
Schedule 1 Unbundling: OATT & MST

S&P Meeting
June 15, 2001

Agenda

- Reason for Unbundling
- Current Bundled Tariffs
- Proposed Unbundled Tariffs
 - Budget Dollars by Service Categories
 - Service Category Descriptions
- Estimated Customer Allocation
- Examples

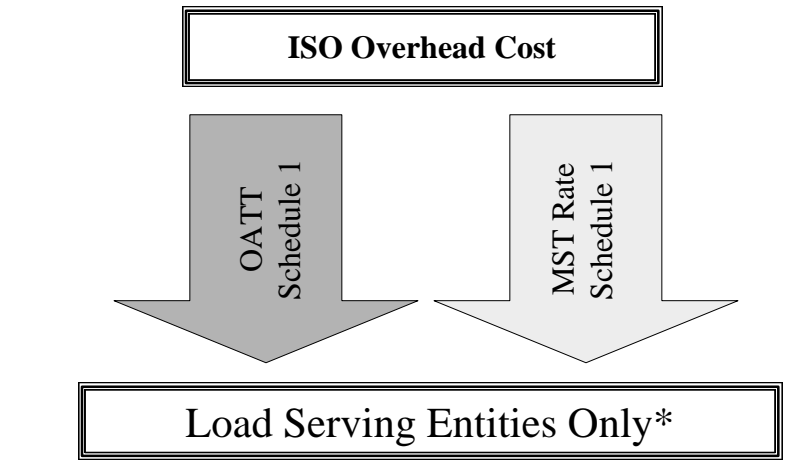
Reason for Unbundling

- FERC mandated change from bundled rates to unbundled rates
 - Order Accepting Filing and Requiring Submission Of A Revised Funding Mechanism
92 FERC ¶ 61,279
 - Delineate charges between OATT and MST
 - Allocate costs to those who use each service

Breakdown of Schedule 1 Charges

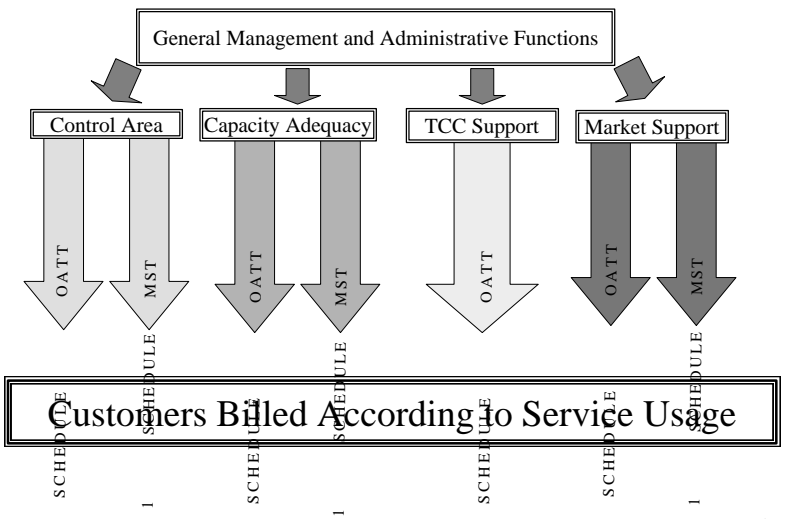
OATT	MST
<p>Charges for Ancillary Services, such as scheduling, system control, and dispatch service. NYISO is required to provide and Transmission Customers are required to purchase these services. This Schedule reflects cost associated with the operation of the NYS Transmission System and administration of the OATT, including but not limited to:</p> <ul style="list-style-type: none"> • Processing and implementing requests for transmission service • Coordination of Transmission System operation and implementation of necessary control actions • Centralized security constrained dispatch to optimally re-dispatch the NYS Power System to mitigate transmission Interface overloads and provide balancing services • Transmission studies • Engineering services and operations planning • Metering Maintenance and calibration scheduling • Administrative and General Expenses • Fifty percent of the NYISO start-up cost 	<p>Charges for the administration of competitive markets for the sale and purchase of Energy and Capacity; Ancillary Services provide to support Market and Control Area Services, including services related to ensuring the reliable operation of the NYS Power System. Cost recovered are those that are directly assignable to these services and not recoverable under Schedule 1 of the OATT, including but not limited to:</p> <ul style="list-style-type: none"> • Administration of LBMP Markets • Administration of ICAP requirements and markets • Administration of Market Power Monitoring Program • Administration of Control Area Services not covered by the OATT • Activities related to the maintenance of reliability of NYCA • Fifty percent of the NYISO start-up cost

