

Automated Bilateral
Confirmation Issues
Technical Bulletin 106

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Typical Bilateral Confirmation w/o Trust Relationship

- Organization A – (Buyer/Sink/FRP) / Enters a bilateral (transaction contract and bid)
- Organization B – (Seller/Source/non-FRP) Confirms the bilateral.
- The opposite can also occur where the Seller (B) enters and Buyer (A) manually confirms the bilateral.
- In practice any subsequent change by either (A) or (B) must again be confirmed by the counterparty that did not change the bilateral.

Automated Bilateral Confirmation

- From the TB, “ The confirmation process may be effectively automated by establishing a Trust Relationship with each party in the transaction. A Trust Relationship grants each organization the authorization to confirm changes to the transaction bid on behalf of the FRP.”

With a Trust Relationship Established

- It was recently discovered that bilaterals (or changes) entered by the FRP (Buyer/Sink) cannot be auto-confirmed.
- Yet those entered by the non-FRP(Seller/Source) do auto-confirm as expected.
- We believe this relationship should allow automated transaction confirmation regardless of which party enters the transaction.

Conclusion:

- The subject of Bulletin # 106 leads the reader to the incorrect conclusion that bilaterals entered (or changed) by either party will confirm automatically.
- However those entered by the RFP do not auto-confirm.
- We are requesting the NYISO report back to S&P with a proposed estimate/schedule for a “fix” ASAP.
- In the interim correct/clarify TB # 106