

# Evolving Financial Transaction Capabilities

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# Background

# Bilateral Transactions

- **Specific generators and loads may choose to enter into a bilateral transaction instead of transacting energy in the NYISO markets**
  - These agreements may be driven by interest from both parties in price certainty
  - Today, internal bilateral transactions source at NY Gen Bus and sink at NY Load Bus
- **Bilateral transactions schedule transmission service for a certain amount of MW across a particular time period in 1-hour increments**
  - MPs are required to submit details of their bilateral transactions in the NYISO's Marketplace software
- **Bilateral transactions can be scheduled in both the DAM and RT market**
- **Bilateral transaction schedules are independent of physical generator schedules and dispatch**

# Bilateral Transaction Settlements

- **Payments for energy between entities engaged in bilateral transactions occur outside of the NYISO settlements process**
- **Generators settle the difference between their Day-Ahead energy schedule and bilateral contract MW at the generator bus in the DAM**
  - A comparable process occurs in real time market
- **The Financially Responsible Party (FRP) pays the appropriate Transmission Usage Charges (TUC) for a bilateral transaction**

# Project Background

- **While current NYISO software accommodates bilateral transactions, it does not enable withdrawal-eligible generators to be sinks for bilateral transactions**
  - This year's project will enhance bilateral transaction functionality by creating the opportunity within NYISO software for bilateral transactions in which a withdrawal-eligible generator can be a sink
- **Deliverable: Q4 2023 – Software Design Specification**

# Proposal

# Initial Project Proposal

- **Enable withdrawal-eligible generators to be the sink of internal bilateral transactions**
  - NYISO will need to develop the capability for bilateral transactions to sink at withdrawal-eligible generator buses instead of at load buses
    - This approach will leverage the existing bilateral framework to minimize incremental software changes; Still, the necessary changes will impact many NYISO systems
  - Will use generator LBMPs for purposes of calculating the TUC (i.e., the difference between the source generator LBMP and the sink, aka, withdrawal-eligible generator LBMP), which is the same concept as existing bilateral transactions with a source generator and a sink load

# Necessary Tariff Revisions

- **Tariff revisions are expected to be limited**
  - Current sections expected to need revisions include MST 4.2 and OATT 16.3
    - Revisions include revising the definition of “bilateral transaction” and modifying phrases that prohibit sinking bilateral contracts at a generator bus



# Next Steps

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- Targeting sharing draft Tariff language with stakeholders in the March/April timeframe