

# Auction Credit Requirements

## *Issue*

- The NYISO typically requires Market Participants to post collateral for TCC and Capacity Auctions in excess of actual exposure.
- The problem arises with multiple bids for the same product
  - NYISO assumes both bids can set the clearing price whereas only 1 can.
- Consider two 1 MW bids for Rest of State capacity:
  - 1 MW @ \$5,000/MW
  - 1 MW @ \$3,000/MW
  - The maximum exposure is \$6,000 which occurs if the second bid sets the clearing price (resulting in a 2 MW purchase at \$3,000/MW). However, the NYISO requires the MP to post \$8,000 in security based on the sum of the two bids.

# Auction Credit Requirements

## ***Proposal***

- The NYISO should assess Auction exposure based on the maximum possible exposure for the submitted bids.
  - For multiple bids for the same product, this requires evaluating which bid would result in the highest exposure rather than just summing the exposure of the individual bids.

## ***Motion***

- The BIC directs the NYISO to change its calculation of financial security requirements in ISO administered installed capacity and TCC auctions to correctly reflect the maximum exposure when a market participant submits multiple bids at different prices for the same product.