

# **NYISO Market Participant Audit Advisory Subcommittee (MPAAS)**

March 15, 2001

The NYISO  
3890 Carman Road  
Schenectady, NY 12303

## **MINUTES OF THE MEETING**

### **I. Welcome & Introduction**

The third session of the MPAAS began at 10:05 am with four of the seven MPAAS members in attendance: Curt Ashman, Acting Chair (from NYSEG), Art Brennan (from NYPA), Kevin Feeney (from Niagara Mohawk), and Mike Milligan (from KeySpan, representing LIPA). Greg Jamele (from RGS Energy Group), Kathy Logan (from Orion Power), and Joe Kelley (from KeySpan) were absent.

Two guests were in attendance, Charlie Schlegel (from Niagara Mohawk) and John Ventura (from Con Edison), who is an MPAAS alternate.

The NYISO General Auditor, Marc Rubin, was also at the meeting.

### **II. Review of Minutes**

The minutes from the previous meeting (of January 16, 2001) were reviewed and there weren't any comments by the MPAAS.

### **III. Review of Revised MPAAS By-Laws**

For this segment of the meeting, James Schmidt (from the NYISO outside counsel, Hunton & Williams) was in attendance.

Mr. Schmidt noted that the proposed By-Laws for the MPAAS must be consistency with the Management Committee (MC) By-Laws. After discussion, an open item remained to be determined related to the MPAAS's ability review the results of internal audits. Mr. Brennan stated that he would review tariff information to advise MPAAS members of their ability to audit the NYISO.

Pending resolution of the open item with either the Management Committee or the NYISO Board, finalization of the MPAAS By-Laws was suspended. The MPAAS discussion determined that the next MPAAS meeting would resolve a finalization of the MPAAS By-Laws to be submitted to the MC for approval.

#### **IV SAS 70 Audit**

Mr. Rubin reviewed current expectations by the NYISO for the beginning of a SAS 70 review. He noted that preliminary work continued by NYISO staff, including validation work by Internal Audit. However, prioritization of necessary activities would have to be determined by the Project Priorities Team (PPT).

The MPAAS discussed how to best recommend that SAS 70 should be made a high priority by the PPT. Mr. Feeney agreed to prepare a position paper on the subject for the April 5<sup>th</sup> PPT meeting, and circulate it for comments and modifications to the rest of the MPAAS.

Mr. Ashman suggested that MPAAS members contact Committee representatives from their own companies, to ask for SAS 70 support communication to the Committee Chairs and Vice-Chairs for the April 5<sup>th</sup> PPT meeting.

The MPAAS members agreed to wait to make its SAS 70 scope recommendations until the next MPAAS meeting.

Mr. Ashman stated that he would provide the MPAAS members with examples of SAS 70 sections from other ISO SAS 70 reviews.

#### **V. Review of NYISO Risk Assessment**

The MPAAS provided Mr. Rubin with recommendations of potential reviews to be included in the 2001 Internal Audit plan. The suggestions included:

- Grid Accounting
- Insurance Coverage
- Billing – Schedule 1 Timing
- Uplift Fees
- Transaction Price Validation
  - Energy
  - Transmission
  - Ancillary Services
- Creditworthiness – assessment for contingency fund.
  - Segregation of accounts, interest, etc.
- Out-of-Merit Generation
- Curtailments
- Proper Imposition of Penalties
- Automated Mitigation Plan

The MPAAS brought up delays in settling inadvertent accounting balances from the time of NYISO's formation. They raised questions e.g., why the balances weren't yet settled. It was noted that requests had been made of NYISO staff for validation of information. Mr. Rubin agreed to contact NYISO staff to determine if the issue could be moved forward.

**XI     Next Meeting**

The attendees agreed that resolution of issues noted above would determine the timing of the next MPAAS meeting.

Members were requested to advise Mr. Ashman of their availability.

**XII    Adjournment**

The meeting was adjourned at approximately 3:00 pm.

Respectfully submitted,  
Marc A. Rubin  
Secretary, MPAAS