

## **28 Attachment V – ISO Working Capital Fund**

The ISO's Working Capital Fund shall be maintained according to the provisions of this Attachment V to the ISO OATT.

## **28.1 Purpose of the ISO Working Capital Fund**

The ISO has accumulated and will maintain a Working Capital Fund through charges, as the ISO deems necessary, under Rate Schedule 1, Section 6.1.45 of the ISO OATT. The Working Capital Fund will be used, among other items, to offset temporary imbalances in ISO cash flow and to ensure the liquidity and stability of the markets administered by the ISO under the ISO Services Tariff. Pursuant to its authority under the ISO Agreement, the ISO Board will determine the ISO's working capital requirements. The ISO shall repay any draws from the Working Capital Fund as soon as reasonably practicable.

## **28.2 Monitoring and Reporting of Working Capital Fund**

The ISO will monitor the activity of the Working Capital Fund, both in the aggregate and according to each Customer's pro rata share of the Working Capital Fund. With respect to each Customer's pro rata share of the Working Capital Fund, the ISO will make available to each Customer electronically, each month, a summary of the Customer's (i) opening balance, (ii) current month contributions, (iii) current month accrued interest, (iv) any other adjustments, and (v) ending balance. When practicable, the ISO will also provide a separate detailed working capital transaction history page for each Customer, in a format that can be downloaded for the Customer's use. The detailed working capital transaction history page will provide a complete history of all transactions relating to the Customer's contributions to the Working Capital Fund.

### 28.3 Customer Contributions to Increases of the Working Capital Fund

The ISO shall determine each Customer's pro rata share of any increase of the amount of the Working Capital Fund using the following formula:

$$\text{Customer's Percentage of Total Collection} = \frac{\text{CAR} + \text{CAP}}{\text{NYAR} + \text{NYAP}}$$

Where:

CAR = Customer's accounts receivable, including WTSC, for the service month prior to the month in which the billing invoice is issued.

CAP = Absolute value of Customer's accounts payable, including WTSC, for the service month prior to the month in which the billing invoice is issued.

NYAR = ISO's gross accounts receivable plus the Transmission Owners' accounts receivable from WTSC for the service month prior to the month in which the billing invoice is issued.

NYAP = Absolute value of ISO's gross accounts payable plus the absolute value of the Transmission Owners' accounts payable from WTSC for the service month prior to the month in which the billing invoice is issued.

#### **28.4 Decrease in the Amount of the Working Capital Fund**

At the sole discretion of the ISO Board, the ISO periodically may decrease the amount of the Working Capital Fund and distribute to each Customer, on a pro rata basis, a portion of its cumulative principal contribution to the Working Capital Fund. Any such distribution will be made through adjustments to Customer billing invoices.

## **28.5 Interest Accrued on Working Capital Fund**

Interest earned on the Working Capital Fund shall, on a monthly basis, be attributed to, and recorded for, each Customer based on the Customer's percentage share of the balance in the Working Capital Fund.

At the sole discretion of the ISO Board, the ISO periodically may distribute to Customers all or a portion of their pro rata shares of the accrued interest earned on the Working Capital Fund. Any such distribution of interest will be made through adjustments to Customer billing invoices and, if required by applicable federal tax law, the ISO shall issue to those Customers the appropriate federal tax form (e.g., an Internal Revenue Service Form 1099-INT) for the amount of interest distributed.

## **28.6 Other Adjustments to the Working Capital Fund**

Other adjustments to the Working Capital Fund include, but are not limited to, the adjustments described in this Section.

### **28.6.1 Distributions to Customers Exiting the ISO Markets**

The ISO will refund to a Customer terminating its ISO Service Agreements and exiting the ISO markets its cumulative principal contribution to the Working Capital Fund, along with any earned interest that has been accrued but not previously distributed, through the semi-annual contribution adjustment process in Section 28.78 of this Attachment V; *provided, however*, that the ISO shall retain these amounts as security for any unsatisfied financial obligations to the ISO. Customers shall be responsible for providing the ISO with the wire transfer information necessary for the ISO to complete any refund of the Customer's Working Capital Fund contribution.

