

19.5 Reservation of Transmission Capacity in a Centralized TCC Auction through RCRR TCCs

19.5.1 Before each Centralized TCC Auction, the ISO shall, subsequent to performing the reduction process pursuant to Section 19.8.2 of this Attachment M, determine the number of RCRRs between each of the following contiguous pairs of Load Zones within the NYCA that the ISO shall allocate to Transmission Owners: West – Genesee; Genesee – Central; North – Mohawk Valley; Central - Mohawk Valley; Mohawk Valley – Capital; Capital - Hudson Valley; Hudson Valley – Millwood; Millwood – Dunwoodie; Dunwoodie - New York City; Dunwoodie - Long Island.

The ISO shall determine the number of RCRRs that the ISO shall allocate for each of these Load Zone pairs by maximizing the number of RCRRs between each Load Zone pair that are simultaneously feasible with all TCCs and Grandfathered Rights listed in Section 19.8.2 (i), and Table 1 ETCNL/TCCs that remains after reduction pursuant to Section 19.8.2 of this Attachment M.

To do so, the ISO will use the same optimization model that is used in determining the award of TCCs in a Centralized TCC Auction, and will represent each TCC and Grandfathered Right listed in Section 19.8.2 (i), Table 1 ETCNL/TCCs remaining after reduction pursuant to Section 19.8.2, and a large number of RCRRs in the model as fixed injections and withdrawals. The Centralized TCC Auction software will determine the maximum number of RCRRs for each Load Zone pair by maximizing the area under the bid curve Bids_i as expressed by the following formula, subject to the constraint that the injections and withdrawals corresponding to the TCCs, Grandfathered Rights listed in Section 19.8.2 (i) and Table 1 ETCNL/TCCs remaining after reduction pursuant to Section 19.8.2, and potential RCRRs must correspond to a simultaneously feasible Power Flow:

$$\sum_{j \in N} \int_0^{A_j} Bids_j$$

Where,

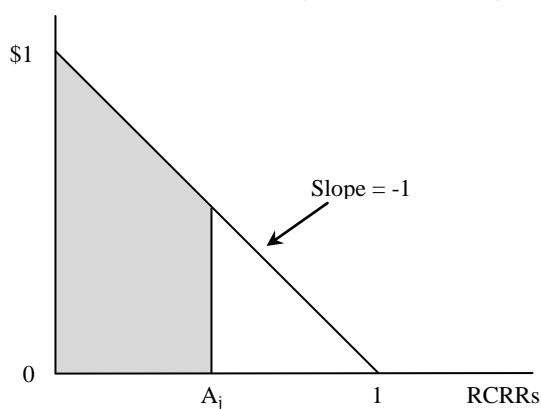
j = A Load Zone pair

N = The set of all Load Zone pairs for which the ISO shall calculate RCRRs

A_j = The number of RCRRs defined between Load Zone pair j

$Bids_j$ = The line that intersects the y-axis at \$1/TCC and which intersects the x-axis at 1 MW, as illustrated in the bid curve illustrated below.

Bid Curve $Bids_j$ for RCRR $_j$



The ISO shall determine the POI and POW of each RCRR by assigning the POI and POW that the ISO expects, based on the ISO's review of historical and other information available to the ISO, to produce positive Congestion payments to a Transmission Owner that converts the RCRR into an RCRR TCC for the majority of the duration, in hours, of the longest duration TCCs to be sold in the relevant Centralized TCC Auction.

19.5.2 The ISO shall allocate RCRRs between each Load Zone pair to each Transmission Owner in an amount equal to the product of (i) the number of RCRRs between the Load Zone pair for the Centralized TCC Auction as calculated pursuant to Section 19.5.1 of this Attachment M, and (ii) the Transmission Owner's allocation factor for that Load Zone pair, which shall be calculated pursuant to the following formula:

$$\text{Allocation Factor}_{t,j} = \frac{\sum_{a \in A} (\text{Interface Revenue}_{t,j,a})}{\sum_{\substack{t \in T \\ a \in A}} (\text{Interface Revenue}_{t,j,a})}$$

Where,

Allocation Factor_{t,j} = The allocation factor used by the ISO to allocate a share of RCRRs between Load Zone pair *j* to Transmission Owner *t* for a Centralized TCC Auction

Interface Revenue_{t,j,a} = The revenue from the sale of TCCs (excluding those TCCs for which revenue is allocated to a Transmission Owner pursuant to Sections 20.3.3 through 20.3.5 of Attachment N) associated with the Interface between Load Zone pair *j* in Centralized TCC Auction *a* assigned to Transmission Owner *t*

t = A Transmission Owner

T = The set of all Transmission Owners

a = A Centralized TCC Auction

A = The set of Centralized TCC Auctions beginning with the Centralized TCC Auction held for the 2000 Summer Capability Period and ending with the Centralized TCC Auction held for the 2003-2004 Winter Capability Period

j = A Load Zone pair.

19.5.3 Subject to the limitations set forth in Section 19.5.4 of this Attachment M, a Transmission Owner allocated an RCRR pursuant to Section 19.5.2 of this Attachment M shall have a right prior to each Centralized TCC Auction to convert each RCRR into an RCRR TCC. Each RCRR TCC will have a duration of 6 months and will have the same POW and POI as the RCRR from which it was converted. If a Transmission Owner fails to exercise its right to convert an RCRR into an RCRR TCC in the manner and by the date specified in this Section 19.5.0, the Transmission Owner shall forfeit the RCRR. Each RCRR shall be valid only for the Centralized TCC Auction for which it was allocated.

19.5.4 Notwithstanding any other provisions of this Section 19.5.0, a Transmission Owner shall not convert an amount greater than the Capacity Reservation Cap of the Transmission Owner's RCRRs into RCRR TCCs.

RCRRs may be converted only into whole RCRR TCCs. If the Capacity Reservation Cap multiplied by the number of RCRR does not yield a whole number, then the number of RCRR TCCs that a Transmission Owner shall have a right to convert from RCRRs will be reduced to the nearest integer and the number of RCRRs that a Transmission Owner shall not have a right to convert to RCRR TCCs will be increased to the nearest integer.

19.5.5 Before each Centralized TCC Auction, the ISO shall, subsequent to performing the reduction process pursuant to Section 19.8.2 of this Attachment M, determine the number of RCRRs that each Transmission Owner shall have a right to convert to RCRR TCCs. The ISO shall notify each Transmission Owner of the ISO's determination with regard to its RCRRs in a written notice to be received by the Transmission Owner on or before the date specified in the timeline for the relevant Centralized TCC Auction posted on the ISO's website, as that timeline may be revised from time to time.

19.5.6 A Transmission Owner may exercise its right to convert its RCRRs into RCRR TCCs by notifying the ISO of the number of the Transmission Owner's RCRRs that the Transmission Owner elects to convert to RCRR TCCs. The Transmission Owner shall make the notification in a written notice, in accordance with ISO Procedures, to be received by the ISO on or before the date specified in the timeline for the relevant Centralized TCC Auction posted on the ISO's website, as that timeline may be revised from time to time. After receipt by the ISO, the Transmission Owner's notification shall not be modified or revoked, except by permission of the ISO.

19.5.7 A Transmission Owner shall not transfer (by sale or otherwise) its RCRR TCC except through a Centralized TCC Auction or Reconfiguration Auction, and shall not sell its RCRR TCC through Direct Sales or through Secondary Markets.