# Payment Default and Bad Debt Loss Allocation Methodology

**Management Committee**

**July 27, 2022**

# Disclaimers

*DC Energy is not soliciting commodity pool business or investors or providing any advice via these materials or the related presentation. These materials and the related presentation are not an advertisement for investors or prospective investors or to the public generally. These materials are only for general information and discussion. The information included in these materials is not investment, trading or financial product advice.*

*The presentation may contain forward looking statements or statements of opinion. No representation or warranty is made regarding the accuracy, completeness or reliability of the forward looking statements or opinion, or the assumptions on which either is based. All such information is, by its nature, subject to significant uncertainties outside of the control of the presenter and DC Energy and also may become quickly outdated. These materials and the related presentation are not intended to be, and should not be, relied upon by the recipient in making decisions of a commercial, investment or other nature with respect to the issues discussed herein or by the presenter. To the maximum extent permitted by law, DC Energy and its officers, owners, affiliates and representatives do not accept any liability for any loss arising from the use of the information contained in these materials.*

# Introduction

- 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.