



Congestion Revenue Rights Overview

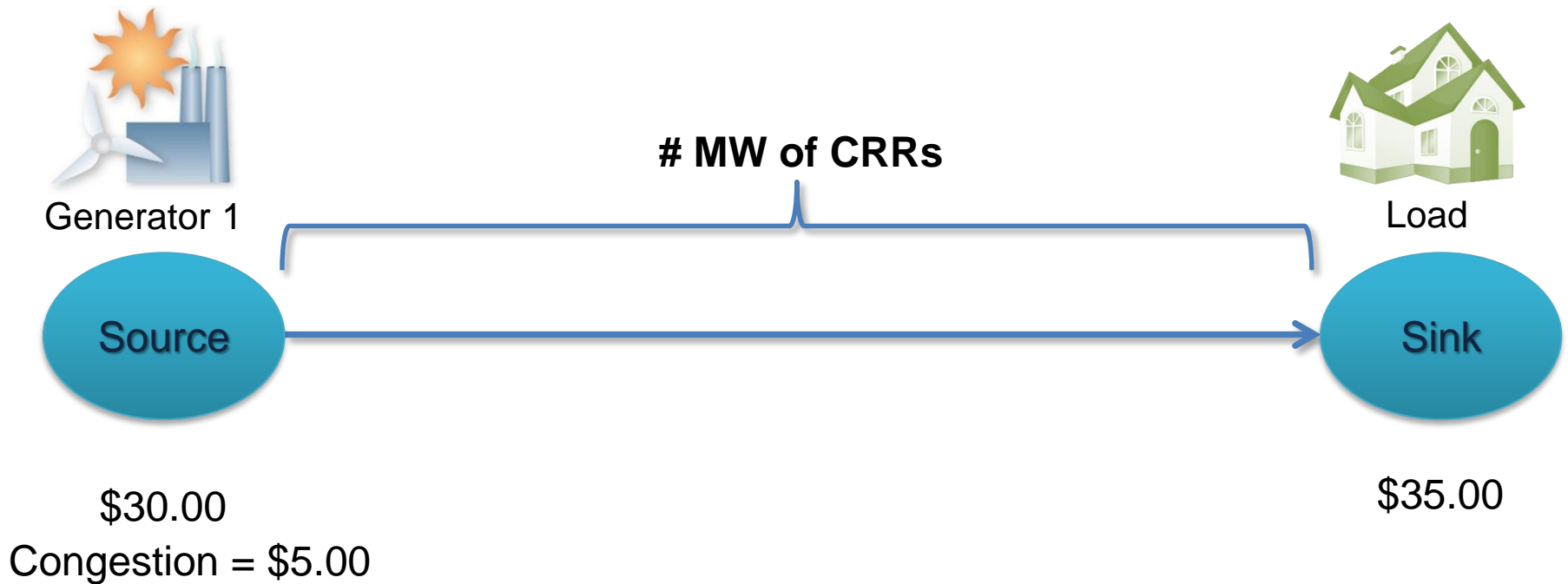
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Public

Entities acquire congestion revenue rights (CRRs) to offset day-ahead congestion costs

- Used to manage congestion cost variability based on LMPs



Settlement of congestion revenue rights products

- CRR obligations paid if congestion in same direction and charged if congestion in opposite direction
 - Allocated and auctioned to market participants
- CRR options paid if congestion in same direction and not charged if congestion in opposite direction
 - Only available to project sponsors of merchant transmission facility w/o regulatory cost recovery

Terms and time of use of congestion revenue rights products

- Terms
 1. Seasons defined on a quarterly basis
 2. Long term CRRs extend nine years after annual term for a total
 3. Months are calendar months
- Time of use
 1. Peak
 2. Off-peak

Congestion revenue rights are acquired through annual and monthly processes

- Allocation to load serving entities
 - Nominate source/sink pairs
 - No charge to acquire CRRs
 - Simultaneous feasibility test used to fairly allocate CRRs between load serving entities
- Auction to certified CRR participants
 - Bid to buy or sell source/sink pairs
 - Simultaneous feasibility test to maximize bid based value of awarded CRRs
 - Auction proceeds included in CRR balancing account

Differences between congestion revenue rights network model and day-ahead market network model can result in shortfalls

