

# DRAFT

## Draft Motion for Discussion at 10/28/03 BS&P Meeting

### 2004 NYISO Budget Motion Submitted on Behalf of the BS&P on \_\_\_\_\_, 2003

Motion to recommend a 2004 NYISO budget to the Board of Directors of \$\_\_\_\_ million as described in the presentation materials at the November 12, 2003 Management Committee Meeting subject to the following provisions:

- a. **Cash Expenditures** - Total amount of budgeted cash expenditures should be reduced to \$\_\_\_\_ or less.
- b. **Rate Schedule #1** - The budgeted rate schedule 1 charges should be maintained at less than \_\_\_\_ \$/MWH
- c. **Project Financing** - Project financing should be used to manage the rate schedule 1 charges in the 2004 budget. To the degree required to meet the 2004 rate schedule 1 charges, repayment of 2004 financing costs should be deferred until 2005 and beyond when there are no longer payments for NYISO start-up costs.
- d. **Blackout Costs** – Blackout costs are not include in the budgeted amount under items a. and b. above. Cash expenditures related to the August 14, 2003 blackout should, to the degree possible, managed within the above budget. To the degree it is not possible to manage the expenditures within the above budget, a surcharge should be placed on Schedule 1 charges to recover the costs. As an incentive to control costs, the NYISO Board performance incentives for employees and executives should include a budget target. This budget target should be measured on cash expenditures and make superior performance contingent upon completing the funded projects and paying for all blackout related costs without the use of a surcharge.
- e. **Expenditures for insurance** – The NYISO expenditures for insurance should be reduced to levels more in line with neighboring ISOs. Among the ways examined to reduced costs, the NYISO staff should examine whether the level of credit insurance can be reduced in light of recent changes to the credit policy.
- f. **Obligation for Repayment** - In approving the 2004 budget, the Management Committee acknowledges and agrees that the cost of financing (i) NYISO startup, (ii) hardware for projects prior to 2003, (iii) the funds expended on 2003 projects, and (iv) the funds expended on 2004 projects must be repaid in the future NYISO budgets that cover the relevant amortization periods.