

# Changes to Customer Registration Agreements

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# Purpose

- The purpose of this presentation is to provide background and information regarding changes to Customer Registration Agreements (“CRAs”) that will be implemented by June 1, 2019.
- These changes are intended to maintain the benefits of the CRA program for participating customers, while enhancing the CRA to more effectively address minimum participation requirements and associated customer credit risks.

# Background

- Pursuant to a CRA, one Market Participant (the financially responsible party or “FRP”) assumes financial responsibility for the participation of another Market Participant in the NYISO-administered markets.
- CRAs are used by two types of Market Participants.
  - Load Serving Entities (“LSEs”)
  - Generators
- The FRP essentially steps into the shoes of the LSE or Generator during the term of the CRA, and historically had assumed sole responsibility for related obligations incurred.

# Background

- CRAs have been used as a mechanism for Market Participants to satisfy their participation requirements, including credit support obligations, in a manner that provides certain advantages to them.
- The NYISO recognizes the benefit of CRAs to Market Participants who have entered into them.
- The NYISO has a responsibility to its Market Participants, however, to address issues that have been identified with the current terms of the CRA by making appropriate changes.

# Issues Identified

- **By essentially substituting the FRP for the LSE or Generator, the CRA introduces potential drawbacks that we are addressing with revisions to the CRA.**
  - The current CRA does not require the LSE or Generator to satisfy the NYISO's minimum participation requirements.
  - The current CRA does not establish responsibility on the part of the LSE or Generator for obligations incurred during the term of the agreement.
  - The current CRA creates an additional delay of up to seven days before the NYISO can terminate participation of a defaulting LSE or Generator in certain circumstances.

# Changes to CRAs

- **The NYISO is revising the standard CRA terms to provide the following:**
  - LSEs or Generators operating under a CRA will be required to meet all minimum participation criteria, including minimum capitalization requirements and execution of an officer certification form.
  - LSEs or Generators will be jointly and severally liable along with the FRP for all obligations incurred related to the specified PTIDs during the term of the CRA.
  - Notices given to the FRP will trigger relevant timelines under the tariffs with respect to both the FRP and the LSE or Generator (e.g., the period to satisfy a collateral call or to cure a default).

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# Changes to CRAs

- **The NYISO is revising the standard CRA terms to provide the following:**
  - Communications delivered to the FRP will be deemed to have been delivered to the LSE or Generator.
  - The NYISO will have the option but not the obligation to communicate directly with the LSE or Generator, including with regard to scheduling and settlement information.
  - The CRA will clarify the market-related rights and interests that an LSE or Generator does (and does not) have in a bankruptcy proceeding.

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# Next Steps

- The new standard CRA terms are being implemented as of today.
- New CRAs entered into will conform to the new standard terms.
- Customers currently operating under a CRA will be required to execute a new CRA that conforms to the new standard terms by June 1, 2019.
- The NYISO will work with Market Participants to facilitate this transition.

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