



# **NEED AND FUNDING MECHANISM FOR END USE CONSUMER SECTOR CONSULTANT**

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# BACKGROUND

- 200+ NYISO meetings each year
- 1000+ meeting hours consumed each year
- Numerous technical issues are:
  - \* Increasingly complex and (18+ WGs and TFs)
  - \* Increasingly interrelated

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# BACKGROUND cont.

Due to lack of resources, End Use Consumer Sector members are unable to:

- Devote full-time attention to NYISO matters
- Attend most working group meetings as well as task force and OC meetings
- Engage experts who would better understand the impact on consumers of highly complex technical issues

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# BACKGROUND cont.

- End Use Consumer Sector members raised these concerns during the ten-year review process in Fall 2009, at the End Use Consumer Sector's meeting with Senior Management in March 2010 and at the Joint Board-MC meeting in June 2010
- FERC Order 719, PSC Commissioners, and the Legislature, in various ways, have asserted that end use consumers are not adequately represented at the NYISO

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# PARTIAL RESOLUTION OF THE PROBLEM

The Consumer Liaison is a NYISO employee who *facilitates* flow of information between the NYISO and the End Use Consumer Sector and provides guidance to NYISO senior staff and management on consumer issues, but does not *report* to the Sector or *represent* the Sector in any NYISO forum

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# PARTIAL RESOLUTION OF THE PROBLEM cont.

- Responsibilities of Liaison include:
  - Advising Sector members of upcoming meeting agendas/topics/deadlines
  - Serving as primary point of contact for the Sector and facilitating information flow with NYISO subject matter experts
  - Coordinating development of a set of consumer impact metrics on which consumer impact analyses and consumer state of the market report will be based

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# NEED FOR CONSUMER CONSULTANT

While the NYISO's Consumer Liaison is an important step towards improving the ability of the End Use Consumer Sector to participate meaningfully in NYISO deliberations, even more important is a Consumer Consultant who would *report* to Sector members and *represent* the interests of the Sector at NYISO stakeholder meetings.

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# TASKS OF CONSULTANT

- Participating in NYISO task force, working group and committee meetings as well as in other meetings addressing matters affecting NYISO-administered markets
- Analyzing existing or proposed NYISO market rules regarding wholesale service
- Providing technical assistance, and supporting Sector participation in proceedings before FERC, the PSC, or other regulatory and/or adjudicative bodies in matters affecting NYISO-administered markets

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# TASKS OF CONSULTANT cont.

- Identifying issues that may have a significant impact on end use consumers and taking the initiative to educate Sector members as these issues arise
- In coordination with the NYISO's Consumer Liaison and with approval of the End Use Sector as well as within the annual Consultant budget, hire for a limited time and discrete purpose individuals with special technical expertise on NYISO issues affecting end use consumers

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# PROPOSAL

- ✓ Tariff amendment creating a new Rate Schedule to allow all NYISO market participants serving internal (New York) load to fund costs of hiring a Consultant (technical expert) for the End Use Consumer Sector
- ✓ Billing mechanics would be similar to the current treatment of NERC ERO fees

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# FUNDED/UNFUNDED ACTIVITIES

Costs and fees eligible for recovery through the NYISO's tariff would include those associated with the Consultant performing the tasks mentioned in the previous slides.

Costs and fees not eligible for recovery include:

- Governmental lobbying
- Public outreach (media, speaking engagements, etc.)
- Conduct outside the Scope of Work ("SOW")
- Conduct not authorized by Sector



# FUNDING MECHANISM

- The NYISO would collect a monthly charge to recover these costs from Market Participants serving New York (internal) load based on the load ratio share of each Market Participant's internal withdrawal billing units
- The rate for the monthly charge would be based on the budget approved by affected Market Participants

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# FUNDING MECHANISM cont.

