

# ISO New England

## Forward Capacity Market Bilateral Transactions

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# Background

- Participants will be able to trade load obligations as well as supply obligations
- Supply obligations can be traded through Reconfiguration Auctions and bilateral transactions
- Load obligations can only be traded bilaterally – they cannot be traded in the Reconfiguration Auctions
- Load and Supply cannot exchange obligations

# Overview

- Bilateral transactions for supply obligations
- Bilateral transactions for load obligations
- Qualification and Financial Assurance
- Bilateral Transaction Settlement

# Bilateral Transactions for Supply Obligations

- Supply obligations acquired through the Forward Capacity Auction or Reconfiguration Auctions can be transferred between participants
- Bilateral transactions for supply obligations are not virtual – they must be associated with specific assets
- All or a portion of a resource wishing to transfer its supply obligation can enter into a bilateral transaction only with all or a portion of a resource that has no supply obligation
- Supply obligations can be traded within Capacity Zones or across Capacity Zone boundaries against the constraint
- Supply obligations can only be traded between qualified or commercial resources

# Bilateral Transactions for Supply Obligations (cont'd)

- A Resource relieving itself of a supply obligation
  - Is relieved of availability penalties and associated caps
  - Is subject to a reliability review
  - New Capacity is NOT relieved of its Financial Assurance requirements
- Bilateral transactions for supply can only be submitted during specific windows - still to be determined
- Bilateral transactions for supply can have a minimum duration of one month on monthly boundaries and a maximum duration of one Power Year

# Bilateral Transactions for Load Obligations

- Load obligation is defined as the amount of capacity that a Load Serving Entity (“LSE”) is assigned to provide based on its contribution to the previous year’s peak load
- LSEs can transfer a portion or all of their load obligation to any Market Participant willing to acquire that obligation
- Load obligations can not be traded across Capacity Zone boundaries

# Bilateral Transactions for Load Obligations (cont'd)

- Bilateral transactions for load can only be submitted during specific windows - still to be determined
- Bilateral transactions for load can have a minimum duration of one month on monthly boundaries and a maximum duration of one Power Year

# Qualification and Financial Assurance

- Qualification of bilateral transactions for supply includes:
  - Verification of qualification and the capacity obligation being transferred
  - Reliability review of the resource transferring out of the obligation
- Existing/New Capacity must meet the financial assurance requirements contained in Section II.G of the Settlement Agreement

# Bilateral Transaction Settlement

- Bilateral transactions for supply obligation:
  - Reflected by an increase in obligation for the Seller (i.e. sold capacity) and a decrease in obligation for the Buyer (i.e. purchased capacity)
- Bilateral transactions for load obligations:
  - Reflected by a decrease in obligation for the Buyer and an increase in obligation for the Seller
- Capacity Resources will receive or make payments monthly during the Commitment Period based on the submitted IBT price and the amount of obligation transferred
- LSEs will receive or make payments monthly during the Commitment Period based on the zonal price and the amount of obligation transferred

