

Usage-Based Limitations for Auction CRRs

Bay Area Municipal Transmission Group (BAMx)

Congestion Revenue Rights Enhancements Meeting

September 30, 2026

Agenda

- ☐ Background
- ☐ Objectives
- ☐ Non-Discriminatory Usage-Based Limitations
- ☐ Conclusions

Background

- ❑ FERC describes FTRs as the financial equivalent of firm transmission, providing a key role in ensuring open access to transmission by providing a congestion hedging function¹
- ❑ FERC Order 681 does not require an unrestricted auction as a condition of open access² and establishes priority to financial transmission rights based on load-serving obligations, transmission use, and transmission investment³

¹ FERC Docket No. EL16-6-002 (2017) at Para 27

² FERC Order 681 at Para. 325, 326, 361, 385, and 386

³ FERC Order 681 at Para. 320 and 322

Objectives

- ❑ Align release of *CAISO-backed* auction CRRs with purpose of financial transmission rights
- ❑ Create consistency between usage limitations applied in CRR allocation and auction processes
 - Nominations for allocation CRRs are limited by *aggregate usage* of the transmission system
 - Annual nominations limited by historical usage
 - Monthly nominations limited by forecast usage
 - CRR auction nominations are not limited by transmission usage
- ❑ Preserve the ability for entities to rebalance CRR portfolios

Non-Discriminatory Usage-Based Limitations for *CAISO-Backed* Auction CRRs

- ❑ Entities should be eligible to purchase *CAISO-backed* CRRs based on their *aggregate usage* of CAISO transmission
- ❑ Usage-based limitations would not apply to CRRs purchased from entities selling CRRs to rebalance their portfolios or, in a restructured willing seller auction, from entities willing to take the opposite position of buy-side CRRs

Non-Discriminatory Usage-Based Limitations: Seasonal CRRs

Seasonal Allocation	Proposed Seasonal Auction
1. Load Metric = 99.5% of most recent full calendar year load by time-of-use period	Usage Metric = 99.5% of most recent full calendar year aggregate Usage* by time-of-use period
2. Adjusted Load Metric = Load Metric – TOR – ETC	Adjusted Usage Metric = Usage Metric
3. Seasonal Eligible Quantity = Adjusted Load Metric x 0.75 +/- Load Migration – LT CRR	Seasonal Eligible Auction Quantity = Adjusted Usage Metric x 0.75

*For each interval within each TOU, Usage is the lesser of the entity's hourly scheduled injections/Inter-SC Trade buys at Trading Hubs/LAPs or withdrawals/Inter-SC Trade sells at Trading Hubs/LAPs

Non-Discriminatory Usage-Based Limitations: Monthly CRRs

Monthly Allocation	Proposed Monthly Auction
1. Load Metric = 99.5% of forecast monthly load by time-of-use period	Usage Metric = 99.5% of forecast usage* by time-of-use period
2. Adjusted Load Metric = Load Metric – TOR – ETC – LT CRR	Adjusted Usage Metric = Usage Metric
3. Monthly Eligible Quantity = Adjusted Load Metric x 1.00 +/- Load Migration – Seasonal CRR	Monthly Eligible Auction Quantity = Adjusted Usage Metric x 1.00 – Seasonal CRR

*For each interval within each TOU, Usage is the greater of: (a) the lesser of the hourly scheduled injections/Inter-SC Trade buys at Trading Hubs/LAPs and withdrawals/Inter-SC Trade sells at Trading Hubs/LAPs, and (b) contracted usage of the CAISO transmission system

Conclusions

- ❑ Our proposal creates reasonable usage-based limitations for access to *CAISO-backed* auction CRRs, based on each entity's aggregate need for hedging the delivery of energy on the CAISO transmission system
- ❑ Non-discriminatory: any entity with exposure to CAISO congestion would be eligible to purchase *CAISO-backed* CRRs consistent with their demonstrated *aggregate usage* of CAISO transmission
- ❑ Our proposal could work as new bid quantity limits within the current CRR Auction process, or it could be incorporated into a willing seller auction