



Decision on Congestion Revenue Rights Enhancements

Margaret Miller

Manager, Market Design and Regulatory Policy

Board of Governors Meeting

General Session

May 17-18, 2010

Experience with new market has led to identification of enhancements to facilitate CRR auction participation.

- Proposal includes five CRR enhancements:
 1. Process for adjusting CRR holdings to reflect load migration;
 2. Modeling and treatment of trading hubs in CRR allocation;
 3. Elimination of multi-point CRRs;
 4. Refinement of tiers in monthly allocation; and
 5. New method for distributing reductions to CRR nominations to mitigate congestion.

1. Revise load migration process.

- Issue: Current process for transferring CRRs due to load migration between load serving entities requires the ISO to handle data on retail customers.
- Proposal: Revise process to avoid ISO handling of confidential retail end-use customer data and add dispute resolution process.
- Broad stakeholder support for the proposal.

2. Revise modeling and treatment of trading hubs in CRR allocation.

- Issue: Current CRR allocation process results in holdings of many small CRRs.
- Proposal: Streamline allocation process through post-processing to recombine unbundled CRRs back into a trading hub CRR.
- Broad stakeholder support for the proposal.

3. Elimination of multi-point CRRs.

- Issue: Maintaining dual functionality for point-to-point and multi-point CRRs complicates implementation of new enhancements to the CRR system.
- Proposal: Eliminate multi-point CRRs.
- Stakeholders value new enhancements more than multi-point function.

4. Refinement of tiers in monthly CRR allocation.

- Issue: Current monthly CRR process has two allocation tiers plus the auction. CRR participants request enhancements to would reduce the time to complete the process.
- Proposal: Reduce time required by CRR participants as well as ISO to perform the monthly CRR allocation.
 - allow load serving entities to request all monthly CRRs in tier 1.
 - tier 2 only needed for what could not be awarded in tier 1.
- Stakeholders support this modification.

5. New method for distributing reductions to CRR nominations to mitigate congestion.

- Issue: Use of most effective nominated CRR to mitigate congestion in process for awarding CRRs results in inequitable adjustments.
- Proposal: Balance equity with maximum CRR release by using a new methodology which will distribute curtailments across CRR nominations that are effective in relieving congestion.
- Broad stakeholder support for the proposal.

Management request Board approval for the proposed enhancements.

- Majority of stakeholders support the modifications.
- Increase ISO efficiency in administering congestion revenue rights.