



New York Municipal Power Agency Credit Issues

Agenda #7

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NYMPA Credit Issue

- » There are 47 Municipal Electric systems in New York State.
- » 34 Municipals have formed a Joint Action Agency , the New York Municipal Power Agency, or NYMPA , to handle bidding, settlements, etc. and act as LSE for them as a group.

Joint Action Agencies

- » Formed under Section 119-O of the New York General Municipal Law
- » Basically allows Municipals to do jointly what they can do individually.
- » NYMPA is formed such that all members bear financial responsibility for all other members . If one member defaults, all the others pay so the ISO is kept whole.

NYMPA Credit Issues

- » The NYISO Tariff currently addresses the Unsecured Credit Allocation for individual Municipal Systems Only
- » To this point, NYMPA has been treated similarly to a single Municipal System.
- » This has resulted in NYMPA having to post collateral to meet its credit obligation

Proposed Tariff Amendment

- » Proposed Language will allow NYMPA to aggregate the unsecured credit allocations of its members, to form the basis of the unsecured credit allowed by the NYISO credit Policy, to reflect the Joint and several liability that is established by the NYMPA agreement.
- » The ISO will determine the final allocation of unsecured credit to NYMPA based on the aggregated amount as a starting point, taking into consideration the current operating requirement for NYMPA as determined according to the Tariff.