Management Committee Meeting
February 20, 2003
Agenda #7

Working Capital and Credit Loss Allocations

After discussion at the 2/6/02 Scheduling and Pricing Working Group meeting, including discussion of a straw proposal from the NYISO, the following allocation methodologies are proposed for approval at BIC:

Working Capital

Since working capital is a customer deposit used as a cash flow management tool by the NYISO, working capital assessments would be allocated on prospective calls made by the NYISO to augment the level of the working capital fund according to the formulas used for recovering NYISO fixed budget costs as allocated under Rate Schedule 1 (i.e. 85/15%).

Remaining Credit Loss Allocation

The remaining credit loss allocation would be allocated in total to loads and generators based on a fixed allocation of 50% to total energy withdrawals and 50% to total energy injections. Individual customers would be allocated their portion of these costs based on the following allocation methodologies:

Energy Withdrawal Allocation

50% of the remaining credit loss would be allocated to total energy withdrawals based on the following formula:

% paid by customer = CAW/NYAW

Where:

CAW = Price adjusted Withdrawals = The sum of the Customers Actual Energy Withdrawals for all Transactions to supply Load n the NYCA and hourly energy schedules for all Wheel Through and Exports in MWHs times the average DAM zonal LBMP of the applicable withdrawal zone(s) or proxy bus(es) during the month of loss.

NYAW = Price adjusted statewide Actual Withdrawals = The total of the NYISOs Actual Energy Withdrawals and hourly Energy schedules for all Wheel Throughs and Exports in MWHs times the average DAM zonal LBMP of the applicable withdrawal zone(s) or proxy bus(es) during the month of loss.

Energy Injection Allocation

50% of the remaining credit loss would be allocated to total energy injections based on the following formula:

% paid by customer = CI/NYI

Where:

CI = The sum of the Customers Actual Energy Injections for all Transactions to supply load n the NYCA and hourly energy schedules for all Imports in MWHs during the month of loss.

NYI = The total of the NYISOs Actual Energy Injections for all Transactions to supply load n the NYCA and hourly energy schedules for all Imports in MWHs during the month of loss.