

**By-Laws & Governance
Subcommittee
Proposed Revisions to the
ISO Agreement & the MC By-Laws**

Management Committee Meeting

February 4, 2004

Agenda #7

Overview

The By-Laws and Governance Subcommittee is presenting proposed changes to the ISO Agreement and the Management Committee By-Laws regarding the definitions and sector designations of Demand Response Providers and Distributed Generators. The definitions proposed in these changes will be effective for purposes of participation in ISO governance only.

ISO Agreement Definition Changes

A Demand Response Provider is an entity that does not own Demand Side Resources but is qualified pursuant to ISO Procedures to submit aggregated bids for Demand Side Resources into ISO demand response programs (*e.g.*, the Emergency Demand Response Program, Special Case Resource Program, Day-Ahead Demand Response Program.)

ISO Agreement Definition Changes (cont.)

Demand Side Resources are resources located in the NYCA that are capable of reducing demand in a responsive, measurable and verifiable manner within time limits, and that are qualified to participate in competitive Energy markets pursuant to the ISO Tariffs and the ISO Procedures.

ISO Agreement Definition Changes (cont.)

A Distributed Generator is a facility, existing or under construction, for the generation of electricity that is or will be connected at the distribution level, typically located on the End-Use Consumer's side of the consumption meter, and usually located at or near the intended place of use for at least some of the facility's output.

Sector Designations of Demand Response Providers and Distributed Generators

ISO Agreement § 7.04, MC By-Laws § 11.02.1

- A Demand Response Provider that is not a Transmission Owner shall be eligible to vote only in the Other Suppliers sector.
- A Distributed Generator Owner shall be eligible to vote in the Other Suppliers sector subject to the following two exceptions:

Sector Designations (cont.)

(a) If the Distributed Generator is owned by an End-Use Consumer or an Affiliate thereof, and the primary purpose of the Distributed Generator is to supply electrical energy and capacity to that End-Use Consumer, then the Distributed Generator Owner shall participate in the End-Use Consumers sector; or

Sector Designations (cont.)

(b) If the Distributed Generator is owned by an entity that is not an Affiliate of an End-Use Consumer, and the primary purpose of the Distributed Generator is to sell electrical energy and capacity into the grid, then the Distributed Generator Owner shall participate in the Generator Owners sector.

Sector Designations (cont.)

In determining the primary purpose of a Distributed Generator described in (a) and (b) above, the ISO shall consider *inter alia*:

- The size of the Distributed Generator relative to its host Load;
- The intended use for which the Distributed Generator was constructed;
- The historical use of the Distributed Generator; and
- The location of the Distributed Generator.

Sector Designations (cont.)

If either a Distributed Generator Owner or a Demand Response Provider is an Affiliate of either a Generator Owner or an End-Use Consumer, the ISO shall determine the most appropriate sector in which the affiliated entity shall vote.

Future Study

The By-Laws and Governance Subcommittee proposes that the Management Committee direct the Operating Committee to determine whether Distributed Generators participating in the Generator Owners Sector should also be subject to rights and obligations under the ISO Tariffs applicable to Generators.