



Briefing on congestion revenue rights performance

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ISO's effort to enhance congestion revenue rights performance consisted of four different tracks

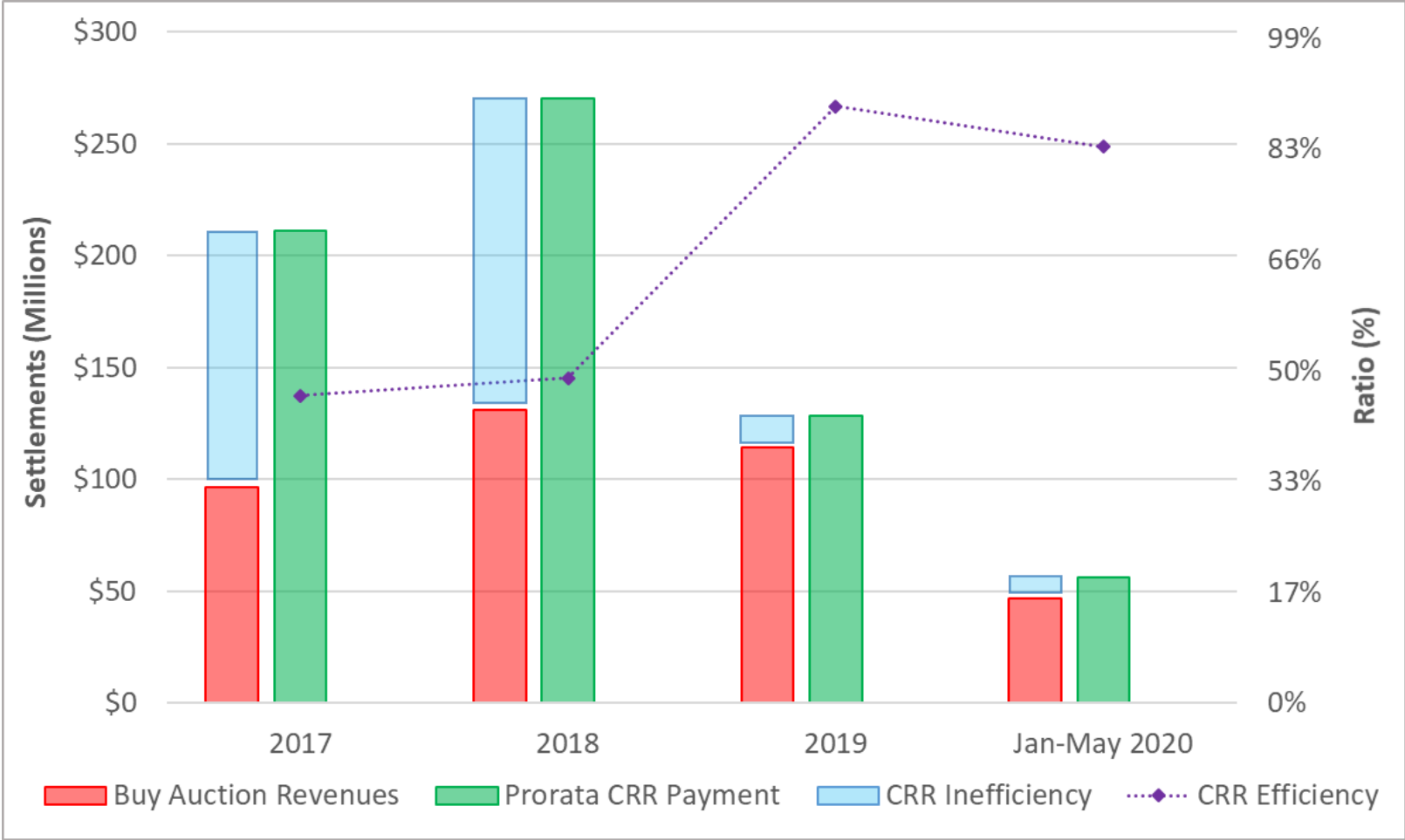
Analysis Track. Nov 2017:
Understand the drivers to guide the policy discussion

Track 0. First half of 2018.
Enhance ISO processes under existing Tariff requirements

Track 1A. 2019 Annual process:
Additional reporting requirements for transmission outages
Elimination of non-delivery paths

