

PENDING BUSINESS RULE DESIGN CHANGES, DATA CORRECTIONS, AND FINAL BILL CHALLENGES
AS OF 9/14/2015

I. Business rule modifications and data corrections pending resolution

| DESCRIPTION | NET ESTIMATED IMPACT | PERIOD(S) AFFECTED | BILLING ISSUE XREF | EXPOSURE | BENEFIT | Status |
|---|---------------------------------|-------------------------------|--------------------|---|---|---|
| Units started in RT for a period immediately preceding an SRE commitment are erroneously paid a RT start up payment if they start during the last interval of an hour. | Approximately \$50,000 to date | • January 2013 forward | • 459 | • Generators: Affected generators may experience decreased RT BPCG credits. | • Transmission Customers: Affected transmission customers may experience decreased RT BPCG charges. | • Necessary code changes are currently under investigation. • Settlements will be manually corrected prior to the Initial monthly invoice. |
| A Generator that has been SREd by the NYISO which starts on time for the SRE, but trips offline and starts up again during the SRE commitment, may have an incorrect GP Mitigation Charge assessed. | Approximately \$800,000 to date | • Open billing months forward | • 465 | • Generators: Affected generators may experience decreased RT BPCG credits | • Transmission Customers: Affected transmission customers may experience decreased RT BPCG charges. | • Necessary code changes are currently under investigation. • Settlements will be manually corrected on the Initial invoice until code is deployed |
| GP Mitigation not using correct downtime for startup mitigation curve. Changes are needed in BSS to the GP Mitigation logic to use the costs associated with the block based on the downtime reported by MIS. | Less than \$22,000 to date | • Open billing months forward | • 467 | • Generators: Affected generators may experience increased RT BPCG credits | • Transmission Customers: Affected transmission customers may experience increased RT BPCG charges. | • Settlements will be manually corrected on the Initial invoice until code is deployed |

II. Resolved business rule modifications and data corrections pending adjustment through the normal settlement cycle

| DESCRIPTION | NET ESTIMATED IMPACT | PERIOD(S) AFFECTED | BILLING ISSUE XREF | EXPOSURE | BENEFIT | Status |
|-------------|----------------------|--------------------|--------------------|----------|---------|--------|
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III. Final Bill Challenges

| DESCRIPTION | NET ESTIMATED IMPACT | PERIOD(S) AFFECTED | BILLING ISSUE XREF | EXPOSURE | BENEFIT | Status |
|-------------|----------------------|--------------------|--------------------|----------|---------|--------|
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IV. Pending Approved DAC/Disputes

| DESCRIPTION | \$ AMOUNT | ALLOCATION BASIS |
|-------------|-----------|------------------|
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V. Pending FERC/Court Activity

