

NYISO Market Participant Audit Advisory Subcommittee (MPAAS)

September 5, 2001

The NYISO
290 Washington Avenue Extension
Albany, NY 12203

MINUTES OF THE MEETING

I. Welcome & Introduction

The fourth session of the MPAAS began at 11:05 am with one of the seven MPAAS members in attendance in person (Art Brennan – from NYPA – Vice-Chair, acting as meeting Chair), and three others in attendance on a conference call: Kathy Logan (from Orion), Mike Milligan (from KeySpan, representing LIPA), and Kevin Feeney (from NIMO). Absent were Curt Ashman, Chair (from NYSEG), Greg Jamele (from RGS Energy Group), and Joe Kelley (from KeySpan).

Two guests were in attendance, Kevin Thomas (from Orion) and John Ventura (from Con Edison), who is an MPAAS alternate.

The NYISO General Auditor, Marc Rubin, and the NYISO Vice President and CFO, Andy Ragona, were also at the meeting.

II. Review of Minutes

The minutes from the previous meeting (of March 15, 2001) were reviewed and there weren't any comments by the MPAAS.

III. 2001 SAS 70 Type I Scope

Mr. Rubin reviewed the SAS 70 Scope that had been approved by the NYISO Board of Directors, noting that it included the business processes in "Bid-to-Bill" – excluding the TCC and ICAP auction process – and the general and IT controls. He clarified that the TCC and ICAP payments controls would be included in the SAS 70 scope.

The following processes were identified as comprising the "Bid-to-Bill":

- Market Information System
- Out-of-Merit
- Bidding
- Automatic Generator Control

- Network Model
- Emergency / SRE Transactions
- Day-Ahead Scheduling
- Grid Accounting
- Metering
- ICAP (Payments Only)
- Internal/External Transactions
- TCC (Payments Only)
- Real-Time Scheduling
- Market Monitoring
- LBMP
- Interface Controls
- Performance Tracking
- Cash Clearing

The following processes were identified as comprising general and IT controls:

- Physical Security
- Internet and Infrastructure Security
- Security Administration
- Mainframe Security
- UNIX Security
- NT Security
- Applications Security
- Change Control
- IT Operations

Mr. Rubin stated that the issued SAS 70 report would be provided to Market Participants. Mr. Ragona stated that Market Participants would be advised of general SAS 70 findings that might not be in the actual SAS 70 report.

IV. 2001 SAS 70 Auditor Selection

Mr. Rubin advised that the NYISO Board of Directors had selected KPMG to perform the 2001 SAS 70 Type I audit. He noted that all three bidders had submitted quality proposals and presentations.

Mr. Ragona stated that the KPMG staff had demonstrated their skills as part of their Internal Audit co-sourcing work, and that the selection team had been impressed with their qualifications and SAS 70 methodology.

V. 2001 SAS 70 Auditor Presentation

For this segment, Bill Georgs and Don Trapp of KPMG joined the meeting.

Messrs. Georgs and Trapp reviewed KPMG's personnel that will be involved in the review, along with their qualifications and background, KPMG's various technical experience and resources, the objectives of the Type I review, their Planning/Fieldwork/Reporting phases, their detailed approach by phase, examples of other SAS 70 work KPMG has performed, and examples of KPMG's experience with the NYISO.

Mr. Brennan suggested that members could provide him with specific concerns that they would like to have considered as part of the SAS 70 review, and that he would forward them to Mr. Rubin.

Mr. Georgs said he would provide the KPMG slides to Mr. Rubin for distribution to the attendees by e-mail.

VI Adjournment

The meeting was adjourned at approximately 1:05 pm.

Respectfully submitted,
Marc A. Rubin
Secretary, MPAAS