

# Cure Period Adjustment for Market Participants Under Prepayment Program

Management Committee  
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# Cure Period Adjustment for PrePAYERS

## Overview

- As a way to reduce required credit support for participation in the Energy market, a net purchaser of energy may enter into a prepayment program.
- The credit requirement for Market participants (“MPs”) participating in the prepayment program is reduced in return for paying in advance of their energy purchases for the following week.
- Payments are due every Friday for the next seven days of energy purchases.
- If a prepayer does not make its regular prepayment on Friday, NYISO may issue a demand for collateral due the following Monday.
- If MP does not meet the demand, the entity has three business days to cure the default resulting from its failure to comply with NYISO’s collateral demand.
- The combination of Friday as due date for payment and the cure period of three business days, results in six additional days of exposure, before a MP can be terminated.

# Proposal for Cure Period Adjustment for PrePAYERS

## NYISO is proposing to:

1. Change the prepayment date from Friday to Monday and;
  2. Reduce the period to honor the NYISO's collateral demand from three days to one day
    - *This proposal will reduce the potential period of exposure from six days to two days.*
- NYISO presented this proposal to the Credit Policy Task Force (CPTF) and Scheduling & Pricing Working Group (SPWG) on May 5<sup>th</sup>
- BIC approved the proposal on May 17<sup>th</sup> and called for a discussion of issues raised by the Committee to be further reviewed with the CPTF and SPWG during a special meeting on May 25<sup>th</sup>

## Desired Implementation:

- Tariff changes are required to implement NYISO proposal above.