New York ISO
Independent System Operator

Market Purchase Hub Transactions

Leila Nayar

Associate Market Design Specialist

BIC

June 16th, 2025

Agenda

- Background
- Market Design
- Tariff Changes
- Next Steps

New York ISO

Background

Background

- Market Purchase Hub Transactions is a stakeholder requested project which proposes that the NYISO expand on Trading Hub rules to allow unbalanced transactions as well as hub-to-hub transactions.
- The proposed market design would allow Trading Hub Energy Owners (THEOs) to purchase and sell power in the NYISO Day-Ahead Market (DAM) to settle their imbalances.
- The market design will identify potential tariff, system, and procedural changes necessary to allow these enhancements.
- The 2025 deliverable for this project is Market Design Complete (MDC).

New York ISO

Previous Presentations

Date	Working Group	Discussion Points and Links to Materials
August 29, 2024	MIWG	Market Design Concept Proposed (MDCP) https://www.nyiso.com/documents/20142/46679593/Market Purchase Hub Transactions MDCP_ICAPWGMIWG_082924_final.pdf/6c2303a9-14b9-c928-b68f-98930c771f71
January 30, 2025	MIWG	Design Update: process of Chain ID creation/usage and checks on transactions https://www.nyiso.com/documents/20142/49408264/Market Purchase Hub Transactions ICAPWG_MIWG_013025_final.pdf/ffc47c73-6392-d73c-239c-092acb16cc2d
March 3, 2024	MIWG	Design Update: Collateral Policy https://www.nyiso.com/documents/20142/50076312/Market Purchase Hub Transactions ICAPWG_MIWG_030325_final.pdf/fdf6b7e3-9bf1-53fe-31b9-956c0a1378a3
April 1, 2025	MIWG	Design Update: limiting THEO-to-THEO transactions to same Zonal Trading Hub https://www.nyiso.com/documents/20142/50614388/Market Purchase Hub Transactions ICAPWG_MIWG_040125_draft (1).pdf/fd4bd3e2-971a-f5cd-60f0-3ed91923edb0
April 24, 2025	MIWG	Proposed Tariff Changes https://www.nyiso.com/documents/20142/51081721/Market Purchase Hub Transactions ICAPWG_MIWG_042425_FINAL.pdf/e95d9f4c-1cc0-d51c-6e72-bfd7a0ac009f

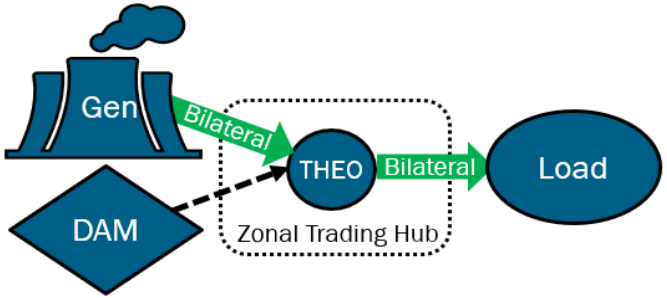
New York ISO

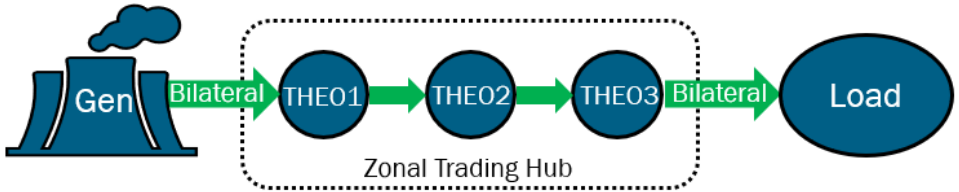
Market Design

New York ISO

Market Design Overview

- **The NYISO proposes that Trading Hub Energy Owners (THEOs) be able to transfer more MW via bilateral with other THEOs, LSEs, or Load Buses than they have procured via bilateral with a Generator.**
  - Alternatively, THEOs will also be able to transfer less MW via bilateral with other THEOs, LSEs, or Load Buses than they procured via bilateral with a Generator.
  - In scenarios where this is the case, the NYISO would settle the THEO's imbalance by scheduling a purchase or sale by the THEO in the Day-Ahead Market.
- **The NYISO proposes to further add to the flexibility of Trading Hubs by allowing THEO-to-THEO bilateral transactions within the same Zonal Trading Hub.**
- **MPs who wish to utilize either of these functionalities must request a "Chain ID" and reference this Chain ID when scheduling Bilateral Transactions.**





