

TCC Auction Invoices

Positively Priced TCCs

NYISO CPWG

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TCC invoices for positively priced TCCs ignore offsets from credit obligations reserved during an auction

Executive Summary – TCC Payment Obligations –

NYISO holds the greater of payment obligations and credit requirement for TCCs during an auction until the payment is made after an auction

NYISO invoices the full auction investment and requires full payment prior to releasing any excess collateral held to cover the payment obligation; for high-priced TCCs, this can lead to a cash demand (collateral + invoice) that is double the actual investment

- NYISO releases the excess collateral upon receipt of payment, however, there remains a finite period of time in which the participant must cover the double payment

Recommendation: Allow auction invoices to be paid (in part) with excess collateral held by NYISO for covering the payment obligation for these positions

- The amount of the excess is the difference between the payment obligation and the credit requirement
- This change would not lead to any change in credit risk; the excess collateral was held precisely to cover the payment obligation
- It would lead to elimination of an unnecessary and onerous cash requirement for market participants

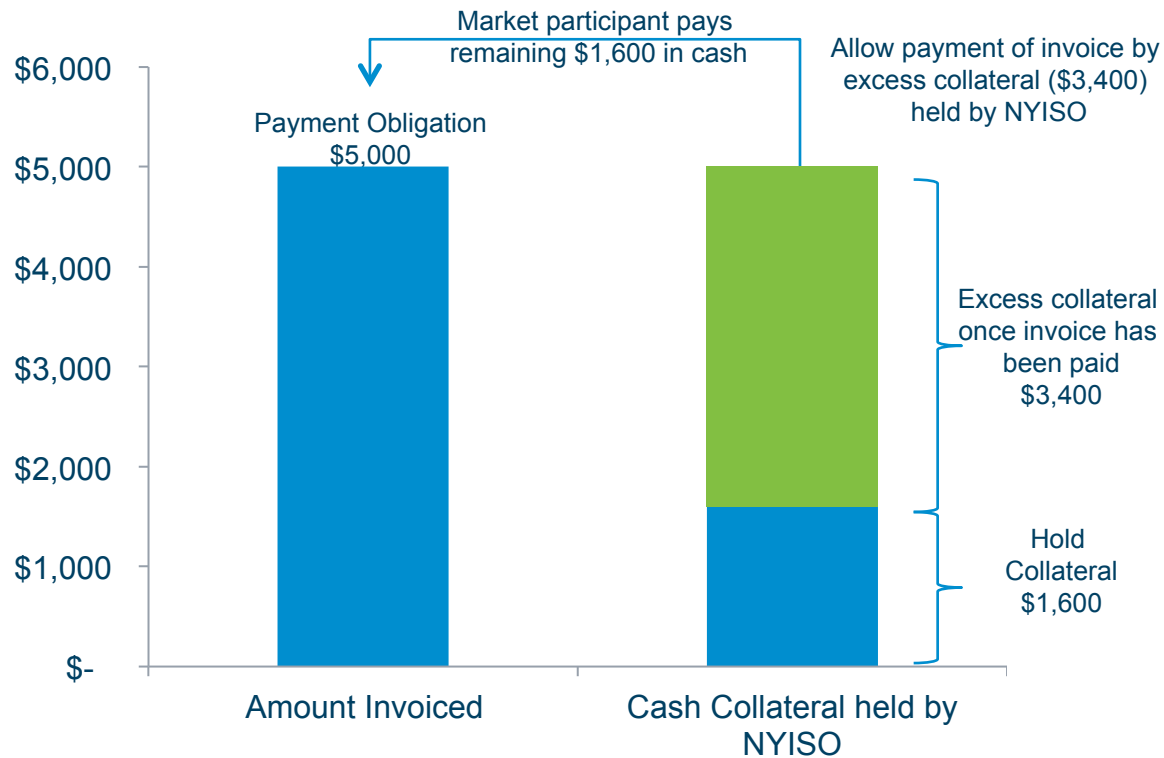


NYISO can resolve the issue of over-collateralization by allowing participants to pay an auction invoice by their excess collateral

Collateralization of Positively-priced TCCs

– Proposed Credit/Payment Obligations –

Proposal



By allowing excess collateral to be directly against the auction invoice, market participant does not need to pay the invoice and then request the money back from excess collateral.