| FERC DOCKET # | DESCRIPTION OF ISSUE | STATUS UPDATES | UPCOMING ACTIVITY |
|---------------|---|--|---|
| RM10-17-000 | On March 18, 2010, FERC issued a Notice of Proposed Rulemaking regarding the compensation of Demand Response Providers (AKA Order 745). | On 8/19/2011 NYISO submitted its compliance filing which is tracked under docket ER11-4338 below. | The NYISO is waiting for FERC's ruling on its filing. |
| ER11-4338-000 | On August 19, 2011, NYISO filed Tariff Revisions pursuant to FERC order 745. | | The NYISO is waiting for FERC's ruling on its rehearing request and compliance filing. |
| ER11-1844-000 | On October 20, 2010, MISO filed Tariff Language proposing to allocate the costs of the ITC PARs to all benefiting control areas. | | The NYISO is waiting for FERC's ruling. |
| ER14-543-000 | On 12/6/13, National Grid filed proposed tariff revisions to certain National Grid-specific components of the Wholesale TSC formula under Attachment H of the NYISO's OATT. National Grid proposed to amend its formula rate to incorporate the costs it incurred for Reliability Support Services pursuant to two RSS Agreements with NRG Energy. | On 2/4/14, FERC chose to accept National Grid's proposed tariff revisions, suspend them for a nominal period, to be effective 7/1/13, subject to refund and to further Commission order. | N/A |
| ER14-543-001 | On 3/6/14, the MEUA requested rehearing of the Commission's 2/4/14 order arguing that the Commission erred by granting waiver of the FPA 60-day prior notice requirement and permitting National Grid's proposed modifications to its Wholesale TSC formula rate to become effective on 7/1/13, subject to refund and further order of the Commission. | On 3/19/15, FERC issued an order denying the MEUA request for rehearing | On 5/15/15, Order granting rehearing for further consideration. |
| ER14-1138-000 | On 1/22/14, NYISO requested a limited waiver of MST sections 21.4 and 21.5.1 to the extent the sections set a temporary bid cap of \$1,000/MWh. In response to spikes in natural gas costs caused by recent extreme cold weather, NYISO requested that the Commission waive the subject tariff requirements from 1/22/14 – 2/28/14, to allow generators to recover demonstrated costs that they actually incur to operate, should those variable costs exceed the tariff's \$1,000/MWh bid restriction. | On 1/31/14, FERC issued an order granting the requested waiver for the time period requested. FERC also directed NYISO to submit an informational filing by 3/28/14 that identifies: (1) the total amount of energy that received compensation pursuant to the terms of the instant waiver; (2) the demonstrated costs of such energy in total and on a unit cost basis; and (3) information detailing requests for compensation pursuant to the instant waiver that were rejected by NYISO and the reason for its rejection. | The NYISO will temporarily allow generators to recover demonstrated costs that they actually incur to operate, should those variable costs exceed the tariff's \$1,000/MWh bid restriction. |
| ER15-572-000 | Consolidated Edison Company of New York, Inc. submits tariff filing per 35.13(a)(2)(iii) NY Transco Rate Schedule to be effective 4/3/2015 under ER15-572 Filing Type : 10 -Type of Filing Code: 10 - Earliest Proposed Effective Date: 4/3/2015 | The proposal was successfully submitted on 12/4/2014 | The proposal was in parts accepted and rejected. A settlement judge is being appointed to the issues at hand. |
| ER15-1042-001 | On 2/13/15, as amended on 4/30/15, NYISO filed proposed revisions to Rate Schedule 2 of its Services Tariff to redesign the compensation to suppliers providing Voltage Support Service (VSS). The proposed revisions would compensate VSS suppliers based on their capability to provide both leading (absorbing) and lagging (producing) reactive voltage support. | NYISO stated that the proposed redesign of the VSS compensation structure to apply the VSS rate to both leading and lagging reactive power capability was based on the cost of service information available to the NYISO and extensive discussions with market participants. | On 6/30/15, FERC issued an order accepting NYISO's proposed tariff revisions, including the revision reflecting the proposed VSS compensation rate with future annual adjustments based on the Consumer Price Index, to become effective 01/01/16 |
| EL15-37-000 | FERC notice granting extension of compliance filing submission deadline re: Reliability Must Run Agreements On 5/15/15, NYISO filed a Motion for Extension of Compliance Filing Deadline and for Expedited Action, to extend the 6/19/15 deadline for submitting its compliance filing in the above-referenced docket by 120 days, or no later than 10/19/15. | On 6/5/15, FERC issued a notice granting the requested extension. The new deadline for submission of the compliance filing is no later than 10/19/15. | The NYISO is working towards meeting the deadline provided. |
| ER15-2345-000 | On 7/31/2015 York Independent System Operator filed, with the FERC, revisions to Rate Schedule 1 of its OATT to create an independent mechanism for recovering the annual FERC fee. | The NYISO requests that the Commission issue an order accepting the proposed tariff revisions by September 30, 2015 (i.e., sixty days after the date of this filing letter) with an effective date of January 1, 2016. | A September 30 order will allow the NYISO to exclude the annual FERC fee from the 2016 operating budget before the Management Committee votes in October to recommend the budget to the NYISO Board of Directors for approval. |