



California ISO
Your Link to Power

California Independent
System Operator Corporation

Proposal for Tariff Changes to Enhance Rules for the Release of Congestion Revenue Rights

Resolution of Open Issues

**Stakeholder Conference Call,
April 12, 2007**



Stakeholders and the ISO reviewed and discussed five issues related to CRR Release Process.

- **Use of Trading Hubs as CRR sources**
- **Possible changes to CRR source verification rules**
- **Set-Aside of Import Capacity for Auctions**
- **Renewal of Expiring LT-CRR and ETC/CVR**
- **Methodology for Allocating CRRs to Merchant Transmission Sponsors**



Use of Trading Hubs as Sources for Allocated CRRs

- **Final ISO Proposal: Disaggregate CRR nominations into individual generator CRRs that comprise each Trading Hub**
 - Avoids inefficient competition between Trading Hub CRRs versus individual generator CRRs
 - Most level playing field between parties who qualify mostly for Trading Hub CRRs and parties who require mainly individual generator CRRs.
 - Allows Trading Hub CRRs in Tier LT
 - Broad stakeholder support



Possible Changes to CRR Source Verification Rules

A. Expansion of the set of verified sources

Current ISO Proposal: Adhere to the filed MRTU tariff,
(except for updating the reference period to 2006.)

- No expansion that would allow contracts for future delivery – avoids potential side effects.

B. Minimum contract length for source verification

Final ISO Proposal: Retain the filed MRTU tariff
language that contracts submitted for CRR source
verification must be at least one month in duration.

- Limited stakeholder support for shorter duration.



Set-aside of Import Capacity

- **Final ISO Proposal: Retain set-aside calculation based on verified quantities (per filed MRTU Tariff)**
 - Change of reference year to 2006 should not have large impact on the set-aside quantities. Reliance of LSEs on imports probably has not changed significantly from 2004 to 2006.
 - Potential changes to the set-aside provision probably have broader impacts on the CRR allocation design.



Renewal of Expiring LT-CRRs and ETC/CVR

- **Final ISO Proposal: Allow holder of expiring rights to nominate those rights for LT-CRRs in the first Tier LT process in which the expiring rights are eliminated in all years.**
 - Applies to expiring ETCs and CVRs as well.
 - LT-CRR nominations would be allowable even though the CRRs did not go through the PNT first
 - Provides 9-year renewal, not 10-year



Methodology to determine CRRs for Merchant Transmission Upgrades

- **Final ISO Proposal** – Incorporate two-step methodology within Tariff for allocating CRRs to MT sponsors.
 - Similar to PJM’s approved practices
 - Permits MT sponsors to get CRRs that utilize existing capacity that was previously unusable and was “awakened” by the merchant project
 - Allows CRR options

Questions and Comments

- **Use of Trading Hubs as CRR sources**
- **Possible changes to CRR source verification rules**
- **Set-Aside of Import Capacity for Auctions**
- **Renewal of Expiring LT-CRR and ETC/CVR**
- **Methodology for Allocating CRRs to Merchant Transmission Sponsors**



Additional CRR-related Issues

- **Continued stakeholder review and discussion on CRR Credit Requirements**
 - Policy resolution to be presented to ISO Board in late May; FERC filing promptly thereafter
- **Rules for Load Migration; Outage Modeling; Common Monthly Forecasts**
 - Policy resolution to be presented to ISO Board in July; FERC filing by August 3.