

External Transactions

Credit Requirement Tariff Language

Waseem Alkhatib

*Product Business Senior Analyst
New York Independent System Operator*

Credit Policy Working Group

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Agenda

- ◆ Background
- ◆ Tariff Language Structure
- ◆ Next Steps

Background

- ◆ In 2009 the NYISO brought proposed changes to the Energy credit requirement, relating specifically to External Transactions, through the governance process.
 - *Changes received BOD approval in August 2009.*
 - *Implementation was originally planned for 2010 but was delayed until 2012 due to system and resource constraints; it then shifted again to June 2013 due to FERC Order 755.*
- ◆ Review of the proposed changes was brought to CPWG in August 2012.

Tariff Language

- ◆ External Transaction tariff language will include:
 - *Calculation of the Credit Requirement*
 - Imports
 - Historical Bid Analysis
 - Exports
 - Wheels Through
 - *Calculation of Price Differentials*
 - *Suspension Rules/Policy*

Calculation of Credit Requirement

Calculation of Credit Requirement

- ◆ The method used to determine the amount of credit support required will be shown in the tariff by transaction type:
 - *Imports*
 - *Exports*
 - *Wheels Through*

Calculation of Credit Requirement

- ◆ For each transaction type the tariff will specify the credit requirement of all Day-Ahead Market (DAM) bids and Hour-Ahead Market (HAM) bids, where applicable, as follows:
 - *Upon submission of bids.*
 - *Upon posting of the DAM Schedule/Price.*
 - *Upon completion of the Bid hour.*
 - *Upon the settlement result of the net amount owed to the NYISO for External Transactions.*

Calculation of Credit Requirement

◆ Imports Historical Bid Analysis

- *The tariff will specify how the historical bid analysis of the most recent three month (or six month) period is performed on the 16th of each month to determine which Import Customers will be subject to import credit requirements.*
- *Customers that are subject to the import credit requirements will be notified that they are subject to credit evaluation.*

Calculation of Price Differentials

Calculation of Price Differentials

- ◆ The tariff will display the group sets and charts used in the calculation of the following two price differentials:
 - *Import Price Differentials*
 - *Export Price Differentials*

- ◆ The price differentials will be posted, monthly, to the NYISO website.

Suspension Rules/Policy

Suspension Rules/Policy

- ◆ The tariff will specify and outline the rules associated with suspending a Customer's authorization to engage in External Transactions due to insufficient credit.

Next Steps

- ◆ Please provide comments related to the tariff language by March 8, 2013 to:
 - Email walkhatib@nyiso.com

- ◆ FERC Filing - March 2013

- ◆ Market Trials are scheduled for May 2013

- ◆ Deployment is scheduled for June 2013

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