



Decision on congestion revenue right settlement rule modifications

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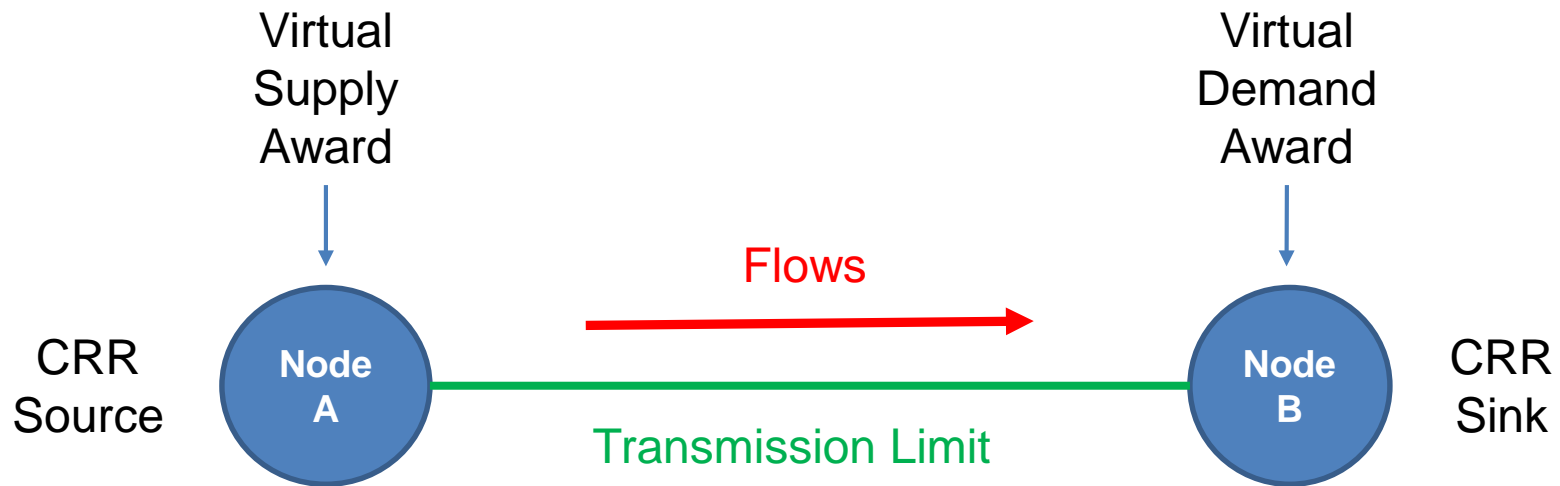
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CRR settlement rule ensures convergence bids and intertie schedules are not be used to increase CRR payments



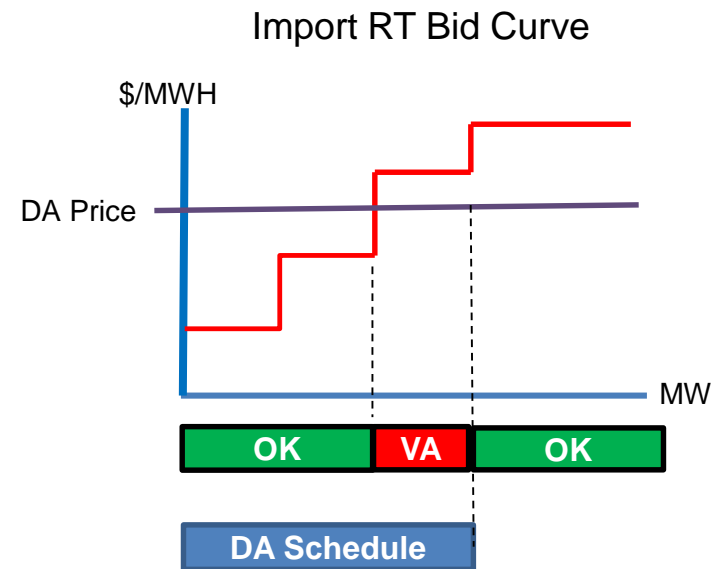
- CRR paid congestion difference between sink and source
- When flows from A to B reach transmission limit:
 - Cleared supply at node A increases CRR payment from source to sink
 - Cleared demand at node B increases CRR payment from source to sink
- If virtual award causes 10 percent or more flow impact, CRR payment is rescinded

Propose changes to the CRR settlement rule to address two issues

1. At intertie liquidity workshop, participants noted that subjecting intertie schedule changes to CRR settlement rule reduces incentives to re-bid into real-time market
2. DMM has observed virtual awards on aggregation points have resulted in flow impacts that increased CRR revenue to the CRR holder

Change #1 - If an intertie schedule is bid into real-time and meets the follow conditions, it is not considered a “virtual award”

- Import bid \leq day-ahead price
- Export bid \geq day-ahead price
- Bid range \geq day-ahead schedule
 - If less than day-ahead, the difference remains a “virtual award”



Change #2 - Include cleared convergence bids at trading hubs and load aggregation points when calculating the impact on CRR holdings

- DMM has observed cleared convergence bids on aggregation points increasing value of CRR holdings
- There is a flow impact from aggregation points, just as there is at individual nodes
- Rule should treat all cleared convergence bids the same when calculating impact to CRR holdings

Stakeholders generally support these minor changes

- Broad support for changes to treatment of import/export changes
- Stakeholders divided on removing exemption of virtual bids cleared at load aggregation points and trading hubs
 - Some argue virtual bids at load aggregation points and trading hubs should be evaluated the same as nodal bids
 - Others argue aggregation point and trading hub bids have limited ability to impact CRR payments

In summary, Management recommends approval of the proposed changes

- Responsive to stakeholder's issue with the rule raised during the intertie liquidity workshop
- Addresses DMM's identified issue at aggregation points