

Seams

- Cross-border price convergence is needed for regional liquidity. Currently the random differences between NY's calculation of New England and PJM proxy buses and the respective New England / PJM calculations create Russian roulette for a market participant interested in consistent cross-border transactions. The NYISO needs to work with all its neighbors (not just New England) to improve cross border price convergence and develop market based solutions such as
 - Modelling of additional proxy busses
 - Allowing for shorter notice & duration transactions
 - Better use of ramp
 - Elimination of through & out-service fees
 - Better coordination & management of interface
 - Recent derate of NY-NE interface undermines other efforts.

Credit Issues

- The NYISO needs to pro-active about implementing options to allow the NYISO to properly calculate exposure and to allow market participants to manage their credit requirements.
- Current TCC and Capacity Auctions over-collateralize bids (e.g. a market participant submitting bids 100 MW at \$5/KW and 100 MW at \$3/KW would be perceived as having a \$800,000 potential obligation based on the sum of both bids whereas the actual exposure is \$600,000 based on buying 200 MW at \$3).
- PJM is discussing a twice a month billing cycle to reduce credit ... perhaps this would work for NY. Finally, mechanisms like PJM's eSchedule system that can permit market participants to share credit risk among themselves and reduce exposure with / to the NYISO have great benefit.