

# **Discussion on Upcoming Congestion Revenue Rights (CRR) Tariff Filings**

**Congestion Revenue Rights  
Stakeholder Meeting  
February 27, 2007**

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## Overview

- Additional FERC filings for first annual Congestion Revenue Rights (CRR) Allocation, CRR Auction and Secondary Registration System (SRS) are necessary
  - Transmission Rights and Transmission Curtailment (TRTC) Instructions further detail and early effectiveness
  - Candidate CRR Holder Registration Process & *Pro Forma* CRR Entity Agreement
  - Early Effective Date of Certain CRR Provisions
- Tariff changes are consistent with previously Board-approved policy, conditionally approved by FERC (further Board approval is not necessary)
- Update on CRR activities critical to implementation and important to interested stakeholders

## Background

- CRRs are financial instruments which allow CRR holders to manage congestion costs under Locational Marginal Pricing (LMP)
- TRTC Instructions are used to honor Existing Transmission Contracts (ETCs), Transmission Ownership Rights (TORs) and Converted Rights (CVRs) (*i.e.*, existing transmission rights by ownership or contract)
- CAISO will honor existing transmission rights by affording schedules submitted under such rights the “perfect hedge” and a scheduling priority
- Because of the perfect hedge the CAISO will model forecasted usage under existing transmission rights in its allocation and auction of CRRs to minimize risk of revenue inadequacy
- Only registered & qualified entities (Candidate CRR Holders & CRR Holders) may participate in CRR Allocation, CRR Auction or SRS

## Tariff Changes for TRTC Instructions

- Early Effectiveness of Tariff Provisions on TRTC Instructions
  - CAISO must collect and implement the TRTC Instructions this spring in preparation for the CRR Allocation & Auction
- Changes to Tariff Provisions
  - Additional data point on forecasted usage of existing transmission rights; this data point will have NO impact on a party's ability to exercise rights under MRTU
  - Additional detail on the nature of sinks (load) and sources (generation) that can be specified under the TRTC Instructions
  - Identification of which Scheduling Coordinator will receive the “perfect hedge”

## Tariff Changes for Registration and Qualification of Candidate CRR Holders

- Changes to Tariff Provisions
  - Additional details on Candidate CRR Holder registration and qualification process and post qualification requirements
  - *Pro forma* CRR Entity Agreement
- Early Effectiveness of Tariff Provisions
  - CAISO must register and qualify Candidate CRR Holders in time to commence the first annual CRR Allocation, CRR Auction and SRS later this summer
  - CAISO also needs early effectiveness of a number of already approved Tariff provisions in May to conduct verification activity prior to the actual CRR Allocation and Auction Process
  - CRR Entity Agreement execution is one of the requirements to qualify as a Candidate CRR Holder; binds parties to the applicable provisions of the CAISO Tariff

## Stakeholder Process

- **Feb 15**
  - Posted Tariff provisions for TRTC Instructions changes, CRR Registration Process, CRR Entity Agreement pro forma, and provisions seeking early effectiveness
  - Posted “*TRTC Instructions Implementation Guidelines*”
- **Feb 20**
  - Tariff implementation detail changes discussed at Market Implementation Workshop
- **Feb 27**
  - Stakeholder meeting to discuss tariff changes at CRR Issues
- **Up to March 6**
  - Deadline for receipt of stakeholder comments
- **March 7**
  - Board of Governor Informational Briefing
- **March 9**
  - File with FERC

**Comments: Please submit comments to  
MRTUTariff@caiso.com**

**Proposed Tariff Posted at:**

**<http://www.caiso.com/1b86/1b86b55320610.doc>**

**CRR Entity Pro Forma Agreement Posted at:**

**<http://www.caiso.com/1b86/1b86b68f29d50.doc>**

**Questions:**

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