

# Decision on Congestion Revenue Rights Enhancements



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Your Link to Power

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# CRRs help Market Participants manage the costs of transmission congestion.

- 🌐 **CRRs entitle its holder to the stream of congestion revenue between two points over a certain time period.**
  - *Monthly, seasonal (four quarters of the year) and Long Term (10 years) for peak and non-peak hours.*
- 🌐 **CRRs are first allocated to Load Serving Entities.**
  - *Any market participant can bid at auction for CRRs up to the remaining capacity of the transmission grid.*
- 🌐 **CRRs to be effective in 2008 were previously allocated and auctioned.**

# Key enhancements to the existing CRR rules are needed for three purposes.

- 🌐 **Reinforce the value of CRRs for Load Serving Entities**
- 🌐 **Enhance the fairness of the CRR release process**
- 🌐 **Strengthen credit policy for CRRs**

# Updating the rules for allocating CRRs will reinforce their value to LSEs.

 **MRTU delay caused allocation of CRRs to get out-of-sync with established rules.**

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- Currently different Tariff rules for “Year One” and “Year 2” CRRs.
- 2008 CRRs will be effective only for Quarter 4.

 **Proposed new rules will realign CRR allocation with policies previously approved.**

- Season 1 (Jan – March) CRRs for 2009 would be under “Year One” rules.
  - *With sources verified using 2007 historical period.*
- Seasons 2, 3, and 4 CRRs for 2009 would be under “Year 2” rules.
  - *Sources already verified.*

# These policy enhancements will promote fairness in the CRR release process.

## **More precise MW granularity for CRRs:**

- *Up to 0.001 MW CRRs allow more nominations to clear.*

## **Determines eligibility for monthly CRRs for certain LSEs:**

- *New policy for loads that can't provide a verifiable load forecast.*

# This proposal strengthens the CRR credit policy in four ways.

- 🌐 **Tightens credit requirements for CRRs that transfer between LSEs due to load migration.**
- 🌐 **Uses actual market prices to determine credit requirements to hold CRRs.**
- 🌐 **Imposes additional requirement to post collateral before bidding on CRRs at auction.**
- 🌐 **Extends affiliate disclosure requirements for entities seeking CRRs.**

# Upon Board approval, Management will:

- 🌐 **File for FERC approval on tariff language incorporating these CRR policy proposals.**
- 🌐 **Begin the CRR release process this summer for CRRs effective in 2009.**