



FUNDING MECHANISM FOR END USE CONSUMER SECTOR CONSULTANT

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SCHEDULE

- ✓ December 6 MIWG discussion
- January 12 BIC discussion and vote
- January 26 MC discussion and vote

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BACKGROUND

- 200+ NYISO meetings each year
- 1000+ meeting hours consumed each year
- Numerous technical issues are:
 - * Increasingly complex and (18+ WGs and TFs)
 - * Increasingly interrelated

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BACKGROUND cont.

Due to lack of resources, End Use Consumer Sector members are unable to:

- Devote full-time attention to NYISO matters
- Attend most working group meetings as well as task force and OC meetings
- Engage experts who would better understand the impact on consumers of highly complex technical issues

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BACKGROUND cont.

- End Use Consumer Sector members raised these concerns at the End Use Consumer Sector's meeting with Senior Management in March 2010 and at the Joint Board-MC meeting in June 2010
- FERC, the PSC, the Legislature, and the Ten-Year Review, in various ways, have asserted that end use consumers are not adequately represented at the NYISO

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PROPOSAL

- ✓ Tariff amendment creating a new Rate Schedule to allow all NYISO market participants serving internal (New York) load to fund costs of hiring a consultant (technical expert) for the End Use Consumer Sector
- ✓ Billing mechanics would be similar to the current treatment of NERC ERO fees

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FUNDED ACTIVITIES

Costs and fees eligible for recovery through the NYISO's tariff would include those associated with the Consultant:

- Participating in NYISO task force, working group and committee meetings as well as in other meetings addressing matters affecting NYISO-administered markets
- Writing summaries of meeting activities

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FUNDED ACTIVITIES cont.

- Analyzing existing or proposed NYISO market rules regarding wholesale service
- Analyzing issues, providing technical assistance, and supporting Sector participation in proceedings before FERC, the PSC, or other adjudicative bodies in matters affecting NYISO-administered markets

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FUNDED ACTIVITIES cont.

- Identifying issues that may have a significant impact on end use consumers, and alerting and taking the initiative to educate Sector members as these issues arise
- In coordination with the NYISO's Consumer Liaison and with approval of the End Use Sector as well as within the annual budget, hire for a limited time and discrete purpose individuals with special expertise on NYISO and related matters affecting end use consumers

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FUNDED ACTIVITIES cont.

- Participating in End Use Consumer Sector conference calls and meetings to provide information, answer questions, and advise members on issues
- Preparing materials, including presentations, studies, straw proposals, etc. for use by members of the End Use Consumer Sector in support of the work described above

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UNFUNDED ACTIVITIES

- Lobbying
- Public outreach (media, speaking engagements, etc.)
- Conduct outside the Scope of Work
- Conduct not authorized by Sector
- Others???

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FUNDING MECHANISM

- The NYISO would collect a monthly charge to recover these costs from Market Participants serving New York (internal) load based on the load ratio share of each Market Participant's internal withdrawal billing units
- The rate for the monthly charge would be based on the budget approved by affected Market Participants

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FUNDING MECHANISM cont.

- Following the end of each calendar year, the NYISO would refund any unspent amounts back to those Market Participants responsible for the monthly payments
- Collection of the monthly charge would begin in the month following approval of the tariff amendment by FERC

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ADMINISTRATION AND GOVERNANCE

- Just as in the case of the Wind Forecasting Schedule (Schedule 7 of the Market Services Tariff), because this expense is not part of the NYISO's budget, the NYISO's debt or other reserves would not be used as a cash flow float (*e.g.*, the amounts collected need to exceed invoices by the Consultant)
- The annual budget for the Consultant, and any budget amendments, will be determined by simple majority of votes cast "yes" or "no" by: 1) Management Committee members serving internal load, and 2) non-load serving members of the End-Use Consumer Sector and the Public Power/Environmental Sector

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ADMINISTRATION AND GOVERNANCE cont.

- Voting will be on a *per capita* basis (e.g., the 8 ESCOs, 11 munis, 6 environmental entities, and 16 consumer entities on the MC as well as LIPA, NYPA, NYSEG, CH, Grid, and Con Ed would each have one vote)
- If an ESCO is affiliated with a TO, each may cast a vote because they provide energy to different customers

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ADMINISTRATION AND GOVERNANCE cont.

- The NYISO will provide reasonable notice of the voting process to all those eligible to vote and administer the voting process
- The End Use Consumer Sector will present to eligible voters a proposed budget and supporting material in October of each year for the following year's consultant budget
- Seeking authority to spend up to \$350k in 2011 (@\$0.002 per MWh withdrawn)

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ADMINISTRATION AND GOVERNANCE cont.

The NYISO's responsibilities include:

- Jointly developing the RFP and Scope of Work ("SOW") with the End Use Consumer Sector
- Issuing the RFP and processing responses
- Participating in contract negotiations with the Consultant selected by the End Use Consumer Sector and assisting in the drafting of the final SOW and Contract

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ADMINISTRATION AND GOVERNANCE cont.

- Executing and administering the mechanics of the Consultant Contract
- Upon confirming that the Consultant's work is within the Contract (including the SOW), processing the invoices approved by the Chair of the End Use Consumer Sector and disbursing funds to the Consultant

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ADMINISTRATION AND GOVERNANCE cont.

Sector responsibilities include:

- Through an MOU (in process), members of the End-Use Consumer Sector will establish and administer the process for:
 - Selecting the Consultant
 - Directing the Consultant's work
 - Evaluating the Consultant's work

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ADMINISTRATION AND GOVERNANCE cont.

- The End Use Consumer Sector will make decisions by consensus in the first instance, but, when necessary, decisions will be made by a simple majority of “yes” and “no” votes, with each member’s vote weighted per NYISO governance and normalized to 100%
- The End Use Consumer Sector will select a Sector Chair who rotates annually on a volunteer basis

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ADMINISTRATION AND GOVERNANCE cont.

- The Sector Chair would be the point person to whom the Consultant reports and the liaison to the NYISO regarding administration of the Consultant's contract, including signing off on invoices
- The Chair would also record work assignments, hours, reports completed and handle similar administrative details as well as setting up regular teleconferences for the Sector members to speak with the Consultant

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QUESTIONS AND DISCUSSION

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CONCLUSION

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