

November 2, 2022

By Electronic Delivery

Honorable Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

**Re: *New York Independent System Operator, Inc.*, Docket No. ER23-\_\_\_\_-000;  
Proposed Change to NYISO Bad Debt Loss Allocation Methodology**

Dear Secretary Bose:

In accordance with Section 205 of the Federal Power Act (“FPA”)<sup>1</sup> and Part 35 of the regulations of the Federal Energy Regulatory Commission (“Commission”), the New York Independent System Operator, Inc. (“NYISO”) respectfully submits proposed amendments to its Open Access Transmission Tariff (“OATT”).<sup>2</sup> The proposed revisions modify the time period used to calculate a Customer’s share of a bad debt loss resulting from non-payment of money owed to the NYISO by another Customer.

The NYISO respectfully requests that the tariff revisions proposed in this filing become effective on January 3, 2023, which is after the end of the statutory sixty-day notice period.

**I. Documents Submitted**

The NYISO respectfully submits the following documents with this filing letter:

1. A clean version of the proposed revisions to the OATT (“Attachment I”); and
2. A blacklined version of the proposed revisions to the OATT (“Attachment II”).

**II. Background**

In the NYISO-administered markets, credit is collectively extended by all Customers to each individual Customer.<sup>3</sup> If one Customer defaults on its obligations to the NYISO, the remaining participants must reimburse the market for any “bad debt loss” resulting from non-payment of money owed under the ISO Tariffs.<sup>4</sup> Section 27.3 of Attachment U to the OATT

---

<sup>1</sup> 16 U.S.C. § 824d.

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meaning specified in the OATT.

<sup>3</sup> *Policy Statement on Electric Creditworthiness*, 109 FERC ¶ 61,186 at P 5 (2004).

<sup>4</sup> OATT Attachment U (Section 27).

specifies the process by which the NYISO allocates a bad debt loss to all Customers. The calculation allocates a bad debt loss to a Customer based on the ratio of the Customer's total gross accounts receivable and absolute value of the gross accounts payable ("Gross Activity") to the aggregate Gross Activity of all Customers.<sup>5</sup>

Currently, the time period used in determining the relevant Gross Activity values is based on "the Billing Period in which the payment obligation that resulted in the loss occurred."<sup>6</sup> A Billing Period is the period of time for which the NYISO settles activity reflected in a particular invoice.<sup>7</sup> Pursuant to its current billing and settlement procedures, the NYISO issues both weekly and monthly invoices. As a result, the current bad debt loss allocation calculation could potentially result in use of a period consisting of as little as a few days in determining the relevant Gross Activity values.<sup>8</sup> Considering market activity over too short a period may not accurately reflect an individual Customer's general level of market activity, resulting in the potential for suboptimal allocation of a bad debt loss among all affected Customers.

### **III. Description of Proposed Tariff Revisions**

The NYISO proposes to change the time period used to calculate the Gross Activity in the bad debt loss allocation calculation from a single Billing Period to a three-month period. To implement this change, the NYISO proposes to clarify that the calculation specified in Section 27.3 of Attachment U to the OATT utilizes monthly periods. The NYISO also proposes to extend the time period utilized in determining the relevant Gross Activity values to a three-month period encompassing the month in which the bad debt loss occurs and the two preceding months.

Use of a three-month period, rather than a single Billing Period, to calculate each Customer's bad debt loss allocation is intended to more accurately reflect each Customer's general level of market activity, thereby producing a more equitable allocation of bad debt losses to NYISO Customers. Customer activity in the NYISO-administered markets typically varies over the course of the year. Due to a variety of factors, such as the timing of certain markets, energy prices, weather, and system conditions, the level of market activity by an individual Customer within a single Billing Period may be significantly different than such Customer's "average" level of market activity over time. Using three months of Gross Activity is intended to provide a more representative measure of a Customer's overall average activity level in the NYISO markets. Use of more representative values of market activity is intended to produce more equitable outcomes for all Customers.

---

<sup>5</sup> OATT Section 27.3.

<sup>6</sup> *Id.*

<sup>7</sup> OATT Section 1.2.

<sup>8</sup> See OATT Sections 2.7.3, 2.7.3.2.1 and 2.7.3.2.2. For example, if the bad debt loss resulted from the non-payment of a weekly invoice, the period encompassed by such weekly invoice could be less than seven days in the case of a "Stub Week Settlement Period" as defined in OATT Section 2.7.3.

#### **IV. Effective Date**

The NYISO respectfully requests that the Commission accept the tariff revisions proposed in this filing to become effective on January 3, 2023 (after the end of the statutory 60-day notice period).

#### **V. Stakeholder Process**

The proposed revisions were initially brought by a stakeholder to the Billing, Accounting and Credit Working Group for discussion. For the reasons described in this filing, the NYISO supported the stakeholder proposal. The NYISO Management Committee unanimously approved the proposed enhancements to the bad debt loss allocation methodology on July 27, 2022. The NYISO Board of Directors approved the proposed revisions on October 18, 2022.

#### **VI. Communications and Correspondence**

All communications and service in this proceeding should be directed to:

Robert E. Fernandez, Executive Vice President & General Counsel  
Karen G. Gach, Deputy General Counsel  
Raymond Stalter, Director, Regulatory Affairs  
\*Amie Jamieson, Senior Attorney/Registered In-House Counsel  
10 Krey Boulevard  
Rensselaer, NY 12144  
Tel: (518) 356-6000  
Fax: (518) 356-7678  
Email: [ajamieson@nyiso.com](mailto:ajamieson@nyiso.com)

\*Person designated for receipt of service.

#### **VII. Service**

A complete copy of this filing will be posted on the NYISO's website at [www.nyiso.com](http://www.nyiso.com). The NYISO will send an electronic link to this filing to the official representative of each of its customers, and each participant on its stakeholder committees. The NYISO will also send an electronic copy of this filing to the New York State Public Service Commission, and the New Jersey Board of Public Utilities.

**VIII. Conclusion**

The NYISO respectfully requests that the Commission accept the tariff revisions proposed in this filing to become effective on January 3, 2023.

Respectfully submitted,

/s/ Amie Jamieson

Amie Jamieson, Senior Attorney/Registered In-  
House Counsel  
New York Independent System Operator, Inc.

cc: Janel Burdick  
Matthew Christiansen  
Robert Fares  
Jignasa Gadani  
Jette Gebhart  
Leanne Khammal  
Jaime Knepper  
Kurt Longo  
David Morenoff  
Douglas Roe  
Eric Vandenberg  
Gary Will  
Adria Woods