Current Bundled Tariffs



*Includes Transmission Owners, Marketers, PTP Customers, and other LSEs

Proposed Unbundled Tariffs



2001 Budget Dollars by Service Categories

	Total Budget (millions)		Billing Units	OATT Rate	MST Rate
	OATT	MST			
Control Area Services (LSE)	\$15.5	\$3.4	153,100,648 Megawatt Hours	\$0.1015 Per Megawatt Hour	\$0.0220 Per Megawatt Hour
Control Area Services (T/O)	\$14.1	-	26,429,652 Circuit Miles by Voltage (Annualized)	\$0.5322 Per Circuit Miles by Voltage	-
Control Area Services (W/E)	\$5.5	-	5,699,352 Megawatt Hours	\$0.0954 Per Megawatt Hour	-
Capacity Adequacy (LSE)	\$2.7	\$1.9	158,800,000 Megawatt Hours	\$0.0170 Per Megawatt Hour	\$0.0119 Per Megawatt Hour
Capacity Adequacy (T/O)	\$2.7	-	26,429,652 Circuit Miles by Voltage (Annualized)	\$0.1023 Per Circuit Miles by Voltage	-
Capacity Adequacy (GEN)	-	\$1.9	158,800,000 Megawatt Hours	-	\$0.0119 Per Megawatt Hour
Trans. Congest. Contracts (TO)	\$1.7	-	26,429,652 Circuit Miles by Voltage (Annualized)	\$0.0643 Per Circuit Miles by Voltage	-
Market Support Services (LSE)	\$16.3	\$23.0	158,800,000 Megawatt Hours	\$0.1025 Per Megawatt Hour	\$0.1445 Per Megawatt Hour
Market Support Services (GEN)	\$4.3	\$7.6	158,800,000 Megawatt Hours	\$0.0274 Per Megawatt Hour	\$0.0480 Per Megawatt Hour
Subtotal	\$57.8	\$37.8			
Combined Totals	\$95.6				

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Control Area Services (LSE)

Service Category Description:		
This service category comprises all of the services of NYISO associated with preserving the reliability of the NYCA and administering Transmission Service.		
Internal activities include:		
OATT	MST	
Energy Management	Calculation of Available Transmission Capability	Calculation of Available Transmission Capability
Operational Regulatory Compliance	OASIS	OASIS
Operating Procedures & Support	Time-Dependent ATC Calculations	Time-Dependent ATC Calculations
Operations Performance Metrics	Generator Modeling	Unit Commitment Modeling
Real-Time Dispatch	Load Management Activities	Generator Modeling
Real-Time Transmission Monitoring	System Adequacy Studies	Generator Outage Activities
System Drills	Industry Information Gathering & Dissemination	Industry Information Gathering & Dissemination
Short-term Load Forecasting	Dissemination	Information Technology Projects-SPIDER Apps.
Transmission Maintenance Planning	Short-term Reliability	Information Technology Projects-Energy Management Systems
Generation Maintenance Planning	Information Technology Projects-SPIDER Apps.	Management Systems
Power System Modeling	Information Technology Projects-Energy Management Systems	Information Technology Support
Transmission Outage Planning	Information Technology Support	

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Control Area Services (T/O)

Service Category Description:

This service category comprises all of the services of NYISO associated with preserving the reliability of the NYCA and administering Transmission Service.

