

Billing & Price Corrections Task Force Update On Billing Initiatives

Billing & Accounting Working Group Meeting

August 17, 2006

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Draft - For Discussion Purposes Only

BPCTF Highlights

- BPCTF Last Met On Friday, July 27
- NYISO Presented Proposed Appeal Mechanism For Unresolved Customer Settlement Challenges
- BAWG Chair Reviewed The June 6 List Of Milestones For Shortening The Settlement Cycle
- BAWG – Transmission Owner Members Presented A Reduced List Of Milestones
- NYISO Responded To Both Milestone Lists
- BAWG – Transmission Owner Members Presented An Alternative Timeline To NYISO's June 6 Shortened Settlement Cycle Straw Proposal
- Participants Discussed Similarities & Differences Between Each Proposed Timeline

Elements Of Proposed 3rd Party Dispute Resolution Mechanism For Unresolved Customer Settlement Challenges

- Mechanism Applies Only To Resolution Of Bill Challenges Submitted During The Challenge Period, When Appealing Party Disagrees With NYISO's Determination On Substantive Merits Of Challenge
- NYISO & Appropriate Stakeholder Committee To Develop A List Of Qualified Third-Party "Neutrals," Unaffiliated With NYISO Or Stakeholders
- Neutral Shall Not Have Authority To Impose A Resolution (i.e., Non-Binding Mediation)
- Mechanism Initiated Through Written Notification To NYISO CFO Within 5 Business Days Of NYISO's Determination On Substantive Merits Of Challenge
- Market Participants With Interests In The Outcome Of Dispute Allowed To Participate In The Process At The Discretion Of The Third-Party Neutral
- To Ensure Consistent Treatment, Disputes On The Same Issues For The Same Period(s) May Be Resolved On A Consolidated Basis
- Absent Resolution Within 60 Days Of Customer Initiating Mechanism, Neutral Shall Provide Parties A Written, Confidential, Non-Binding Recommendation For Resolution
- Each Party To The Proceeding Responsible For Its Own Costs & Pro-Rata Share Of The Neutral's Costs
- Absent Resolution Of The Issue Through This Process, Parties Limited To A Period Of 20 Days From The Receipt Of Neutral's Recommendation To Request FERC Action

Milestones For Shortening The Settlement Cycle

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

Milestones For Shortening The Settlement Cycle

- 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 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, And 3 Months Under The Straw Proposal, Performance Should Not Pose A Barrier To Pursuing A Shortened Cycle*

NYISO Responses To 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*

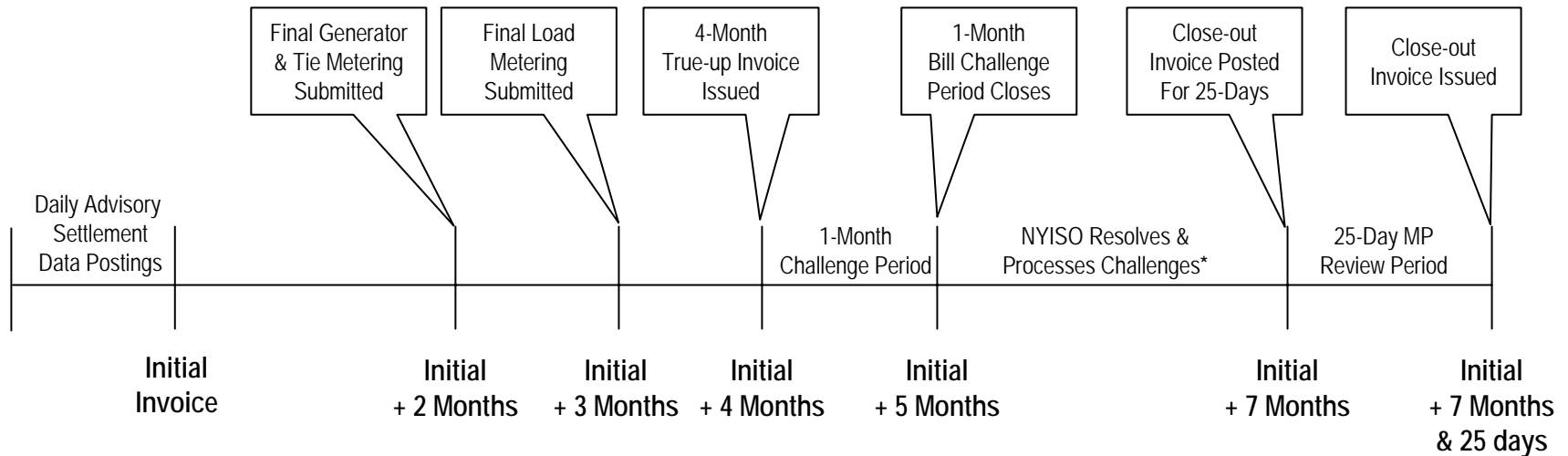
NYISO Responses To Milestones - Continued

