

NYISO Long-term Budget Principles
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BPWG – 10/02/07 Meeting

The NYISO Management Committee expresses the following principles for consideration by the NYISO Board of Directors and Senior Management:

Background

- The NYISO has continuing needs to fund projects and activities that ensure effective and efficient competitive markets for NYISO, and also meet planning requirement and reliability requirements for the bulk power system
- In the wake of investment in SMD 2.0 software to upgrade real time markets, a 5-year set of budget targets was established for 2004-2008. The last year of the committed target has expired, and no specific out year targets are in place for future years.

Principles

- The NYISO should ensure multiyear planning so that it can meet its objectives while ensuring an appropriate level of funding and project continuity. Appropriate information regarding projects should be made available to market participants, including the total internal and external resources committed, and the multi-year impacts of any multi-year projects.
- Market participants recognize that NYISO will have projects that must be implemented as a result of regulatory actions or emergency needs which could result in reprioritization of projects within a budget year. Market participants further recognize that they and the NYISO will work together on prioritizing projects as needed.
- NYISO must recognize that its annual budget and rate should remain stable year-to-year and that it should not have unexpected price spikes. To the extent possible, NYISO should limit its annual increases to inflation less a reasonable improvement in productivity.
 - In this context, NYISO and market participants may wish to consider developing future year budget targets, which could include annual commitments as well as consideration of a fixed rate similar to PJM's methodology.
- Market participants and the NYISO also recognize that variations will occur year-to-year due to 1) either under/over spending budget or 2) under/over collection of budget funds due to a transaction volume above or below forecast. When under collections occur as compared to budget, appropriate mitigation steps will be taken by NYISO. When over collections occur, the NYISO can retain a portion of the for future year projects, and should provide refunds to customers when more excess exists that is reasonable.