Allocating Import Capacity for Resource Adequacy Purposes under MRTU

Proposed Changes to Interim Reliability Requirements Program Tariff Sheets

Stakeholder Conference Call
February 21, 2007

Presented by
Keith Johnson
Agenda

Objective of Call
- Review draft tariff sheets for methodology for allocating import capacity into ISO Control Area to Load Serving Entities for purposes of fulfilling resource adequacy planning and reporting obligations
- Obtain stakeholder input

(Draft tariff sheets are being used today to convey key policy aspects that will be addressed in tariff filing)

Agenda
1. Background and introductions
2. Review draft ISO Tariff sheets
3. Next steps
Background

- ISO filed an initial proposal on Dec 11, 2006
- In its initial proposal, ISO proposed utilizing the Interim Reliability Requirements Program allocation process as a foundation for MRTU allocation process
- FERC held Technical Conference on Feb 1, 2007
  - Parties discussed ISO initial proposal
  - FERC asked parties to submit comments to ISO on revised ISO proposal discussed orally at the conference
- 10 stakeholders submitted comments to ISO on Feb 9
- ISO posted stakeholder comments on Feb 12
- ISO posted “blackline” tariff sheets on Feb 16
Sources of Changes

- Stakeholder comments and input received from members of the Market Surveillance Committee
- Jan 22, 2007 FERC Order on Rehearing, Clarification and Compliance Filing
- ISO experience in conducting allocations for 2007 under Interim Reliability Requirements Program
Current Provisions Continued

- Existing Transmission Contracts are fully reserved
- Resource contracts entered into as of Mar 10, 2006 given priority in requesting space on branch groups
- Where branch group is over requested, whether at contract allocation stage or later allocation stage, available capacity allocated based on load ratio share
- Allocations performed on annual basis, with allocation valid for a one-year term
- ISO to post information, by branch group, on import capacity that can be allocated, amount allocated to contracts, and remainder unallocated import capacity
Changes to IRRP\(^1\) Process

- Allocation capped at greater of “grandfathered” contracts and/or Existing Transmission Contracts amount or respective load ratio share of Load Serving Entity
- Specify
  - Deadline for completing allocation process
  - Manner and timing of steps for trading
- ISO will track and record trades
- Will grandfather only initial term of contracts on a priority basis (no “evergreen” provisions)

\(^1\) “IRRP” is Interim Reliability Requirements Program
Provisions not Added

- Will not post allocations by each Load Serving Entity
- No multi-year allocations
- No “preference” provisions
Next Steps

Feb 23    Post tariff sheets: review language, not policy
Feb 23    Stakeholder two-week comment period starts
Feb 28    Memo sent to Board of Governors
Mar 7     Request Board approval to make filing
Mar 9     Two-week comment period ends
Mar 12    Conference call: on tariff language, not policy
Mar 19    Make filing

Note: During the Feb 1, 2007 FERC Technical Conference, FERC staff and stakeholders agreed that an expedited process is needed to meet the procurement deadlines for compliance year 2008