



TWIN CITIES POWER

Proposed Changes to NYISO Credit Policy

Stephanie Staska
Twin Cities Power

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History

- FERC Order 741 required minimum participation requirements be set, which were implemented by NYISO in 2011.
- Currently the NYISO Tariff requires participants to qualify for unsecured credit to use a parental guaranty to cover these requirements for a subsidiary.



Proposed Change

- Allow a parental guaranty to be used to meet the minimum capitalization requirements of a subsidiary, if the parent meets the requirements.
- Will cover only one subsidiary.
- Will not be used for unsecured credit unless the parent qualifies for it.



Support for Proposed Change

- The current Tariff language changes a minimum capitalization requirement into a minimum creditworthiness requirement.
- In 2012 MISO changed their Tariff from essentially the “current” NYISO requirement to the “proposed” Twin Cities requirement. FERC approved this change.



Support for Proposed Change

- In June 2013 PJM members voted between two similar approaches and passed, with no opposition, the “proposed” approach in regards to the CFTC exemption order.
- FERC clarified in FERC Order 741-A that they did not intend for ISOs/RTOs to require members to qualify for unsecured credit in order to use a parental guaranty to meet the minimum capitalization requirements under Order 741.

