

NYISO Excellence in Execution: Lean Six Sigma Launch

An Update for the Management Committee
September 7, 2005

Process Quality and Change Management Vision

- ✓ Position Lean Six Sigma as a tool to provide NYISO staff with the know-how to execute NYISO Excellence program
 - Lean: Reduce complexity & cycle time
 - Six Sigma: Reduce process defects and variation
- ✓ Define performance measurement system (Benchmarking)
- ✓ Communicate quality awareness and process improvement across the organization and to our Customers
- ✓ Balance product and process improvement projects while maintaining momentum on both (prioritization tool)

Lean Six Sigma Defined

Lean

- ✓ Reduce Complexity
- ✓ Reduce Waste
- ✓ Reduce Cycle Time
- ✓ Streamline Processes

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Six Sigma

- ✓ Reduce Errors
- ✓ Reduce Variation
- ✓ Focus on Customer
- ✓ Control Process

Status Report

- ✓ **Necessary infrastructure in place**
 - *Senior Management Champions guiding the effort*
 - *Process project leaders (Greenbelts) selected*
- ✓ **LSS effort closely linked to other enterprise-wide efforts to address price errors and settlement problems**
- ✓ **Nearly 40 discrete process improvement projects identified to begin filling our project pipeline**
 - *The majority are related to price correction and settlement issues*
- ✓ **16 projects will begin mid-September**

Status Report - continued

- ✓ **Final selection of 16 projects for mid-September launch underway**
 - *Performance improvement metrics for each project being finalized*
- ✓ **Sampling of projects being developed on next page**
 - *Return with details on metrics and progress at a future MC*

Partial list of projects under consideration

Reduce the number of price posting verifications outside 5 days
Reduce the cycle time of Fuel Price Indexing time
Reduce the ratio of hours with price reservations to hours with corrections
Reduce RTS Input Data Errors
Reduce Incorrect RTS Operational Parameters
Reduce RTS Modeling Errors
Improve Market Participant Issue Resolution Process in Market Ops
Improve Market Participant Issue Resolution Process in CRD
911s (Emergency Changes in Production Environment)
Reduce RTS Process Failure / Missing Data / System Output Errors
Reduce RTS Software Errors
High Software Defect Rate (Exiting Unit Testing)

Metering Data Accuracy
Improve Data Posting
Reduce Settlements Challenges CT
Reduce Settlements Challenges WIP
Billing Issues Resolution
Improve Market Participant Issue Resolution Process in MM
Improve Market Participant Issue Resolution Process in IT
Reduce the number of erroneous RT price corrections