

Credit Instruments for Interconnection Customers

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Credit Instruments

- Beginning July 2024, Interconnection Customers may provide a Letter of Credit (“LOC”) or Surety Bond to cover all, or a portion of, interconnection deposits, including but not limited to, Study Deposit, Phase 1 Deposit, Phase 2 Deposit and Site Control Deposit.
- The Counterparty & Credit Risk Management Department has standard LOC and Surety Bond language that must be used when a bank or surety company issues a new LOC or Surety Bond to the NYISO.
- The NYISO’s standard LOC and standard Surety Bond cannot be changed and must conform to one of the NYISO’s standard templates available on the NYISO Credit website – Counterparty & Credit Risk Management - NYISO:
 - NYISO Standard Letter of Credit template
 - NYISO Standard Letter of Credit - “On Behalf Of” template
 - NYISO Standard Confirming Letter of Credit template
 - NYISO Standard Surety Bond template
 - NYISO Standard Surety Bond - “For the Benefit Of” template

Credit Instruments

- **There are specific requirements that must be met for a financial institution to be approved to issue a LOC to the NYISO.**
 - A letter of credit must be issued or guaranteed by an approved U.S. or Canadian commercial bank, or an approved U.S. or Canadian branch of a foreign bank, with a minimum “A” rating from Standard & Poor’s, Fitch, Moody’s, or Dominion. Any issuer that does not satisfy the minimum ratings requirement may have the letter of credit confirmed by another commercial bank or financial institution that meets the ratings requirement.
- **There are specific requirements that must be met for a surety company to be approved to issue a Surety Bond to the NYISO.**
 - A surety bond must be issued by a U.S. Treasury-listed surety with a minimum “A” rating from A.M. Best.

Credit Instruments

- **The process for a customer obtaining a new LOC or Surety Bond can be very time intensive.**
 - If an Interconnection Customer is planning on using a LOC or Surety Bond for their deposits, the NYISO recommends that process begin as soon as possible.
 - The NYISO recommends emailing a draft copy of the LOC or Surety Bond to the Counterparty & Credit Risk Management team to ensure it is acceptable prior to the bank or surety company issuing the original LOC or Surety Bond.
 - Once confirmed, the NYISO requires an original copy of the LOC or Surety Bond to be sent to and reviewed by the NYISO to ensure no changes have been made prior to its acceptance.

Credit Instruments

- If the Interconnection Customer is unsure as to whether a financial institution or surety company meets the minimum issuer requirements, they may reach out to the Counterparty & Credit Risk Management Department directly for verification.
- The Counterparty & Credit Risk Management Department can be reached at credit_department@nyiso.com for any questions and assistance with using a LOC or Surety Bond to cover deposits.

Questions?

Roles of the NYISO

- **Reliable operation of the bulk electricity grid**
 - Managing the flow of power on 11,000 circuit-miles of transmission lines from hundreds of generating units
- **Administration of open and competitive wholesale electricity markets**
 - Bringing together buyers and sellers of energy and related products and services
- **Planning for New York's energy future**
 - Assessing needs over a 10-year horizon and evaluating projects proposed to meet those needs
- **Advancing the technological infrastructure of the electric system**
 - Developing and deploying information technology and tools to make the grid smarter

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