Internal activities include:

	OATT	MST
Energy Management Operational Regulatory Compliance Operating Procedures & Support Operations Performance Metrics Real-Time Dispatch Real-Time Transmission Monitoring System Drills Short-term Load Forecasting Transmission Maintenance Planning Generation Maintenance Planning Generator Modeling Load Management Activities System Adequacy Studies Industry Information Gathering & Dissemination Short-term Reliability Information Technology Projects-SPIDER Apps.	Information Technology Projects- Energy Management Systems Information Technology Support	-

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Control Area Services (W/E)

Service Category Description:

This service category comprises all of the services of NYISO associated with preserving the reliability of the NYCA and administering Transmission Service applicable to Wheel Through and Export Customers.

Internal activities include:

	MST
Energy Management Operational Regulatory Compliance Operating Procedures & Support Operations Performance Metrics Real-Time Dispatch Real-Time Transmission Monitoring System Drills Transmission Maintenance Planning Power System Modeling Transmission Outage Planning Calculation of Available Transmission Capability OASIS Time-Dependent ATC Calculations Load Management Activities	-

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Capacity Adequacy (LSE)

Service Category Description:	
This service category comprises all of the activities of NYISO associated with transmission expansion planning assessment and administration of the installed capacity auction and market (following the Reliability Rules established by the NYSRC), including, but not limited to, long-term load forecasting, studies regarding the resource adequacy assessment, etc.	
Internal activities include:	
OATT	MST
System Adequacy Studies Long-term Load Forecasting Short-term Load Forecasting	Installed Capacity Market Resource Adequacy Assessment

Capacity Adequacy (T/O)

Service Category Description:	
This service category comprises all of the activities of NYISO associated with transmission expansion planning assessment and administration of the installed capacity auction and market (following the Reliability Rules established by the NYSRC), including, but not limited to, long-term load forecasting, studies regarding the resource adequacy assessment, etc.	
Internal activities include:	
OATT	MST
System Adequacy Studies Long-term Load Forecasting Short-term Load Forecasting	-

Capacity Adequacy (GEN)

Service Category Description:	
This service category comprises all of the activities of NYISO associated with transmission expansion planning assessment and administration of the installed capacity auction and market (following the Reliability Rules established by the NYSRC), including, but not limited to, long-term load forecasting, studies regarding the resource adequacy assessment, etc.	
Internal activities include:	
OATT	MST
-	Installed Capacity Market Resource Adequacy Assessment

TCC Administration (T/O)

Service Category Description:
This service category comprises all of the activities of NYISO associated with administering the activities surrounding the Transmission Congestion Contracts ("TCC") provided for under Attachment M to the OATT, including, but not limited to, coordination of managing and auditing auctions and coordination of direct TCC sales on OASIS. NYISO provides this service to entities that hold TCCs.
Internal activities include:
Data for calculation and analyses Support and administration of TCC auctions

Market Support Functions (LSE)

Service Category Description:	
This service category comprises all of the activities of NYISO associated with supporting the operation of the non-discriminatory market and related functions, including, but not limited to, market monitoring and compliance, locational based marginal pricing support, installed capacity supply compliance, and market training.	
Internal activities include:	
OATT	MST
Operator Training Certification Dispatcher Training Membership Maintenance Customer Support Web-site Postings for Market Participants NYISO Committee Support Maintenance of Manuals & Tech Bulletins Information Technology Operations Information Technology Projects Information Technology Projects-Market Systems Information Technology Markets & System Design	Market Monitoring and Compliance LBMP Pricing ICAP Supply Compliance Market Training Membership Maintenance Customer Support Web-site Postings for Market Participants NYISO Committee Support Maintenance of Manuals & Tech Bulletins Information Technology Operations Information Technology Projects Information Technology Projects-Market Systems Information Technology Markets & System Design

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Market Support Functions (GEN)