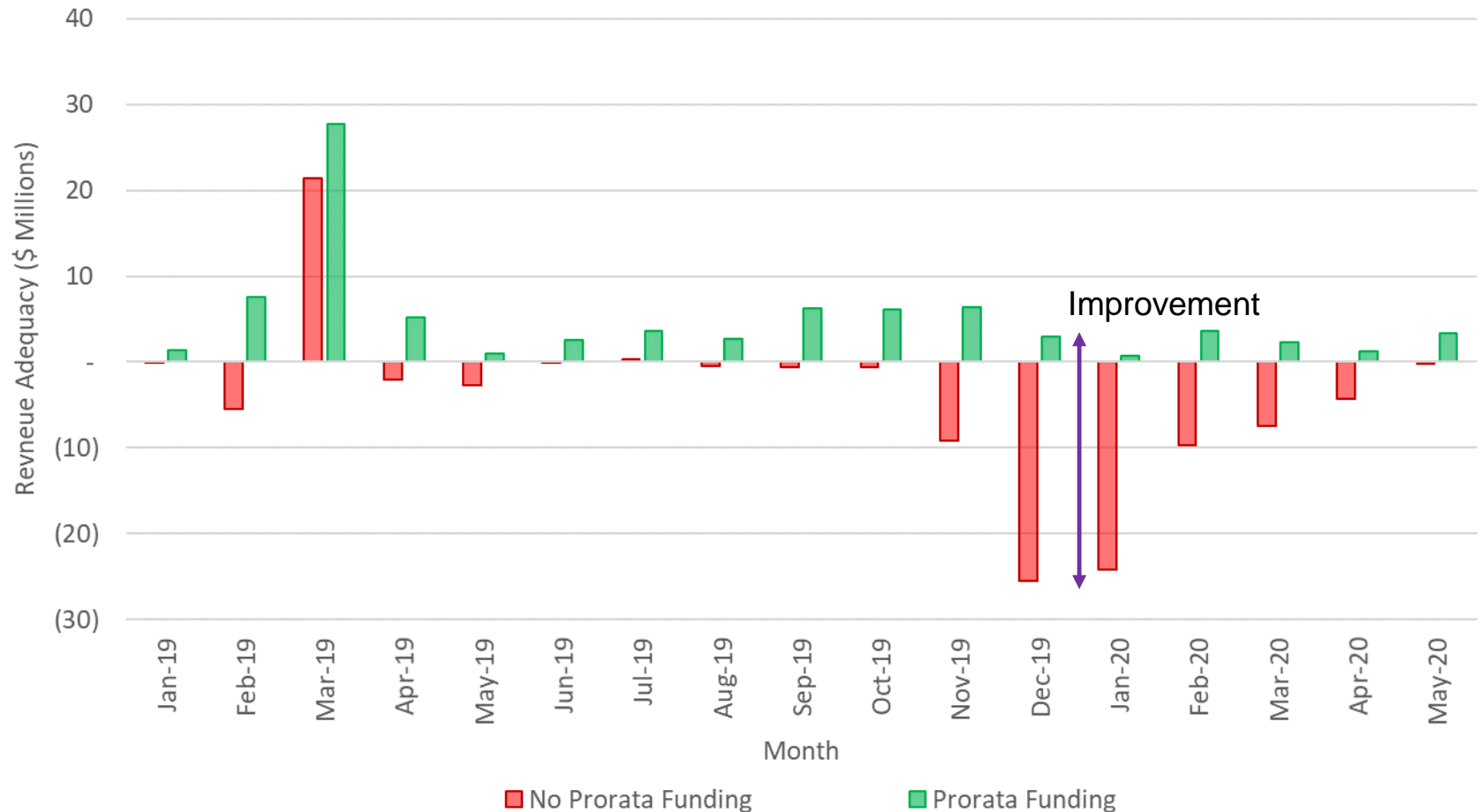
Track 1B. 2019:
Pro-rata funding applied on a constraint by constraint basis
Capacity released in annual allocation reduced from 75% to 65%

Auction efficiency improved from 47% to 87% in 2019 and trending toward 83% in 2020

