

Annual Auction Revenue Right Allocation Process

A new annual Auction Revenue Right (ARR) allocation process will be implemented starting with the 2004/2005 planning period. The new allocation procedure is based on a two-stage ARR allocation.

The first stage is based on assigning candidate ARR sources for each transmission zone or for each historic load aggregation zone from generation resources that were historically designated to serve the load in the transmission zone or historic load aggregation zone. A historic aggregation zone is defined as a sub-region of a transmission zone that was served under a separate set of supply contracts than the other load in the transmission zone. LSEs in each zone will be provided with a pro-rata amount of MW capability from each resource based on their proportion of load within the transmission zone. Each LSE may request a quantity of ARR MWs from any of the assigned resources up to its share of the resources MW capability. Each LSE may request a quantity of ARR MWs to each zone up to their Network Service Peak Load MW amount in the zone.

The second stage of the ARR allocation is an iterative allocation process which consists of four rounds with 25% of the remaining system ARR capability allocated in each round. Each round will be conducted sequentially with LSEs being given the opportunity to view results of each round prior to submission of ARR requests into the subsequent round. Valid ARR source points in Stage 2 include zones, generators, hubs and external interface points. In each round, LSEs may request a MW quantity of ARRs for up to 25% of their remaining Network Service Peak Load MW amount not covered in the Stage 1 allocation.

Firm point-to-point transmission customers may also request ARRs during Stage 2. In each round, the customer may request up to 25% of the MWs of the service being provided between the specified source and sink points of the service.

All ARRs must be simultaneously feasible. If all ARR requests made during the annual allocation process are not feasible then ARRs are prorated and allocated in proportion to the MW level requested and in inverse proportion to the effect on the binding constraint.