

Payment Default and Bad Debt Loss Allocation Methodology

BACWG

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- **We believe the goal of the payment default and bad debt loss allocation methodology is to spread the loss fairly based on NYISO stakeholders overall billing determinants**
- **Market participants billing activity is not consistent within a month nor throughout the year -- this creates peaks and valleys for participants as a percent of total**
- **The current methodology calculates each participants obligation ‘in the Billing Period in which the the payment obligation that resulted in the loss occurred’**
- **DC Energy recommends expanding the ‘look back’ in determining each participants contribution to recover a bad debt loss**
- **This will avoid (‘smooth’) the peaks and valleys and represent an average obligation**

Section 27.3 Recovery of Payment Default and Bad Debt Loss

Where:

- **CAR = Transmission Customer's gross accounts receivable, including WTSC, in the month in which the payment obligation that resulted in the loss occurred and the two previous months.**
- **CAP = Absolute value of Transmission Customer's gross accounts payable, including WTSC, in the month in which the payment obligation that resulted in the loss occurred and the two previous months.**
- **NYAR = ISO's gross accounts receivable plus the Transmission Owners' accounts receivable from WTSC, in the month in which the payment obligation that resulted in the loss occurred and the two previous months.**
- **NYAP = Absolute value of ISO's gross accounts payable plus the absolute value of the Transmission Owners' accounts payable from WTSC, in the month in which the payment obligation that resulted in the loss occurred and the two previous months.**