

ESPWG

Status Update

By

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BIC/OC Meetings

January 21-22, 2004

Albany

Status Update: A Parallel Process

- **Phase I Implementation**

- Initial Process approved by OC in Sept '03
- Definition of congestion approved on Nov 6
- “Probe” model to be recommended for approval at Jan 22nd OC meeting
- Study work begun in December
- Target completion for Summer 2004

Status Update: A Parallel Process

- **Phase II: Comprehensive Process**
 - Process for addressing reliability needs has progressed well during Sept-Dec
 - Cost allocation/recovery discussed on Jan 13th
 - Bring reliability process to closure by March
 - Proceed with consideration of economic needs
 - Target completion by Summer 2004

Cost Allocation/Recovery for Reliability Upgrades

- NYISO Staff developed issues for consideration
- Written comments submitted by stakeholders
- Discussed at Jan 13th ESPWG meeting
- Wide diversity of opinions
- Further discussion planned at Feb 9th meeting
- Resolution of these issues may require OC action

Cost Allocation: Summary of MP Comments

- **Cost Allocation Methodology**
 - Agreement that beneficiaries should pay for market-based solutions
 - Difference of opinion regarding cost allocation for backstop regulated upgrades
 - Some support a “bright line” test for regional vs local benefits based on voltage level
 - Some support a case-by-case determination
 - Some support establishment of criteria to be applied to each situation on a case-by-case basis
 - Some support determination of benefits based upon reliability, while others want a “hold harmless” provision based upon economic impacts
 - Difference of opinion regarding FERC/PSC roles

Cost Recovery: Summary of MP Comments

- **Under NYISO or TO Tariff/FERC or PSC jurisdiction?**
 - Some support only NYISO Tariff/FERC jurisdiction
 - Some support only TO's Tariffs/PSC jurisdiction
 - Others support both Tariffs/dual jurisdiction
 - Difference of opinion on whether to provide incentives for regulated upgrades