

Decision on Congestion Revenue Rights Contingency Plan



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California ISO
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Background

- CAISO released Congestion Revenue Rights (CRRs) for 2008 based on an April 1st start date of MRTU
 - Need to unwind payments and charges for CRRs released through the auction
- No Firm Transmission Rights (FTRs) as of April 1, 2008
 - Need to make FTRs available for months in 2008 during which MRTU is not in effect
- Constraints
 - Need measures that can be implemented by April 1
 - Need FERC & Board authority to implement contingency measures

Management proposes to reset the CRR Auction

- CRR Option 2 (Management Proposal)
 - Reduce terms of CRRs as of April 1 for every month that MRTU is delayed
 - Resettle auction CRRs as of April 1 - pay back payments made for portions of positively valued CRRs and collect payments for portions of negatively valued CRRs of reduced terms
 - Only apply FERC interest rate for interest on payments and charges if settlement occurs after the first of any month that the CRR would have been in effect

Management proposes an expedited FTR Auction

- 🌐 FTR Option 2 (Management Proposal) – FTR Auction for April 1, 2008 through March 31, 2009, plus backstop
 - Expedited FTR Auction using same software and mechanisms used in prior years to release FTRs
 - Requires Board approval of FTR Quantities
 - Backstop for April and May in the event the expedited FTR Auction cannot be complete by then

Stakeholder Input

- December 13, 2007 – CAISO released first plan of intended actions in the event of a delay in MRTU
- January 22nd – Posted revised plan in light of anticipated delay of MRTU
 - substantially similar to December 13th plan
- Conference call held on January 24th
- Comments submitted by participants through January 28th
 - Support reduction of CRR terms and re-settlement of reduced terms of CRRs released in the CRR Auction
 - Majority favor an FTR Auction based on same mechanisms used in the past
 - FTR renewal as discussed in FTR Option 1 acceptable for limited term only and only if no other mechanisms can be implemented by April 1

Recommendation

- CRR Contingency Plan = CRR Option 2 and FTR Option 2
- FTR Auction for 2008-2009
 - Proposed FTR Quantities based on FTR Quantities from FTR auction for 2007-2008
 - Will treat MW approval as a maximum and will reduce the quantities available should further analysis indicate that this is necessary
 - FTR payments refunded for months when MRTU starts
- File immediately with FERC additional tariff language to support CRR Contingency Plan