

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF ENERGY MARKET REGULATION

New York Independent System Operator, Inc.
Docket No. ER23-1307-000

Issued: May 5, 2023

On March 8, 2023, pursuant to section 205 of the Federal Power Act, New York Independent System Operator, Inc. (NYISO) filed proposed revisions to sections 26.4.2.2 and 26.4.2.6 of its Market Administration and Services Tariff (Tariff) to revise the methodology used to calculate credit requirements for virtual and external transactions.¹ NYISO states that its proposal seeks to better align the credit requirements for virtual and external transactions with the risk associated with the transactions, thereby improving protection of the NYISO-administered markets in the event of a default.

Please be advised that your submittal is deficient, and that additional information is required in order to process the filing. Please provide the information requested below.

1. Please provide an explanation of what metrics, if any, NYISO used to weigh the decreased risk of default against the burden of higher credit requirements, including, for each metric used:
 - (i) the value or range of values that achieve a just and reasonable balance between default risk and credit requirement levels, and
 - (ii) an explanation of why this value or range of values achieves a just and reasonable balance.
2. Please support the proposed look back period duration, including a narrative explanation for the assertion that “longer look-back periods... may result in credit requirements that do not appropriately reflect changes in system conditions or increased price volatility.”²

3. Please explain how NYISO determined that the 97th percentile threshold is

¹ New York Independent System Operator, Inc., NYISO Tariffs, [NYISO MST, 26.4 MST Att K Operating Requirement and Bidding Requirement \(29.0.0\)](#).

² Transmittal Letter at 5.

appropriate for virtual demand and export transactions but resulted in inadequate coverage for virtual supply and import transactions, and relatedly why the 98th percentile threshold is appropriate for virtual supply and import transactions.³ In this explanation, please include:

- (i) How the 97th and 98th percentile thresholds perform on the metrics provided in your response to Question 1, for virtual supply, virtual demand, import, and export transactions, assuming NYISO's other proposed changes to the credit requirements methodology are implemented; and
- (ii) a narrative explanation of the composition and time periods of each data source used to calculate the performance metrics in Question 3(i).

This letter is issued pursuant to 18 C.F.R. § 375.307 and is interlocutory. This letter is not subject to rehearing under 18 C.F.R. § 385.713. A response to this letter must be filed with the Secretary of the Commission within 30 days of the date of this letter by making a deficiency filing in accordance with the Commission's electronic tariff requirements. For your response, use Type of Filing Code 170 if your company is registered under program code "M" (Electric Market Based Rate Public Utilities) or Type of Filing Code 180 if your company is registered under program code "E" (Electric Traditional Cost of Service and Market Based Rates Public Utilities).⁴ In addition, submit an electronic version of your response to Benjamin Shell at Benjamin.Shell@ferc.gov. The information requested in this letter order will constitute amendments to your filings and a new filing date will be established.⁵ Notices will be issued upon receipt of your filing.

Pending receipt of the above information, a filing date will not be assigned to your filings. Failure to respond to this letter order within the time period specified may result in a further order rejecting your filings.

³ Transmittal Letter at 6.

⁴ The filing must include at least one tariff record in each docket to restart the statutory timeframe for Commission action even though a tariff revision might not otherwise be needed. *See generally Elec. Tariff Filings*, 130 FERC ¶ 61,047, at PP 3-8 (2010) (explaining that the Commission uses the data elements resulting from the tariff filing process to establish statutory filing and other procedural dates).

⁵ *See Duke Power Co.*, 57 FERC ¶ 61,215, at 61,713 (1991) ("the Commission will consider any amendment or supplemental filing filed after a utility's initial filing . . . to establish a new filing date for the filing in question").

Issued by: Kurt M. Longo, Director, Division of Electric Power Regulation – East