New York ISO

Process

- MPs who wish to be involved in a multiple-THEO Transaction Chain and/or an unbalanced transaction must request the creation of a unique “Chain ID”, of which they will be the “Owner”.
- The Owner of the Chain ID must provide a list of approved entities that may reference the Chain ID when scheduling Bilateral Transactions and must share this Chain ID offline with others of their choosing.
- If the Chain is to end at physical load and/or an Energy withdrawal by a Withdrawal Eligible Generator (WEG), all load destinations must be under entities that share the same financially responsible party (FRP), and the Owner of the Chain ID must specify who the load/WEG FRP will be for the Chain.
- The Chain Owner and approved entities may schedule bilateral transactions, referencing the Chain ID in a new entry field.
- Three days before DAM close until DAM close: NYISO continuously performs checks of Chain structural validity, and credit checks on THEOs with short positions within structurally valid chains.
    - If a THEO has a short position in a transaction that is part of a structurally valid chain, and that THEO does not have sufficient collateral to cover the DAM purchase to settle the imbalance, the transaction and all transactions in that same Chain will be rejected.
- DAM Close: Deadline for scheduling of Bilateral Transactions

New York ISO

Proposed Rules

- **Unbalanced purchase functionality will be limited to the Day-Ahead Market (DAM).**
- **THEO positions will be balanced by the NYISO in the DAM; they will not carry forward into RT.**
  - If the MW value sunk by a THEO is unequal to the MW value sourced by the THEO, the NYISO will calculate the imbalance and administer a DAM purchase/sale by the THEO to settle the imbalance.
- **Bids for Bilateral Transactions that reference a Chain ID must meet the following criteria to pass validation:**
  - The Bilateral Transaction must involve a Trading Hub as the Source and/or the Sink.
  - All organizations referencing the Chain ID must be on the Owner-provided approved list.
  - If the Sink is either a Load Bus or a WEG, the Chain ID must have the Organization responsible for that Bus or WEG specified as the Sink Organization for the Chain ID.
  - If both the source and sink for a transaction are a Trading Hub, it must be the same Zonal Trading Hub, and the source THEO and sink THEO must be different entities.
  - If a WEG is involved in a Bilateral for a given hour, the WEG must either be the source OR the sink of all Bilaterals it is involved in for that hour.

New York ISO

Proposed Rules Cont.

- Transfers between entities will be accounted for in DAM Settlements.
- Trading hub purchases /sales will only be enabled at load zone locations and THEOs will pay /receive the Zonal LBMP for imbalances in their bilateral schedules in the Load Zone where the Hub is located.
- All net short positions at a Trading Hub will be subject to a bidding requirement which will be equal to the Price Cap * Unbalanced MW.
  - Price cap will be $1000, as specified in NYISO Market Services Tariff (MST), Section 21.3.1(a).
- The NYISO will hold the bidding requirement from when the credit check occurs until DAM post.
- Once the DAM posts, the credit requirement will equal the cost of the purchase.
- The amount of collateral required to be posted for transmission congestion will be determined in accordance with the MST, Attachment K, Section 26.4.2.1 (Energy and Ancillary Services Component).

New York ISO

Tariff Revisions + Definitions

New York ISO

Tariff Revisions

- **The NYISO is proposing edits to the following sections of the Market Services Tariff (MST):**
  - 2.2: Definitions – B and 2.21: Definitions – U
  - 4.2.1.7: Day-Ahead Bilateral Transactions that Involve Trading Hubs
- **The NYISO proposes to make corresponding revisions to the definitions section of the OATT.**
- **The NYISO is proposing addition of the following sections to the Market Services Tariff (MST):**
  - 4.2.1.7.1: Day-Ahead Bilateral Transactions that Involve Trading Hubs
  - 4.2.1.7.2: Bilateral Transaction Chain IDs and Linked Bilateral Transactions
    - 4.2.1.7.2.1: Creation of Bilateral Transaction Chain ID
    - 4.2.1.7.2.2: Requirements for Use of Bilateral Transaction Chain ID
      - 4.2.1.7.2.2.1: Participation Requirements
      - 4.2.1.7.2.2.2: Scheduling Requirements
  - 26.4.2.11: Unbalanced Trading Hub Transaction Component
  - 26.7.2: Additional Financial Assurance Policies for Bilateral Transactions at Trading Hubs

New York ISO

Next Steps

New York ISO

Next Steps

- Today's BIC presentation satisfies the Market Design Complete milestone
- Additional steps
  - 2025
    - Begin documenting software requirements
  - 2026
    - Complete software requirements, begin software development and testing. Corporate milestone will be SDS
    - Return to BIC for an informational update
    - Present the design and Tariff revisions for an MC vote
    - File Tariff revisions with FERC
  - 2027
    - Complete software development and testing
    - Deploy MPHT functionality
- The 2026 work identified above depends on the project being prioritized through the BPWG process

New York ISO

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

New York ISO