



Re-evaluation of Recovery Budget & Costs  
&  
Analysis of Schedule 1 Allocations

Presented to the Management Committee  
August 28, 2003

Agenda #8



## Methodology

- Task I
  - a. Project Kick-off
  - b. Evaluation of five principal NYISO functions
    - Control Area Services
    - Capacity Adequacy
    - Transmission Congestion Contracts Administration
    - Market Support Functions
    - General Management & Administrative Functions
  - c. Evaluate and Review Subcategories
  - d. Review and Update of the Beneficiaries
  - e. Review of 2003 Budget with Subcategory Costs
  - f. Recommendation of Load vs. Recovery for the above identified NYISO functions
  - g. Written Report and Presentation
  - h. Recommended Customer Impact Analysis
  - i. Recommend Facilitation with Market Participants



## Methodology (cont'd)

- Task II
  - a. Examination of the IT Budget Line Items
  - b. Written Report
  
- Task III
  - a. Evaluate the Allocation Costs and Identify the Function and Users
  - b. Evaluation of the Cost Recovery from the User vs. the Beneficiary
  - c. Recommendation of Recovery Method
  - d. Final Written Report



## NYISO Proposed Action

- Include the Suggested Additional Rudden Task Regarding Customer Impact Analysis and MP Facilitation in the Rudden Scope
- Propose a Two Phase Study
  - Phase 1 (November – December 2003)
    - Perform the update of Cost Allocations, Cost Rearrangement, and Fixed Cost Assessments.
      - (Task I, a thru g & Task II)
  - Phase 2 (May 2004)
    - Variable Cost Analysis
      - (Task I, h and i & Task III)
- Negotiate Final Price and Schedule with Rudden to include the above modifications
- Discussion of the scope and data requirements for the support of a meaningful study