

# **External Transactions Credit Requirements: NYISO Response to MP Proposal**

**Waseem Alkhatib**

*Senior Business Product Analyst, Finance Products  
New York Independent System Operator*

**Credit Policy Working Group**

*July 31, 2013*

*Rensselaer, NY*

# Agenda

- ◆ Background
- ◆ Market Participant Proposal
- ◆ NYISO's Response
- ◆ Next Steps

# Background

- ◆ Market Participants brought forward a proposal at the July 12, 2013 CPWG to consider a different timeline when evaluating submitted External Transaction Bids.
- ◆ Today, the NYISO evaluates credit for External Transaction Bids upon Bid submittal.
- ◆ The Market Participant proposal suggested that the NYISO consider shortening the evaluation window for submitted External Transactions Bids.

# Market Participant Proposal

- ◆ The Market Participant proposal will use a specific point in time (other than upon Bid submission) to calculate bidding requirements.
- ◆ Market Participants indicated verbally at the July 12, 2013 CPWG that three days prior to the market day would be a sufficient amount of time to evaluate credit for External Transaction Bids.

# Bid Evaluation Point – NYISO Response

- ◆ Everyday, at a specific point in time (evaluation point), Bids, whose Bid date is three days after such date, will be evaluated for credit.



## Example 1:

- On Thursday, 8/15, at the evaluation point for that day:
  - *Bids with Bid date of 8/18 will be evaluated for credit.*
  - *Bids with Bid dates past 8/18 will not be evaluated for credit.*
    - Those bids will be evaluated for credit on future dates (i.e. Bids with a Bid date of 8/19 will be evaluated for credit on Friday, 8/16).
  - *Bids with Bid dates of 8/15, 8/16, and 8/17 will have already been evaluated for credit on 8/12, 8/13, and 8/14 respectively.*

<b>At evaluation point on</b>	<b>Monday 8/12</b>	<b>Tuesday 8/13</b>	<b>Wednesday 8/14</b>	<b>Thursday 8/15</b>	<b>Friday 8/16</b>
<b>Evaluate Bids with Bid date of</b>	<b>Thursday 8/15</b>	<b>Friday 8/16</b>	<b>Saturday 8/17</b>	<b>Sunday 8/18</b>	<b>Monday 8/19</b>

# Bid Submittal/Modification - NYISO Response

- ◆ Bids whose Bid date falls within the three day window of the most recently passed evaluation point will be evaluated for credit upon Bid submission/modification.



## Example 2:

- Assume Market Participant submits or modifies three Bids on Thursday 8/15, after passing the evaluation point for that day:
  - *Bid 1 [with Bid date of 8/17]: will be evaluated for credit upon submission.*
  - *Bid 2 [with Bid date of 8/18]: will be evaluated for credit upon submission.*
  - *Bid 3 [with Bid date of 8/19]: will not be evaluated for credit upon submission. It will be evaluated for credit at the 8/16 evaluation point.*

# Bid Evaluation – NYISO Response

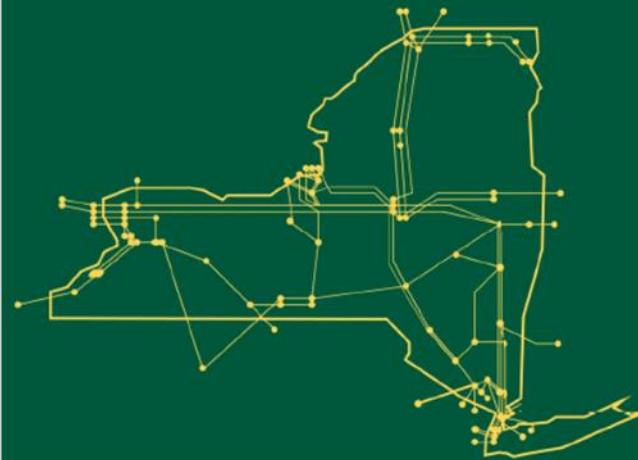
- ◆ This proposal is applicable to DAM and HAM Bids for Export, Import and Wheels Through Bids.
  - *For Imports only DAM Bids will be evaluated for credit if the Market Participant does not pass the historical Bid analysis test.*
  
- ◆ Upon initiating the process to evaluate credit (i.e. at the evaluation point), all Bids for the market day being evaluated will be processed as one batch to determine whether or not they are accepted or rejected.
  - *If the credit support required for a batch exceeds the amount of the Market Participant's available credit support, then all of the Market Participant's Bids in that batch of Bids will be rejected.*

# Next Steps

- ◆ The NYISO requests Market Participant feedback by noon on Monday August 5 to [walkhatib@nyiso.com](mailto:walkhatib@nyiso.com).
- ◆ Additional discussion at future CPWG.



The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state's bulk electricity grid, administering New York's competitive wholesale electricity markets, conducting comprehensive long-term planning for the state's electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.



[www.nyiso.com](http://www.nyiso.com)