

Management Committee
February 20, 2003
Agenda #7

Motion to approve as part of the Financial Assurance Requirements the following methodologies to allocate any remaining loss or fund any working capital collection.

WHEREAS, the Financial Assurance Requirements address the credit exposure and set credit requirements for customers based on that customer's individual credit risk.

WHEREAS. There is a need to develop a methodology to allocate any remaining losses to all other customers and fund any working capital collection in a manner that does not favor bilateral transactions over LBMP transactions.

WHEREAS, members of the Scheduling and Pricing Working Group and NYISO Staff have acknowledged that a dollar volume approach to allocating remaining losses and working capital collection provides an incentive that may cause market participants to alter their behavior in the LBMP market to solely avoid credit risk while lessening market efficiency;

NOW, THEREFORE, IT IS MOVED that the modified energy weighted approach as described in the proposed *"Working Capital and Credit Loss Allocations"* be approved with the recommendation that the Management Committee also request the Board to concur and direct the NYISO staff to file any necessary tariff amendments with FERC.