

# Proposed Change to Working Capital Fund Rebalancing

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# Background

- Section 28 of the OATT requires the NYISO to maintain a Working Capital Fund
- The Working Capital Fund is used to offset temporary imbalances in NYISO cash flow and to ensure the liquidity and stability of the markets
- Section 28.8 provides for an annual rebalancing of Customer contributions to the Working Capital Fund based on a Customer's activity in the NYISO markets, as determined by their proportion of gross amounts receivable and payable in the NYISO markets
- The annual rebalancing of the Working Capital Fund occurs in January of each year, using data from the prior calendar year
- In February of each year, the NYISO refunds or charges each Customer the difference between the Customer's prior share of the Working Capital Fund and the adjusted share calculated from this rebalancing
- The NYISO distributes accrued interest earned on the Working Capital Fund with these refunds or credits in February

# Proposed Tariff Change

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- **Increase frequency of Working Capital Fund rebalancing from annual to semi-annual**
  - The NYISO will perform rebalancing in January and July
- **Use a shorter period of activity in the calculation for each rebalancing**
  - The calculation will use the prior six calendar months of activity rather than the prior calendar year
- **The NYISO will bill for the refund or charge to reflect a Customer's updated Working Capital Fund share semi-annually**
  - Billing will occur in February and August

# Proposed Tariff Change Benefits

- **Activity is more reflective of recent time period**
  - Current look-back period is a calendar year. Moving to a 6-month look-back period allows for Working Capital allocations to be reflective of more recent market activity
- **Customers will more quickly receive refunds when market activity is reduced**
  - Customers whose activity is reduced will see rebalancing impacts in half the time
- **Customers who leave the market will receive a refund in less time**
  - Customers who leave the NYISO market mid-year currently wait more than 12 months to receive a refund of their Working Capital Fund contributions, because refunds for departing Customer will occur when their reduced activity is reflected in the rebalancing. The proposed change will reduce that time period.
    - Currently, a Customer that leaves in July 2023 would receive a partial refund of their Working Capital Contribution in January 2024 and a full refund in January 2025.
    - Under the proposed change, the Customer will receive a partial refund in January 2024 and a full refund in July 2024.
- **Customers will receive interest distributions every six months**

# Proposed Timeline

# Proposed Tariff Change - Timeline

- **BACWG Presentation**
  - July 21, 2023
- **BIC Presentation**
  - August 16, 2023
- **MC Presentation**
  - August 30, 2023
- **Board Presentation**
  - October 16, 2023

# Our Mission & Vision



## Mission

Ensure power system reliability and competitive markets for New York in a clean energy future



## Vision

Working together with stakeholders to build the cleanest, most reliable electric system in the nation