

Carbon Pricing

Credit Overview

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Market Issues Working Group (MIWG)

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Purpose

- At the January 22, 2019 MIWG meeting, stakeholders requested an overview of the potential credit impact due to the NYISO's carbon pricing proposal.
 - This presentation provides the requested overview.
- To the extent the NYISO determines there are credit rule changes, stakeholder discussions regarding any necessary revisions will begin in Fall 2019.
 - Any tariff changes for credit rules will be separate of the Q2 2019 vote on the carbon pricing market design and tariff revisions.
 - Potential credit rule changes will not delay implementation plans for carbon pricing.

Energy Credit Components

- **The Energy and Ancillary Services credit requirement equals the higher of the following:**
 - The highest month's price adjusted energy purchases in the prior equivalent capability period divided by the number of days in that month, multiplied by 16 days
or
 - The total average energy purchases incurred over the last 10 days, multiplied by 16 days
- **The External Transaction credit requirement equals the sum of the following:**
 - Import Credit Requirement
 - Export Credit Requirement
 - Wheels Through Credit Requirement
 - The net amount owed to the ISO for the settled External Transactions

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Potential Credit Impact

- Carbon pricing will net in the daily advisory bill and will therefore net against daily energy purchases/sales in the Energy and Ancillary Services credit calculation
- The NYISO will evaluate potential adjustments in the External Transactions component to account for carbon charges on imports and carbon payments on exports
- The NYISO will evaluate potential changes to the Projected True-Up Exposure credit requirement to account for the timing of trued up carbon pricing

The Mission of the New York Independent System Operator, in collaboration with its stakeholders, is to serve the public interest and provide benefits to consumers by:

- Maintaining and enhancing regional reliability
- Operating open, fair and competitive wholesale electricity markets
- Planning the power system for the future
- Providing factual information to policy makers, stakeholders and investors in the power system



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