

**Business Issues Committee**  
**October 18, 2006 Meeting**  
**Motion - Agenda # 02**

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*Whereas*, the NYISO has discovered an inconsistency between (i) the description of the recovery of the costs of Operating Reserves from LSEs and Transmission Customers scheduling Exports in the NYISO Open Access Transmission Tariff (“OATT”), Rate Schedule 5, and (ii) the manner in which it actually recovers the costs of Operating Reserves from LSEs and Transmission Customers scheduling Exports, and

*Whereas*, the NYISO explained this inconsistency to the Market Participants at a specially scheduled meeting of the Market Structures and Billing and Accounting Working Groups on October 11, 2006, and

*Whereas*, the Business Issues Committee has reviewed the description of the issue provided by the NYISO for this October 18, 2006 meeting of the Business Issues Committee, and concurs with the NYISO’s recommendation that the manner in which it has been recovering the costs of Operating Reserves from LSEs and Transmission Customers scheduling Exports is an appropriate method for recovering the costs of Operating Reserves in the NYISO market and should be continued.

*Now, therefore*, the Business Issues Committee recommends that the Management Committee approve an amendment to Rate Schedule 5 of the OATT for the purpose of a filing pursuant to Section 205 of the Federal Power Act, such amendment to conform the description of the recovery of the costs of Operating Reserves from LSEs and Transmission Customers scheduling Exports in the NYISO OATT, Rate Schedule 5, to the manner in which such Operating Reserves costs are currently being recovered by the NYISO, as is more fully described in the presentation materials provided to the Business Issues Committee at this October 18, 2006 meeting.