

Meeting Notes - Project Prioritization Team
October 28, 2003
Teleconference

Ken Fell
Chuck King
John Hickey
Mary McGarvey
Tim Schmehl
Rusi Patel (Xenergy/KEMA)
Debbie Eckels
Elaine Robinson

Joe Oates, Chair MC
Larry DeWitt, Chair BIC
Liam Baker, Chair OC
Jim Parmelee, Chair BS&PS
Mario DiValentino, Vice-chair BS&PS
Patti Caletka

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1. Joe Oates began the meeting by reviewing the objectives for today.
 2. Tim Schmehl discussed the sample “report card” being developed to rank 2004 projects. He emphasized that this was a methodology developed internally by the NYISO and was not final and added that all categories were not equally quantifiable.

Jim Parmelee asked Tim to define strategic positioning and questioned how important it was to the long-term functioning of the NYISO. Larry DeWitt stated that strategic positioning should be based on successful performance.

Joe Oates suggested that projects could be categorized by the primary drivers such as: (1) FERC ordered, (2) market efficiency, (3) risk avoidance, and (4) organizational efficiency.

Larry DeWitt stated that reliability should not be graded on geographic impact but rather on compliance with NERC, NPCC, or NYSRC rules.

An updated version of the chart should be distributed to Market Participants before November 5 especially since \$3.5 million is to be cut from the 2004 projects budget.

3. Jim Parmelee then provided a summary of the discussion at the BS&PS meeting earlier in the day. He reported that based on discussions with a number of Market Participants there was a cooperative effort with the NYISO staff to reduce the increase for 2004 to three percent and set budget targets of three percent or less for the years 2005-2008. This resulted in a recommendation to:
 - Cut the 2004 projects budget by \$3.5 million,
 - Defer part of the 2004 financing costs to 2005 since repayment of the start-up costs would be complete in 2004,

Use any budget under-runs to pay down principal on debt,
Reduce base-line by \$3 million in each year 2005 to 2008, and
Set a project target of \$20 million in each year beyond 2004 to be adjusted
using the Budget Planning and Project Management Guidelines previously
adopted by the MC.

4. Ken Fell next reported where he felt there were opportunities to defer \$3.5 million in 2004 project costs without the elimination of any of the projects. He stated that these actions would further delay initiating any new projects until at least mid-2005. He said that he used the feedback obtained by Jim Parmelee about which projects MPs questioned as one of his determinants. He outlined reduced or deferred costs for:

- MDEX enhancements,
- Comprehensive system availability monitoring,
- New technology initiatives,
- Operational information to the marketplace,
- Software development tools,
- Billing simulator, and
- LDAP & SSO.

He proposed no changes to:

- Inter-ISO standards, cautioning that cuts in pursuing common technologies with the other ISO/RTOs could result in lost opportunities to achieve greater market efficiencies;
- VRD because while the concept is still under development and has not yet been approved by the BIC or MC, the funding is for the consultant to assist in development;
- Shortening the billing cycle because this is a Board directive, however, the final result will be a collaborative effort with MPs and the current funding is for a consultant to assist in identifying the constraints to going forward; and
- Consolidated offices but proposed funding for this project will be separately allocated to an ACC and office space; and
- Flexible projects.

NYISO staff will be providing additional information about the changes to the proposed project plan.

5. Jim Parmelee concluded by saying that the 2005 budget was the greatest concern and he urged that MPs and staff start working together early in 2004 to assess needs against the budget target.