

Decision on Congestion Revenue Rights Load Migration Process



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FERC Requirements

- 🌐 When customers move from one LSE to another, allocated CRRs must be transferred to follow the customers.
- 🌐 Per FERC's recent approval of the ISO's January 2007 Long Term CRR compliance filing, the ISO must perform such transfers of CRRs.
- 🌐 Management now proposes rules and procedures for implementing this function.

Options Considered

Mechanism of Transfer

- Create equal and offsetting sets of new CRRs
- Direct transfer of CRRs or financial equivalent

CRRs Subject to Transfer

- Shares of all allocated CRRs
- Allow some CRRs to be ineligible for transfer

Options Considered – 2

- 🌐 Renewal of Transferred CRRs
 - Allow priority renewal by load-gaining LSE
 - Don't allow priority renewal by either LSE
- 🌐 Managing Associated Credit Risk
 - Rely on filed credit and default provisions
 - Create a new additional credit requirement

Decision Criteria

1. Migrating customers retain fair share of value
2. Fair to all LSEs
3. Manage credit risks effectively
4. No disincentives for new investment
5. Feasible to implement for MRTU start-up
6. Consistent with MRTU design, no unintended consequences

Stakeholder-proposed criteria:

1. Allow LSE to retain CRRs ineligible for transfer
2. Allow load-losing LSE to recover transferred CRRs

Management Recommendation

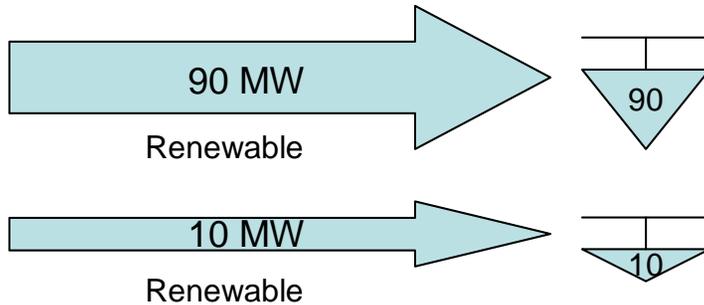
- 🌐 Mechanism of Transfer
 - Create equal and offsetting sets of new CRRs
- 🌐 CRRs Subject to Transfer
 - Shares of all allocated CRRs
- 🌐 Renewal of Transferred CRRs
 - Allow priority renewal by load-gaining LSE
- 🌐 Managing Associated Credit Risk
 - Rely on filed credit and default provisions

Resulting Allocation of New CRRs

LSE A has served Loads of 100 MW. 10% of its Load migrates to LSE B.

Before Migration

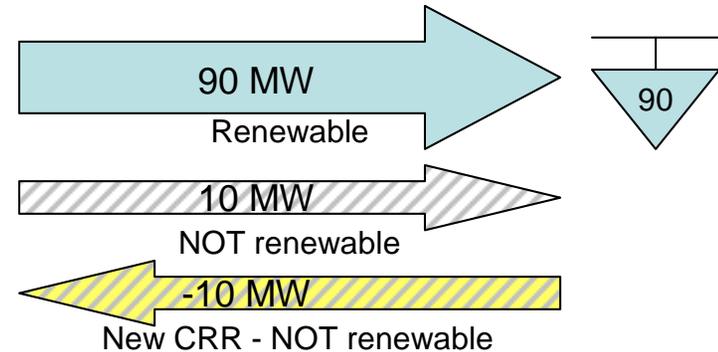
LSE A serves 100 MW of Load & has 100 MW of CRRs



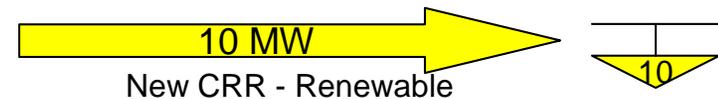
LSE B serves 0 MW of Load & has 0 MW of CRRs

After Migration

LSE A serves 90 MW of Load & has net 90 MW of CRRs



LSE B serves 10 MW of Load & has 10 MW of CRRs



Stakeholder Positions

Management Proposal	AReM	CPUC Staff	PG&E	SCE	CDWR
1. Create equal & opposite sets of new CRRs	Support	Support	No comment	Conditional Support	Support
2. All allocated CRRs subject to transfer	Support	Support	Oppose	Conditional Support	Support
3. Allow priority renewal by load-gaining LSE	Support	No comment	Neither LSE should be allowed to renew transferred CRRs		Support
4. Rely on filed credit & default provisions	Support	Support	No comment	Add credit req't when CRRs are sold	Details are needed