- Following the end of each calendar year, the NYISO would refund any unspent amounts back to those Market Participants responsible for the monthly payments
- Collection of the monthly charge would begin in the month following approval of the tariff amendment by FERC

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# ADMINISTRATION AND GOVERNANCE

- Because this expense is not part of the NYISO's budget, the NYISO's debt or other reserves would not be used as a cash flow float (*e.g.*, the amounts collected need to equal or exceed invoices by the Consultant)
- The annual budget for the Consultant, and any budget amendments, will be determined by simple majority of weighted votes cast "yes" or "no" (normalized to 100%) by (1) Management Committee ("MC") members serving internal load and (2) non-load serving members of the End-Use Consumer Sector and the Public Power/Environmental Sector

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# ADMINISTRATION AND GOVERNANCE cont.

- An affiliated ESCO and TO each may vote because they provide energy to different customers
- An ESCO not a member of the MC but which is affiliated with a non-LSE member of the MC may vote

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# ADMINISTRATION AND GOVERNANCE cont.

- 9 ESCOs among 38 entities in Other Supplier Sector account for 5% of that sector's 21.5%; this equals 8% when normalized to 100%
  - CE Solutions, Constellation, Hess, Integrys, Morgan Stanley, NRG, Sempra, Shell, TransCanada
- Normalized to 100%, other sectors have:
  - Public Power/Environmental – 28%
  - Transmission Owners – 32%
  - End Use Consumer – 32%

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# ADMINISTRATION AND GOVERNANCE cont.

- The NYISO will provide reasonable notice of the voting process to all those eligible to vote and administer the voting process
- The End Use Consumer Sector will present to eligible voters a proposed budget and supporting material in October of each year for the following year's consultant budget
- Seeking authority to spend up to \$350k in 2011 (@\$0.002 per MWh withdrawn)

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# ADMINISTRATION AND GOVERNANCE cont.

The NYISO's responsibilities include:

- With the End Use Consumer Sector, jointly developing the RFP
- Issuing the RFP and processing responses
- Participating in contract negotiations with the Consultant selected by the End Use Consumer Sector and assisting in the drafting of the Contract

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# ADMINISTRATION AND GOVERNANCE cont.

- Executing and administering the mechanics of the Consultant Contract
- Upon confirming that the Consultant's work is within the Contract (including the SOW), processing the invoices approved by the Chair of the End Use Consumer Sector and disbursing funds to the Consultant

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# ADMINISTRATION AND GOVERNANCE cont.

Sector responsibilities include:

- Through an MOU (in process), members of the End-Use Consumer Sector will establish and administer the process for:
  - Selecting the Consultant
  - Directing the Consultant's work
  - Evaluating the Consultant's work
  - Ensuring that the Consultant does not suggest a preference in upstate versus downstate issues

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# ADMINISTRATION AND GOVERNANCE cont.

- The End Use Consumer Sector will make decisions by consensus in the first instance, but, when necessary, decisions will be made by a simple majority of “yes” and “no” votes, with each member’s vote weighted per NYISO governance and normalized to 100%
- The End Use Consumer Sector will select a Sector Chair who rotates annually on a volunteer basis

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# ADMINISTRATION AND GOVERNANCE cont.

- The Sector Chair would be the point person to whom the Consultant reports and the liaison to the NYISO regarding administration of the Consultant's contract, including signing off on invoices
- The Chair would also record work assignments, hours, reports completed and handle similar administrative details as well as setting up regular teleconferences for the Sector members to speak with the Consultant

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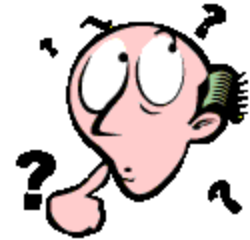
# PROPOSED SCHEDULE

- ✓ December 6 MIWG discussion
- ✦ January 13 MIWG discussion
- ☐ February 9 BIC discussion and vote
- ☐ February 24 MC discussion and vote

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# QUESTIONS AND DISCUSSION



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# CONCLUSION

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