

Management Committee

Agenda Item #7: Recommendation from BSP to Change Load/Supply Split in Rate Schedule 1 Recovery

NYISO Support of 80%/20% Compromise Position:

- Evolution of Rate Schedule 1 Unbundling:
 - NYISO Study in 2001: 85% load / 15% gens
 - Rudden Study in 2004: 77% load / 23% gens
 - Both studies are “best efforts” and not absolutes; reasonable deviations/ ranges from these studies can be established
 - Several items included in Rudden recommendation were debated at length, including cost allocation of SMD2.0, market monitoring, FERC Fees, energy and ancillary services, real-time operations, debt financings, etc. The accuracy of the categorization for time reporting also could impact results.
- Benefits of Current Proposed 80% load / 20% Compromise:
 - “Consensus” solution will greatly assist in FERC filing process
 - Allows for more timely, less costly implementation
 - Comparable with other ISO unbundled rates, particularly PJM
 - Within reasonable range from both current Rudden recommendation and previous NYISO study

June 4, 2004