

## **26.11 Additional Financial Assurance Policies for Wholesale Transmission Service Charges**

### **26.11.1 Application of Security**

In the event a Transmission Owner declares a certain WTSC overdue and satisfies the requirements specified in Section 26.11.2 below, the NYISO will reimburse the Transmission Owner for part, or all, of the unpaid amount.

To the extent a Market Participant's Unsecured Credit does not satisfy the Market Participant's Operating Requirement, the NYISO will collect and hold collateral calculated pursuant to the WTSC Component of the Operating Requirement to secure payments owed by Customers to Transmission Owners. Any security held by the ISO for a Customer in excess of the amount collected pursuant to the WTSC Component of the Operating Requirement shall be available to secure WTSC only to the extent the ISO determines that such collateral will not be necessary to secure any payment obligations to the ISO, including true-up payments and other anticipated invoice adjustments. The ISO shall have access to any collateral collected pursuant to the WTSC Component of the Operating Requirement only to the extent that the ISO determines such collateral is not necessary to secure WTSC payment obligations to Transmission Owners.

### **26.11.2 Prerequisites to NYISO Action**

The following conditions must be fully satisfied before the NYISO takes action to address a WTSC nonpayment:

- 26.11.2.1 The WTSC payment must be at least ten (10) days overdue, as measured from the due date on the invoice sent to the Customer by the Transmission Owner;

26.11.2.2 The Transmission Owner must have issued a late notice and demand letter to the Customer specifying both the amount and period by which the WTSC payment is overdue;

26.11.2.3 The Transmission Owner must have made an additional, informal attempt to collect the overdue WTSC payment from the Customer which may be, without limitation, a telephone call or meeting with appropriate personnel (the method of such additional informal attempt shall be at the Transmission Owner's discretion); and

26.11.2.4 The Transmission Owner must provide to the ISO, by certified mail or other verifiable delivery method, a copy of the initial invoice sent to the Customer, a copy of the late notice and demand letter with proof of receipt by the Customer, an indemnification of the ISO regarding the liabilities discussed in Section 26.11.3 below, a request that the NYISO draw upon available collateral to satisfy the default, and a sworn statement by an officer of the Transmission Owner stating: (a) that the WTSC payment is due and owing, (b) the period by which the WTSC payment is overdue, (c) a recitation of the Transmission Owner's collection efforts (including the additional, informal attempt to collect the debt).

### **26.11.3 NYISO Action**

On the first business day after the ISO has received the notice that satisfies the requirements listed in Section 26.11.2.4 above, the ISO: (i) shall send a final demand for payment of the WTSC to the Customer within two (2) business days; (ii) shall initiate a draw upon available collateral for the benefit of the affected Transmission Owner if the WTSC due is

not paid within two (2) business days of the letter; and (iii) may begin termination proceedings in accordance with the NYISO tariffs.

#### **26.11.4 Transmission Owner Indemnification to the NYISO**

As a prerequisite for ISO action listed in Section 26.11.3 above, the Transmission Owner will indemnify and hold the ISO harmless against liability arising out of the use of security to satisfy a WTSC nonpayment, any proceeding to terminate service, or termination of service to a customer except to the extent the dispute arises out of the ISO's reporting to the Transmission Owner of whether the underlying wheel through, internal wheel or export transaction(s) actually occurred and the details of the transaction.