### **28.6.2 Customer Nonpayment and Default**

In the event that part or all of a payment owed by a Customer remains unpaid after the payment is due, the ISO may use the Working Capital Fund as necessary to meet its cash flow requirements. If the ISO draws from the Working Capital Fund to meet its cash flow requirements in the event of a Customer nonpayment and then later declares the nonpayment to be a bad debt loss, the ISO shall recover the bad debt loss through the provisions of Rate Schedule 1 in accordance with Attachment U to the ISO OATT and shall replenish the Working Capital Fund through Rate Schedule 1.

The ISO shall pursue available remedies for Customer defaults under the ISO tariffs. After applying a nonpaying Customer's available collateral, if any, the ISO shall apply the

Customer's share of the Working Capital Fund to satisfy remaining amounts owed to the ISO, including amounts owed as a result of settlement corrections. Upon termination of service to the Customer and reconciliation by the ISO of final settlement corrections affecting the Customer, the ISO shall return the Customer's remaining share of the Working Capital Fund, if any, in accordance with the provisions of Section 28.~~56~~.1 of this Attachment V.

### **28.6.3 Differences between ISO Actual and Forecasted Loads**

The ISO funds its operating costs by charging Customers according to Section 6.1.~~3+2~~ of Rate Schedule 1. In the event that differences between actual and forecasted ISO loads result in an insufficient recovery of its operating costs, the ISO may offset any shortfall in operating costs by (i) temporarily drawing from the Working Capital Fund or (ii) increasing the Rate Schedule 1 charge. Whenever practicable, the ISO shall provide notice to Market Participants of the potential need to offset a shortfall in operating costs in accordance with this Section 28.6.3.



## **28.7 Contributions to Working Capital Fund from New Customers**

Customers that execute ISO Service Agreements and become approved ISO Customers after the effective date of this Attachment V will not be required to make an initial contribution to the Working Capital Fund, but will be required to (i) contribute, through a Rate Schedule 1 charge, their pro rata share of any subsequent increases of the Working Capital Fund as described in Section 28.3 of this Attachment V and (ii) make a contributions to the Working Capital Fund in connection with the next semi-annual adjustment as described in Section 28.78 of this Attachment V.

## 28.8 Semi-Annual Adjustment of Working Capital Fund Contributions

During the ~~month~~months of January and July of each calendar year, the ISO shall determine and adjust, if necessary, the contributions to the Working Capital Fund required from each Customer during ~~that year~~the immediately preceding six calendar months using the following formula, except as provided in Section 28.~~56~~.1 of this Attachment V.

$$\text{Customer's Annual Adjusted Percentage of Total Collection} = \frac{\text{CAR} + \text{CAP}}{\text{NYAR} + \text{NYAP}}$$

Where:

CAR = Customer's accounts receivable, including WTSC, during the ~~prior~~immediately preceding six calendar ~~year~~months

CAP = Absolute value of Customer's accounts payable, including WTSC, during the ~~prior~~immediately preceding six calendar ~~year~~months.

NYAR = ISO's gross accounts receivable plus the Transmission Owners' accounts receivable from WTSC during the ~~prior~~immediately preceding six calendar ~~year~~months.

NYAP = Absolute value of ISO's gross accounts payable plus the absolute value of the Transmission Owners' accounts payable from WTSC during the ~~prior~~immediately preceding six calendar ~~year~~months.

In February and August of each calendar year, the ISO shall either refund or charge, as applicable, each Customer for the difference between the Customer's principal share of the Working Capital Fund at the conclusion of the ~~prior~~immediately preceding six calendar ~~year~~months and the Customer's adjusted principal share of the Working Capital Fund as calculated in accordance with this Section 28.8. The ISO shall have the discretion to amortize such refunds or charges over one or more months beyond February or August, based upon the magnitude of the semi-annual adjustments.

## **28.9 Working Capital Fund Contributions Not Considered As Collateral**

A Customer's contributions to, and its pro rata share of, the Working Capital Fund shall not be considered as, or counted towards, any collateral that may be required from the Customer.