



WHEELTHROUGHS, EXPORTS AND NON-PAYMENT

**Amending the OATT to Clarify the
Applicability of Its
Creditworthiness, Working Capital,
Non-Payment and Bad Debt
Provisions**



Wheelthrough/Export Transactions

- **Pursuant to the OATT, the NYISO currently schedules wheel-through or export transactions for Transmission Customers and then informs the affected Transmission Owner that a transaction has been executed**
- **The Transmission Owner presents a bill to the Transmission Customer for such transaction**
- **The NYISO OATT should, but does not, serve as an effective vehicle for a Transmission Owner to compel payment if a Transmission Customer fails to pay for such transaction**



Non-Payment Issue

- **There have been some instances where Transmission Customers have failed to pay TOs for amounts owed under the tariff for the wheelthrough service**
- **The NYISO has the right to terminate the service agreement with the Transmission Customer that fails to pay a Transmission Owner**
- **Even if the NYISO terminates the service agreement, the Transmission Owner may not have access to the NYISO's working capital or collateral for payment of past due amounts**



OATT Amendment Required

- **The OATT should be amended to ensure that Transmission Owners will be paid for wheel-through and export transactions scheduled by the NYISO by giving the NYISO the authority to apply its creditworthiness standards to such transactions and to use working capital and collateral to pay a Transmission Owner that has not been timely paid by a Transmission Customer for such transactions**
- **An example of the current ISO procedure for collecting unpaid amounts is set forth on Original Sheet No. 708 in Attachment U of the OATT -- a similar approach would be applied to exports and wheelthroughs**



Tariff Language Changes Required

- **Where the OATT refers to debts owed to the ISO, the language should be changed to debts owed “pursuant to section 7.B.1(iv),” which covers exports and wheelthroughs**
- **Operating Requirement for customers will have to be adjusted to account for wheelthroughs and exports**
- **OATT will have to specify under what conditions and how the Transmission Owner will inform the ISO that a debt has not been paid and that the ISO should now pay the Transmission Owner as described in the tariff (notice will be provided to customer)**



Conclusion

The Business Issues Committee recommends to the Management Committee that the NYISO should be authorized to develop and submit to the FERC tariff amendments to make the NYISO's customer default, creditworthiness, bad debt and working capital provisions expressly applicable to the amounts payable by Transmission Customers to Transmission Owners for export and wheelthrough transactions under section 7.B.1(iv) of the OATT.