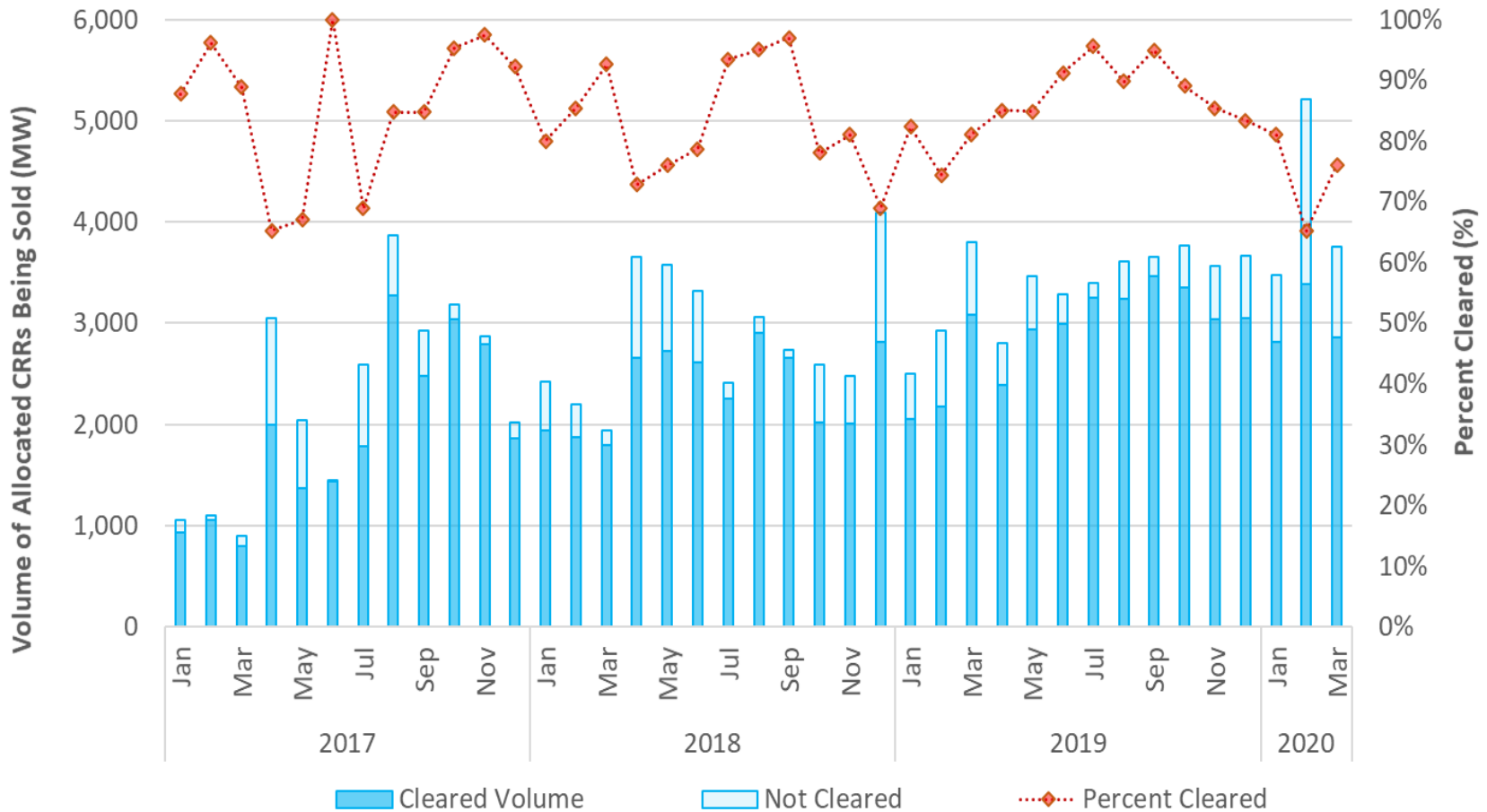


Auction Efficiency = CRR Auction Revenues vs. CRR Payment

Changes implemented in 2019 have reversed revenue inadequacy by about \$155 million in 2019 and 2020



Load serving entities continue to actively use the congestion revenue right auctions to rebalance their portfolio risks



Load serving entities increased their sales of allocated rights by up to 40 percent in 2019 and 2020

Conclusions and Next Steps

- Congestion revenue rights play an important role in the overall energy market and their benefits should be considered in context of lower energy prices because of hedging benefits
- Auction efficiency improved from 48% in 2018 to 88% in 2019, reducing the difference by approximately \$125 million
- Revenue adequacy improved by \$155 million so far
- Load serving entities increased the use of auctions to rebalance their portfolios by up to 40%
- ISO is pursuing an enhancement for consistency between day-ahead and congestion revenue rights markets
- ISO will continue to assess the auctions CRR performance