

NYISO Collection of Costs of the NERC ERO

NYISO Management Committee

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Background

- The FERC Order granting NERC ERO status provides for collection of its costs from Net Energy Load (NEL)
 - NERC will allocate its annual budget according to NEL
- In its 2007 Budget submission, NERC outlined fees applicable to implementation of its ERO responsibilities
 - Its nationwide budget was allocated based on 2005 load data to each region

Background

- National Grid and the New York Transmission Owners commented to FERC that the collection of costs to LSEs should be done through the ISO/RTO
 - NERC does not have the most recent data
 - Because of load migration, the NYISO has the most recent data
 - This is consistent with the PJM proposed process
- The NYISO did not support this process, citing implementation issues
 - Systems needed – difficult and time consuming
 - Tariff change needed
 - PPT impact

Benefit of ISO/RTO Billing

- ISOs/RTOs have the most recent load data, and are best suited to collect the NERC ERO Fees
 - NERC agrees that billing efficiency could be improved, and that ISOs/RTOs may be better able to bill the individual LSEs based on more current NEL data
 - NERC supports the proposed PJM methodology – where NERC will allocate its budget among all LSEs based on best available recent data. PJM will collect the amounts allocated to PJM from its LSEs through a tariff mechanism
- Benefits
 - Most recent load data ensures allocation to proper parties
 - Reduces risks of non-collection

Proposal

- In its Order approving NERC ERO Budget, FERC stated that
 - NERC may contract with an ISO or RTO for collection purposes
- The NYISO should work with NERC to implement such an arrangement
 - The ERO charges will be a NYISO charge to load, as a “below the line” pass through
 - The NYISO should develop an appropriate charge, with any over- and under- collection adjusted to affected customers promptly