Service Category Description:	
This service category comprises all of the activities of NYISO associated with supporting the operation of the non-discriminatory market and related functions, including, but not limited to, market monitoring and compliance, locational based marginal pricing support, installed capacity supply compliance, and market training.	
Internal activities include:	
OATT	MST
Membership Maintenance Customer Support Web-site Postings for Market Participants NYISO Committee Support Maintenance of Manuals & Tech Bulletins Information Technology Operations Information Technology Projects Information Technology Projects-Market Systems Information Technology Markets & System Design	Market Monitoring and Compliance LBMP Pricing ICAP Supply Compliance Market Training Membership Maintenance Customer Support Web-site Postings for Market Participants NYISO Committee Support Maintenance of Manuals & Tech Bulletins Information Technology Operations Information Technology Projects Information Technology Projects-Market Systems Information Technology Markets & System Design

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General Management and Administrative Functions

Service Category Description:

This service category is not a separate service by NYISO. Rather, these cost comprise overhead and administrative activities performed by NYISO that support the services described in the other service categories. The cost will be allocated pro rata each year among the other categories.

Internal activities include:

Regulatory Reporting and Data Submission Human Resources Corporate Communications Manage Facilities and Infrastructure Strategic Analysis Strategic Development & Implementation Financial Accounting Services Settlement Collection Processing Market Participant Credit Issues Legal Activities Internal Auditing Two Part Market Settlement Transmission Losses Billing Point-to-Point Transmission Service Billing Daily Accounting Reports Monthly Billing Reports	Congestion Management Billing Billing Dispute Investigation Billing Dispute Resolution Record Retention Business Services Individual Project Coordination Organizational Change Management Program Management Process Information Technology Electronics and Comm. Information Technology Projects-Financial Information Technology Quality Assurance Information Technology – New Technology Dev. Corporate Expenses Capital Expenditures Depreciation
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2001 Estimated Customer Allocation

	BUNDLED	UNBUNDLED
LSE	96.4%	60.4%
T/O		24.5%
GEN		14.5%
W/E	3.6%	0.6%
Total All Members	100%	100%

Implementation Issues

FERC filing requirement: 07/02/01

- NYISO plans to seek additional extension for MP input

Proposed implementation: 04/01/02

- (Start of Summer 2002 Capability Period)

**Supplier rate (.0873/MWH) to be included in
Generator reference prices**

Annual True-Up

In keeping with current NYISO procedure, after an audit of actual annual expenses, NYISO will bill/pay customers annually to recover/refund the amount under/over collected.

EXAMPLES

LSE Rate Example

BUNDLED		UNBUNDLED	
June 2001:		June 2002:	
MWH	= 500,000	MWH	= 500,000
Schedule 1 Rate	= \$.90/MWH ¹	LSE Rate	= \$0.3994
Schedule 1 Charge	= S1R * MWH	LSE Charge=	LSE Rate * MWH
	= \$.65 * 500,000		= \$0.3994 * 500,000
Schedule 1 Charge	= \$325,000	LSE Charge=	\$199,700
¹ \$0.25 attributable to the accumulating amount for contingency fund not included			

All numbers used in these equations are hypothetical.

T/O Rate Example

BUNDLED	UNBUNDLED
June 2001: NOT APPLICABLE	June 2002: Circuit Miles by kV = 1,000 miles at 115kV = 20 miles at 765kV T/O Rate = \$0.6988 T/O Charge = T/O Rate * Ó (Circuit Miles * kV) = \$0.6988 * [(1000 * 115) + (20 * 765)] = \$0.6988 * 130,300 T/O Charge = \$91,054

All numbers used in these equations are hypothetical.

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Generator Rate Example

BUNDLED	UNBUNDLED
June 2001: NOT APPLICABLE	June 2002: MWH = 500,000 GEN Rate = \$0.0873 GEN Charge = GEN Rate * MWH = \$0.0873 * 500,000 GEN Charge = \$43,650

All numbers used in these equations are hypothetical.

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W/E Rate Example

BUNDLED	UNBUNDLED
June 2001: NOT APPLICABLE	June 2002: MWH = 20,000 W/E Charge = W/E Rate * MWH = \$0.0954 * 20,000 W/E Charge = \$1,908

All numbers used in these equations are hypothetical.