

**MOTION IN SUPPORT OF A FILING BY THE NEW YORK INDEPENDENT SYSTEM OPERATOR FOR RECOVERY OF REASONABLE AND NECESSARY OPERATING EXPENSES OF THE NEW YORK STATE RELIABILITY COUNCIL**

WHEREAS the New York State Reliability Council ("NYSRC") has been approved by the Federal Energy Regulatory Commission ("FERC") and has been entrusted with the responsibility to develop the reliability rules for the bulk power system within the New York Control Area and to monitor compliance with those reliability rules; and

WHEREAS the reliability rules adopted by the NYSRC must be based on the reliability standards of the Northeast Electric Reliability Council, the Northeast Power Coordinating Council, the Nuclear Regulatory Commission, FERC and the New York Public Service Commission, and must take into account the unique reliability requirements of the New York Control Area; and

WHEREAS, the NYSRC has adopted the Initial Reliability Rules for the New York Control Area based upon the reliability standards of the New York Power Pool in effect when the New York Independent System Operator ("ISO") commenced operations; and

WHEREAS, the NYSRC has the responsibility to review and revise those reliability rules when necessary to ensure the reliable operation of the bulk power system in the New York Control Area; and

WHEREAS, the reliability functions performed by the NYSRC benefit all market participants and electricity consumers in the New York Control Area; and

WHEREAS, the NYSRC cannot perform its reliability functions without reasonable and necessary financial resources; and

WHEREAS, the NYSRC currently relies for its funding on contributions from its participating members and does not limit the contributions made by its participating members; and

WHEREAS, the participation of market participants in the NYSRC will be discouraged unless a reasonable limit is placed on the contributions of its participating members; and

WHEREAS, it would be more fair and equitable if the operating costs of the NYSRC were recovered through a uniform charge on all transactions in the New York Control Area;

**NOW THEREFORE, IT IS HEREBY RESOLVED THAT THE NEW YORK ISO SHOULD SUBMIT A FILING AT FERC TO FACILITATE THE RECOVERY OF REASONABLE AND NECESSARY NYSRC OPERATING COSTS FROM MARKET PARTICIPANTS IN THE NEW YORK CONTROL AREA WITH THE FOLLOWING PROVISIONS:**

1. The NYSRC shall file its annual budget with FERC with all necessary supporting documentation;
2. The NYSRC budget shall be kept separate from the ISO budget and the NYSRC shall be responsible for supporting its budget before FERC and responding to any objections raised by any party;
3. The NYSRC budget shall be limited to reasonable and necessary expenditures directly related to its responsibilities as approved by FERC;
4. The annual contribution of individual participants in the NYSRC shall be limited to a reasonable annual payment to be determined by the Executive Committee of the NYSRC of not less than \$5,000, except for unaffiliated participants who will remain exempt from such payments;
5. The NYSRC budget, in excess of contributions by its participating members, will be recovered under a separate component of the rate schedule one charge of the appropriate ISO tariff or under a separate rate schedule.