

NYISO Business Issues Committee Meeting

December 13, 2002
Desmond Hotel, Albany, NY

SUMMARY OF MOTIONS

Motion #1:

Motion to approve the minutes from the November 14, 2002 Business Issues Committee Meeting.

(Motion passed unanimously by a show of hands)

Motion #2:

Motion to approve the demand curve spot market auction proposal, as presented by NYISO Staff to the BIC; and to recommend the concept, as presented to the Business Issues Committee on December 13, 2002, to the Management Committee for approval.

WHEREAS, the Installed Capacity Working Group has developed, over the past eight months, a demand curve spot market auction concept to address Market Participant concerns with the NYCA Installed Capacity Market;

WHEREAS, NYISO Staff has presented the demand curve spot market auction concept, including applicable demand curves that would be applied in the Installed Capacity Market, and a draft revised Services Tariff implementing the demand curve spot market auction concept;

WHEREAS, NYISO Staff has determined that in order to implement a new NYCA Installed Capacity market methodology for the 2003-2004 Capability Year such concept should be filed with the Federal Energy Regulatory Commission by the end of January, 2003;

NOW, THEREFORE, IT IS MOVED that the Business Issues Committee approve the demand curve spot market auction proposal, as presented by NYISO and amended by the Business Issues Committee on December 13, 2002, and recommend the proposal to the Management Committee for its approval with the further recommendation that the Management Committee also request the Board to concur and direct the NYISO staff to file necessary tariff amendments with FERC by the end of January, 2003, so that the demand curve spot market auction will be implemented starting in the 2003-2004 Capability Year. The BIC further recommends to the Management Committee that the ICAP Working Group continue to work with staff on preparing final tariff language.

(Motion failed with 43.58 % affirmative votes)

Motion #3:

Motion to amend Motion #2 to retain existing rules applicable to in-city divested generation owners.

(Motion passed with 61.30 % affirmative votes)

Motion #4:

Motion to table Motion #2 as amended.

(Motion failed with 9.28 % affirmative votes)

Motion #5:

Motion to approve a project to manage units which are dragging base-points, as presented to the Business Issues Committee on Friday, December 13, 2002, further the ISO MMU will provide adequate details on how they plan to monitor GT dragging for any possible gaming. The proposal will be modified to change the last bullet on page 5 to state that the derate remains until changed by the software or the operators.

(Motion passed by a majority show of hands)

Motion #6:

The Business Issues Committee approves the concept of setting prices during periods sustained shortages of reserves as is discussed in greater detail in the Reserve Shortage Cost Pricing presentation made at the December 13, 2002 Business Issues Committee meeting and recommends the concept to the Management Committee for approval.

(Motion passed by a majority show of hands)

Motion #7:

Motion To Amend Tariffs By Adding Procedures For Administering Customer Challenges Of Final Settlement Information

WHEREAS, the Management Committee and the Business Issues Committee, on May 22, 2002 and June 13, 2002 respectively, approved a recommendation that NYISO staff prepare and that the Board jointly with the Management Committee authorize the filing of proposed amendments to the Market Administration and Control Area Services Tariff ("Services Tariff") and the Open Access Transmission Tariff ("OATT") regarding procedures for the administration of Customer challenges to the accuracy of settlement information in their final billing invoices; and,

WHEREAS, the NYISO Board of Directors subsequently granted, in part, an appeal of the Management Committee's June 13, 2002 approval of said recommendation and directed NYISO staff to prepare a tariff amendment to provide for the funding of valid bill challenges through inter-Customer billing adjustments (*i.e.* rebilling the service months in question) rather than through socializing the costs of such adjustments over the current Customer base through a Rate Schedule 1 charge.

NOW, THEREFORE, the Business Issues Committee approves funding valid bill challenges through inter-Customer billing adjustments rather than through Rate Schedule 1 charges and recommends this concept, as presented to the Business Issues Committee on December 13, 2002, to the Management Committee for approval. Further, the information on slide 11 of the presentation has been revised in that the policy will be submitted to FERC with a request for expedited treatment and will be implemented upon FERC approval.

(Motion passed by a majority show of hands)

Motion #8:

Motion to approve proposed revisions to Financial Assurance Requirements contained in NYISO tariffs as presented to the Business Issues Committee on Friday, December 13, 2002, and including the following revisions to the document titled *Proposed Comprehensive Financial Assurance Requirements – Key Terms*:

- modify Page 14, section XIV.D, "Notice to customers", to provide that the NYISO shall notify all Market Participants in the event that a customer has defaulted as well as when a default has been cured
- Add, under Page 4, section V.E, the following language: "Which could have a material impact on the customer's financial condition".
- Existing surety bonds would be effective for a maximum of 12 months.

(Motion passed with 60.35 % affirmative votes)

Motion #9:

Motion to amend motion #8 to add:

- Further, the loss sharing and working capital requirements will be removed from the Finance Assurance Requirements. Market Participants will continue to work on the loss sharing policy that applies to all customers and will develop an appropriate working capital allocation policy to be included in the Financial Assurance Requirements.

(Motion failed with 41.67 % affirmative votes)

Motion #10:

Motion to amend Motion #8 as follows:

- Loss sharing and working capital shall be allocated on an energy weighted approach that allocates the cost on the sum of the customers MWh purchases and sales over total MWh purchases and sales for the market with adjustments to the purchases and sales to account for losses such that purchases and sales share equally in the risks and the costs.

(Motion failed by a majority show of hands)

Motion #11:

Motion on Allocation of Rate Schedule 1 Charges with reference to the FERC's order dated September 25, 2002, in Docket No. ER01-1961, addressing the allocation of the NYISO's Rate Schedule 1 costs, the Business Issues Committee requests that the NYISO to take the following steps within 3 months:

- Review and update the NYISO's cost allocation materials produced in the spring of 2001;
- Specifically address the impact of the substantial Information Technology investments, as proposed in the 2003 budget, on the cost allocation; and,
- Identify which types of NYISO customers use or benefit from specific Rate Schedule 1 functions to assess if Rate Schedule 1 should be allocated to NYISO customers by component or grouping of components (i.e., similar to PJM methodology) according to the benefits received.

(Motion passed with 60.66 % affirmative votes)