

Management Committee

November 12, 2003

Agenda # 7

The Management Committee, having reviewed the proposed changes to allow adjustments to the number of Existing Transmission Capacity for Native Load (ETCNL) and Residual Capacity Revenue Rights (RCRR) sold by the NYISO in order to reduce the level of Day-Ahead Market TCC Shortfalls, as discussed at the Market Structures Working Group (MSWG) meeting on October 31, 2003 and at the Business Issues Committee (BIC) meeting on November 5, 2003, hereby approves the proposal and recommends that the Board authorize, for filing pursuant to Section 205 of the Federal Power Act, tariff changes consistent with the proposal. The Management Committee concurs with the BIC recommendation and requests that the accompanying filing letter state the consensus reached at the October 31, 2003 MSWG meeting:

- The initial maximum level will remain fixed at 5% for 1 year
- The 5% level will be reviewed with the intent of implementing a TO by TO percentage option for the Spring 2005 auction
- Prior to the Fall 2004 auction, the appropriateness of releasing some of the retained TCCs into reconfiguration auctions will be reviewed
- A long-term targeted solution that more accurately accounts for scheduled outages will be developed
- For market transparency purposes, the level of TCCs retained by each TO will be posted prior to each auction
- The NYISO will report to FERC on the performance of this TCC Shortfall method after the summer 2004 capability period.