

DRAFT

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

2005-2008 NYISO Budget Target Motion Submitted on Behalf of the BS&P on _____, 2003

Motion to recommend adoption of the 2005-2008 NYISO budget targets described below to the Board of Directors and as described in the presentation materials at the November 12, 2003 Management Committee Meeting subject to the following provisions:

- a. **Nature of Budget Targets** – The Management Committee recognizes that budget targets are non-binding targets adopted to provide input and guidance into the planning and development of NYISO operations and projects. These targets will be updated and adjusted annually as part of the budget process. Actual budgets adopted in future years may be higher or lower than the targets as circumstances warrant.
- b. **Cash Expenditure Targets** - Total amount of budgeted cash expenditures should be kept under \$_____.
- c. **Rate Schedule #1 Targets** - The budgeted rate schedule 1 charges should be maintained at less than _____ \$/MWH.
- d. **Projects Expenditures** – After other cost management strategies have been applied to reduce projected baseline costs, the project expenditure budget should be reduced to achieve the targeted cash expenditure targets.
- e. **Changing Project Expenditure Targets** – The level of future project expenditures will be adjusted consistent with the BS&P Project Financing Guidelines. If, in future years additional projects are justified, the process can be used to increase the level of project funding contained in the budget targets. Such increases would result in the increased obligation to pay for the cost of implementing or financing the projects.
- f. **Project Financing** - Project financing should be used to the minimum degree possible to achieve the Rate Schedule #1 targets while staying within the targeted cash expenditures.
- g. **Obligation for Repayment** – The budget targets should include provisions for repayment of the cost of financing (i) NYISO startup, (ii) hardware for previous year's projects, (iii) the funds expended on 2003 projects, and (iv) the funds expended on 2004 projects.