as part of the NYISO's Annual External ICAP Deliverability Test. (See Section 4.9.2.5 of the ICAP Manual)
  - Deliverability study for the FCFS import rights process takes place in January and February of each year
  - To the extent they are found deliverable, they are made available on the PJM interface to the NYISO first-come-first-serve import rights process (recent MW levels are listed in the tables in Section 4.9.6 of the ICAP Manual)

# ETCNL Treatment in the IRM and Other Resource Adequacy Modeling

- IRM model reserves NYSEG's ETCNL (1,080 MW in total utilizing the PJM Proxy Generator Bus as a POI [including 963 MW corresponding to Homer City])
  - This ETCNL is not available in IRM model for Emergency Assistance
- RNA/CRP modeling is conducted consistent with NYSEG's recent ETCNL elections

# No Changes Expected Due to Homer City Announced Deactivation

- **NYISO's tariffs make it clear that the treatment of NYSEG's ETCNL established NYISO startup that correspond to Homer City will remain unchanged due to the announced deactivation**
- **PJM's treatment of NYSEG's firm transmission withdrawal rights associated with Homer City may impact future imports of External ICAP**
  - NYISO will continue to monitor PJM's Homer City deactivation process and any implications for NYSEG's firm transmission withdrawal rights within PJM associated with the facility

# Questions?

# Our Mission & Vision



## Mission

Ensure power system reliability and competitive markets for New York in a clean energy future



## Vision

Working together with stakeholders to build the cleanest, most reliable electric system in the nation