

Proposed Changes to Enhance Credit Reporting Requirements and Remedies

Sheri Prevratil

Manager, Corporate Credit

Business Issues Committee

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Background

- In 2018, certain NYISO Market Participants defaulted on their payment and/or credit obligations to the NYISO market – some of which filed for Chapter 11 bankruptcy, and some of which were terminated from the NYISO markets.
- Given these events, and those in other ISO/RTO markets, the NYISO proposes certain enhancements to its financial evaluation process of applicants and Market Participants and related tariff language.

Credit Questionnaire

- The NYISO determined that it would be beneficial to request additional information from new applicants upon registration and Market Participants on an annual basis.
- Accordingly, the NYISO created a credit questionnaire, which will be included in the officer certification form for applicants and annually for Market Participants.

Credit Questionnaire

- **Included in the questionnaire are the following items for the applicant/Market Participant, as well as its affiliates and principals:**
 - Litigation
 - Regulatory Investigations and/or Sanctions
 - Bankruptcies
 - Experience and Market Participation of Principals
 - Access to Funding
 - Additional Information

Proposed Tariff Changes

- **Addition to minimum participation criteria, requiring the Market Participant to have appropriate experience and resources to satisfy obligations as they become due.**
 - MST Section 26.1.1
- **New tariff provision allowing the NYISO to reject a new applicant if the NYISO determines that the applicant's participation in the market represents an unreasonable credit risk.**
 - The NYISO will review, but not limit its evaluation to, the credit questionnaire to determine if the applicant presents an unreasonable credit risk.
 - MST Section 26.1.4
 - MST Section 9.3

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Proposed Tariff Changes

- **Update Material Adverse Change clause to include an event or circumstance whereby the Customer presents an unreasonable credit risk to the NYISO as an example of a Material Adverse Change.**
 - MST Section 26.14
- **As recommended by FERC in a recent order, the NYISO clarified tariff language to address how the NYISO would evaluate whether two or more entities should be treated as the same Market Participant for purposes of OATT Section 27.4, which requires a defaulting Market Participant to cure its default before re-entering the market.**
 - OATT Section 27.4

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Next Steps

- BIC September 2019
- MC September 2019
- Board of Directors October 2019
- FERC 205 Filing October 2019

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- 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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