



Long Term Transmission Rights Compliance Filing

○ January 22, 2006

○ Introduction

- On January 29, 2007 revised tariff sheets will be filed to incorporate Long Term Transmission Rights (LTTRs) in compliance with the FERC LTTR Order issued July 20, 2006 in Docket RM06-8-000 (Order No. 681).
- The Transmission Rights Task Force has been developing elements of the proposal since July and a final proposal was approved by the Market Subcommittee on January 9, 2007.
 - The TRTF will meet on January 22nd to review draft tariff language

○ LTTR Guidelines

- The July 20, 2006 order allowed for regional flexibility, but required all proposals to include:
 1. LTTRs as Point-to-Point instruments
 2. Full funding of LTTRs
 3. Availability of LTTRs for transmission expansions
 4. LTTR minimum term of at least 10 years
 5. LTTR priority for load serving entities
 6. Ability to re-assign LTTRs
 7. Allocation rather than auction of LTTRs

○ LTTR Proposal Overview

- The annual FTR allocation procedures will be modified to:
 - Transition from an allocation of FTRs to an allocation of Auction Revenue Rights (ARRs)
 - Provide certainty that Network Load may nominate and receive LTTRs
 - In the form of ARRs that may be self-scheduled as FTRs in the annual auction
 - From base load generation resources
 - In a quantity sufficient to cover base load (50% of annual peak)
 - For a 10 year period
 - Annual ARRs with roll-over rights

○ LTTR Quantity Guarantee

- Participants that wish to receive LTTRs will nominate ARR in Stage 1a of the annual allocation process
 - Participation in Stage 1a is voluntary, other than for counter flow in defined circumstances
- Once determined to be feasible and allocated, LTTR ARR MW quantity is guaranteed if nominated in following year(s)

○ LTTR Counter Flow

- LTTR MW quantity guarantee is made possible, in part, by assignment of counter flow ARR's
 - Similar to the “restoration” element included in the current FTR allocation process
 - Eligibility to provide counter flow is based upon:
 - Historical counter flow from base load resources in the first LTTR ARR allocation
 - LTTR ARR's allocated in the prior year in future allocations

○ LTTR MW Quantity Guarantee

- Changes in topology and parallel path flows may reduce LTTR ARR feasibility over time
 - Counter flow will assure that infeasibility is not introduced due to nomination flexibility
- LTTR ARR MW quantity guarantee may result in allocation of infeasible LTTR ARRs
 - Cost of infeasibility due to changes in topology and parallel path flow will be allocated to LTTR holders



Questions?