- 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 Milestones - Continued

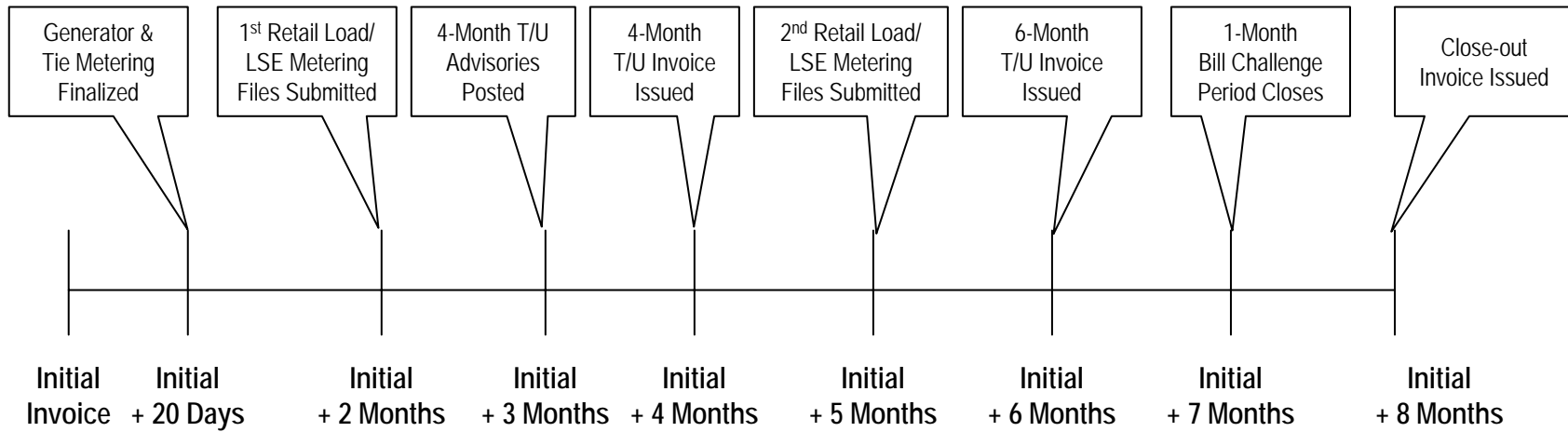
- Reduce The Number Of Settlements Rendered Via Invoice-Level Adjustments
 - ✓ *Projects To Automate Some Settlements Previously Rendered Via Invoice-Level Adjustments Have Been Completed (e.g., Voltage Support).*
 - ✓ *Projects To Automate Manual Settlements Are Prioritized High Within the Settlements 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's Shortened Settlement Cycle Straw Proposal



* - Period Could Expand By 4 Months In The Event Of An "Extraordinary Circumstance."

BAWG – TO Members' Settlement Cycle Straw Proposal



Comparison Of NYISO's & BAWG's Proposed Cycles

- Both Proposals Provide For ~8 Month Cycle From Initial Invoice To Final Bill Close-Out
- Tie & Generator Metering Lockdown
 - ✓ *BAWG's Proposal Requires Final Tie & Generator Metering 20 Days After Initial Invoice.*
 - ✓ *NYISO's Proposal Requires Lockdown Within 2 Months After Initial Invoice.*
- LSE Metering
 - ✓ *BAWG's Proposal Provides For LSE Metering True-Ups At 4- And 6-Months.*
 - ✓ *NYISO's Proposal Provides For LSE Metering True-Up At 4-Months.*
- Challenge & Resolution Periods
 - ✓ *Both Proposals Provide For 1-Month Challenge Periods.*
 - ✓ *BAWG's Proposal Provides 1 Month To Resolve Challenges.*
 - ✓ *NYISO's Proposal Provides 2 Months To Resolve Challenges, Per Current Tariff, With The Possibility Of Extending Period To 6 Months In The Event Of An "Extraordinary Circumstance"*
- Advisory Close-Out Settlement Review
 - ✓ *BAWG's Proposal Provides 5 Days Between Posting & Invoicing Of Close-Out Settlements.*
 - ✓ *NYISO's Proposal Maintains Current Tariff Provision For 25-Day Review For Challenge Resolution Implementation Errors.*