New York ISO
Independent System Operator

Market Purchase Hub Transactions: Kick-off

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Agenda

- Background
- Project Objectives
- Next Steps

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Background

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Background

- Netting of Bilaterals (Trading Hubs) initiative was first proposed in 2008 but was limited to balanced transactions.
  - 6/10/2009 BIC Presentation
  - 7/29/2009 NYISO Filing Letter to FERC
- Market Purchase Hub Transactions is a stakeholder requested project which proposes that the NYISO expand on Trading Hub rules to allow unbalanced transactions.
  - LIPA Proposal Presentation
- The 2024 deliverable for this project is Market Design Concept Proposed (MDCP).

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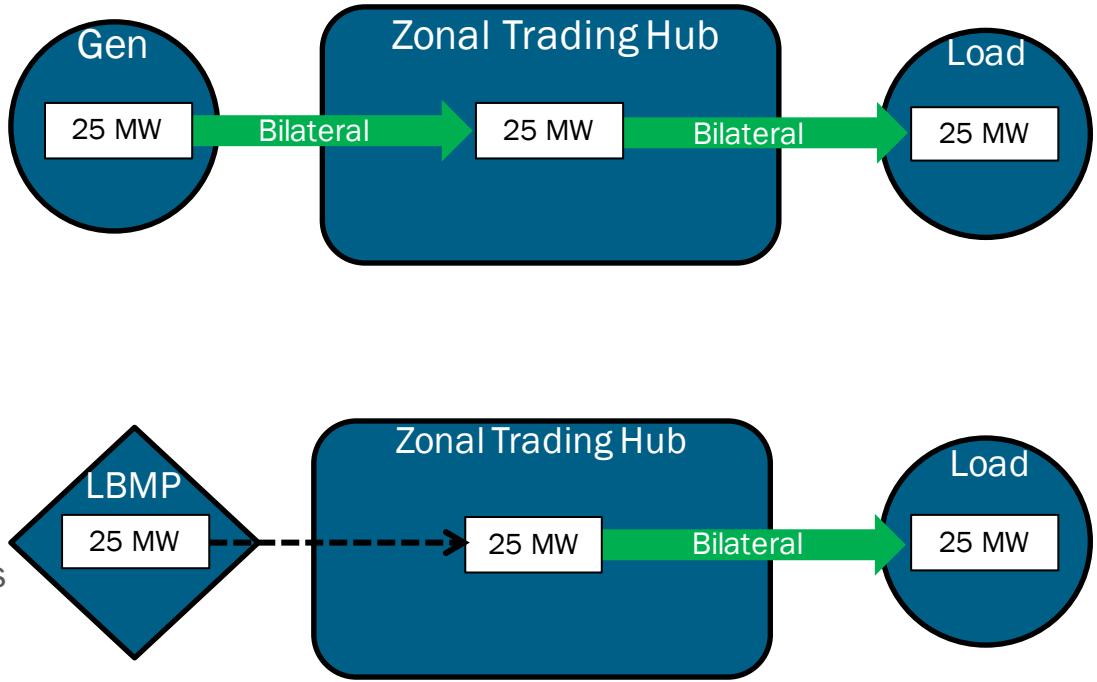
Balanced vs. Unbalanced Transactions

Balanced transactions

- Trading Hub Energy Owner sinks the same amount of energy as they source.
- Only transmission service is purchased in NYISO markets.

Unbalanced transactions

- Trading Hub Energy Owner sinks either more or less energy than they source.
- Trading Hub Energy Owner must settle imbalance at zonal LBMP.
    - Alternative example: if Gen has a 10 MW bilateral to Trading Hub and the bilateral to Load=25 MW, THEO must purchase remaining 15 MW from LBMP market.



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Project Objectives

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Project Objectives

- **The market design concept will propose modifying zonal trading hubs by allowing unbalanced transactions to provide additional flexibility in scheduling of hub transactions.**
  - This market design would allow a Market Participant to establish unbalanced transactions to purchase power from the NYISO market for ultimate delivery to load.
- **Purpose is to allow physical service to load, not virtual transactions.**
  - Transactions must be limited to the physical capabilities of the transmission system to avoid potential compliance implications with the regulatory exemptions the CFTC granted to ISOs and RTOs in 2013.
- **Would need to address collateral and energy imbalances.**
  - Exploring mechanisms to transfer responsibility for these requirements to LSE.
- **The market design concept will identify tariff, software, and procedural changes necessary to allow these enhancements.**

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Next Steps

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Next Steps

- Return to MIWG with stakeholder feedback (Date TBD)
- Determine necessary tariff, software, and procedural changes
- 2024 Project Deliverable: Market Design Concept Proposed (MDCP)

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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

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