

Update On Milestones & NYISO Responses

Business Issues Committee

September 13, 2006

Randy A. Bowers, Principal – Settlement Processes & Controls

Elements Of Milestone List Presented By BAWG Chair On June 6

- Improve Web-Based Metering Reconciliation Application Functionality & Performance*
- Add Certain Intermediate Settlement Calculation Information To Data Warehouse*
- Finalize Accounting & Billing Manual
- Publish Settlements Processing & Administration Protocols*
- Improve Transparency Of Software Change Control Process*
- Reduce The Number Of Settlements Rendered Via Invoice-Level Adjustments*
- Improve Responsiveness To Customer Inquiries
- Adhere To OATT Attachment N Settlement Timeline*

(* - Denotes Milestones Also Identified In BAWG – Transmission Owners' Milestones List)

Elements Of Milestone List Presented By BAWG Chair At July 27 Meeting On Behalf Of BAWG – Transmission Owner Members

- Improve Web-Based Metering Reconciliation Application Functionality & Performance**
- Add Certain Intermediate Settlement Calculation Information To Data Warehouse**
- Publish Settlements Processing & Administration Protocols**
- Improve Transparency Of Software Change Control Process**
- Reduce The Number Of Settlements Rendered Via Invoice-Level Adjustments**
- Adhere To OATT Attachment N Settlement Timeline**

*(** - Denotes Milestones Also Contained In BAWG's Original, June 6 List)*

NYISO Responses To All Milestones

- Web-Based Metering Reconciliation Application Functionality & Performance Improvements
 - ✓ *Efforts Underway To Provide Some Near-Term Performance Improvements*
 - ✓ *Additional Functionality Planned For 2007*
 - ✓ *Current Application Was Able To Support Processing 98 Months Of Settlements Over Past 12-Month Period, Inclusive Of 62 Months Of Close-Out Settlements*
 - ✓ *With Processing Volumes Currently Reduced To 4 Months Of Settlements Per Month, About One Half The Monthly Volume Processed Over The Past Year, Performance Should Not Pose A Barrier To Pursuing A Shortened Cycle*

NYISO Responses To All Milestones - Continued

- Addition Of Certain Intermediate Settlement Calculation Information To Data Warehouse
 - ✓ *BAWG To Provide Comprehensive List Of Data Elements To Be Added To The Data Warehouse To Business Intelligence Task Force For Consideration*
 - ✓ *Current Level Of Transparency Sufficient To Support The Close-Out Of 62 Months Of NYISO Settlement History Over The Past 12 Months & Should Not Pose A Barrier To Shortening The Settlement Cycle*
- Finalize Accounting & Billing Manual
 - ✓ *NYISO Currently Facilitating Weekly WebEx Reviews Of Draft Manual*
 - ✓ *Reviews Expected To Complete Mid-September*
 - ✓ *Anticipate Presenting Manual To BIC For Approval In October*

NYISO Responses To All Milestones - Continued

- Publish Settlements Processing & Administration Protocols
 - ✓ *NYISO Currently Documenting Protocols In Format Appropriate For Posting*
 - ✓ *Anticipate Presenting To BAWG In Q4*
- Improve Transparency Of Software Change Control Process
 - ✓ *Current Software Change Notification Process Consistent With Management Committee Request*
 - ✓ *Elements Of Change Control Process Formally Presented At BAWG & Sector Meetings*
 - ✓ *Market Participants' Request For A "Test Bed" Needs To Be Supported By Concurrence On Scope & Breadth Of Functionality And Prioritization*

NYISO Responses To All Milestones - Continued

- Reduce The Number Of Settlements Rendered Via Invoice-Level Adjustments
 - ✓ *Projects To Automate Some Settlements Previously Rendered Via Invoice-Level Adjustments Have Been Completed (e.g., Voltage Support).*
 - ✓ *Projects To Automate Manual Settlements Are Prioritized High Within the Settlements System Replacement Project. Specific Resources Are Dedicated To Automating Settlements According to a Prioritized List Based on Number of Manual Adjustments.*
 - ✓ *Invoice-Level Adjustments Will Always Be Required To Render Certain Discretionary Settlements, Such As MMU Sanctions, Dispute Resolutions, etc.*
 - ✓ *With Appropriate Supporting Details, Invoice-Level Adjustments Provide An Effective Method To Render Tariff Compliant Settlements.*

NYISO Responses To All Milestones - Continued

- Improve Responsiveness To Customer Inquiries
 - ✓ *New Manager Of Customer Relations Appointed*
 - ✓ *Restructuring Of Customer Relations Department Planned To Improve Effectiveness & Efficiency*
 - ✓ *NYISO Is In The Process Of Conducting Lean Six Sigma Analyses Of Responsiveness To Customer Inquiries*
 - ✓ *Metrics Being Established To Benchmark Performance*
 - ✓ *Service Level Commitments Being Developed To Enhance Customer Service*
 - ✓ *Draft Billing Inquiry & Dispute Process Offers Framework For Submission Of Bill Challenges By Market Participants & Resolution By NYISO*

NYISO Responses To All Milestones - Continued

- Adhere To OATT Attachment N Settlement Guidelines
 - ✓ *Current Focus Is On Development Of Effective Methodology To Process Initial Month's Settlements Accurately And Expedite Processing Of Subsequent Months' Settlements*
 - ✓ *Working With Transmission Owners To Assure Data Accuracy*
 - ✓ *Conducting Weekly Teleconferences To Provide Transmission Owners Status Updates & To Provide A Forum For Feedback*
 - ✓ *NYISO Expects To Invoice All Backlogged Months Of OATT Attachment N Settlements By The Date Reported To The Management Committee & FERC*