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System Operator Corporation

# **Decision on Tariff Changes to Enhance Rules for the Release of Congestion Revenue Rights**

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# **The ISO's Market Redesign creates financial rights to enable participants to manage congestion charges.**

- **Congestion Revenue Rights (CRR) will be allocated to all entities serving load within the ISO grid, and auctioned to other parties.**
- **Allocation and auction rules were developed within 2005 stakeholder process, after careful assessment of designs used by other ISOs.**

## Why is the ISO seeking to change the filed rules for releasing CRRs?

- **FERC requires more details.**
- **Dry Run results point toward limited improvements.**
- **Proposed changes maintain overall structure for allocating rights to LSEs with auctions for residual CRRs.**
  - CRR proposal was filed at FERC in 2/06, approved in 9/06
  - Initial CRR allocation begins in July

## How did we get to this proposed decision?

- Latest formal stakeholder process began in February, but built upon earlier discussion and analysis.
- Stakeholders reviewed several options for improving these CRR rules.
- Proposed resolution of these issues seek to balance diverse interests.



# What are the differences between these proposed changes and the CRR release process that's already approved?

- 1) Long-Term CRRs would be available from "Trading Hubs."
- 2) Renewals for Long-Term CRRs would compete fairly against other LSEs.
- 3) Detailed methodology for determining how CRRs are awarded to Merchant Transmission entities.



## What is the impact of these proposed changes?

- **Improved CRR structure built through stakeholder processes and established in previous filings**
- **The ISO can move forward toward the initial release of CRRs prior to 2/08 MRTU launch.**
- **Stakeholders can review remaining issues:**
  - CRR Credit Requirements (May)
  - Load Migration and Outage Modeling (July)