

New York Independent System Operator
Schedule 1 Evaluation Project
BSP Subcommittee Presentation

May 5, 2004



Overview

- Summary of Results & Rudden Recommendation
- Comparison to Other ISOs
- Refinements Have Produced Small Impacts
- Rudden's Recommended Implementation and Timing
- BSP Motion and Vote

Summary of Results & Recommendation

- Rudden's detailed evaluation unbundled NYISO Schedule 1 costs into five service categories
- Based on the principles of cost causation and benefits received, Rudden determined appropriate billing determinants for each category
- Rudden's analysis indicated that 76% of costs should be assigned to Load Market Participants (MPs) and 24% to Supply MPs

Summary of Results & Recommendation

- Based on the multi-year timeframe and the cost that NYISO indicated to implement unbundled rates, Rudden has recommended a simple change to the allocation ratio, rather than the use of the five unbundled service categories
- If the the BSP cannot agree on the recommended 76/24 cost allocation, Rudden consultants and the existing evaluation could support a compromise allocation that was reasonably close to the 76/24 result

Comparison to Other Unbundled ISOs

ISO/RTO	Load Share	Supply Share
NYISO Recommendation	76%	24%
PJM (2003 data)	79%	21%
PJM (2004 data)	80%	20%
ISO NE	68%	32%
CAL ISO	89%	11%

Refinements Have Produced Small Impacts

Recommendation	Load Share	Supply Share	% Change
March 19 – BSP Meeting	70.67%	29.33%	-
March 19 – After Corrections	72.27%	27.73%	1.60%
April 16 – BSP Meeting	75.84%	24.16%	3.57%
May 5 - Latest	75.76%	24.24%	0.08%

Recommended Implementation and Timing

- BSP vote for the Rudden recommendation or a compromise solution
- Seek Management Committee approval in May or June
- File with FERC in July or August
- Request FERC approval of new rates effective January 1, 2005
- Request new rates be effective for a specific number of years
- Maintain the current rate setting mechanism and true-up schedules

BSP Motion and Vote

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