

2007 NYISO Budget

The Management Committee recommends that the Board of Directors approve the proposed Rate Schedule #1 Revenue Requirement Budget of \$139.7 million for the 2007 budget year as described in the presentation materials for the November 6, 2006 Management Committee meeting. This budget represents the funding level required to meet NYISO's key objectives and projects scheduled for 2007 while meeting the 2007 Rate Schedule 1 target. The Management Committee also recommends that the Revenue Requirements Budget of \$139.7 million be subject to the following provisions:

- a. **Cash Expenditures** – Total amount of budgeted cash expenditures should be \$153.3 million or less.
- b. **Rate Schedule #1** – The budgeted Rate Schedule #1 should be maintained at equal to or less than \$.821/mwh.
- c. **Spending Under-runs** – If a spending under-run occurs, the related funds should be utilized to pay down the principal amount of outstanding debt. This policy was adopted in 2003.
- d. **Volume variances-** Rate Schedule#1 over-collections as of December 31, 2006 resulting from volume variances should ~~also~~ be utilized to pay down the principal amount of outstanding debt. ~~Funds resulting from future~~Future over-collections related to transactional volume variances, if any, should also be utilized to ~~pay down~~retire debt. The NYISO will manage under-collections related to transactional volumes, if any, in conjunction with anticipated borrowings and spending variances so that market participants are not assessed an increase to Rate Schedule #1 during any -budget year.
- e. **Obligation for Repayment** – In approving the 2007 budget, the Management Committee acknowledges and agrees that the cost of financing 2003 through 2007 projects must be repaid in the future NYISO budgets that cover the relevant amortization periods.
- f. **5-Year Budget Targets** – In approving the 2007 budget, the Management Committee reaffirms its support for the 2008 rate schedule#1 target of \$.787/mwh adopted for the purpose of input and guidance at the November 12, 2003 Management Committee meeting. In addition, in approving the 2007 budget, the Management committee expresses its support for the development of new 5-year budget targets for the 2009-2013 at levels appropriately reflecting lower debt service requirements and other efficiencies through “excellence in execution ‘ and other current initiatives.