

ATTACHMENT E

PROCEDURES FOR CORRECTING ERRONEOUS ENERGY AND ANCILLARY SERVICES PRICES

The ISO shall review market clearing prices calculated for Energy and Ancillary Services and shall correct any price it determines not to have been calculated in accordance with the ISO tariffs as established in this Attachment E. These provisions shall apply to the correction of Energy and Ancillary Services prices that are posted on OASIS and used in ISO settlements.

A. Market Clearing Price Errors Requiring Correction

To be determined in accordance with the ISO tariffs, an Energy and Ancillary Service clearing price must be: (i) calculated correctly according to the relevant provision(s) of the ISO tariffs and (ii) based on the appropriate price-setting resource (*i.e.*, the marginal resource, except as otherwise provided by the ISO tariffs).

(i) Calculation Errors

A calculation error occurs when, notwithstanding the selection of the correct price-setting unit, an Energy or Ancillary Service market clearing price is computed in a manner that is inconsistent with the ISO tariffs. In addition, a calculation error occurs when no price is calculated or a price is not timely posted to OASIS. The ISO shall correct a price that it determines to have resulted from a calculation error.

(ii) Errors in Selecting the Price-Setting Resource

The ISO shall schedule, commit, and dispatch supply resources on a least total-cost basis. As such, an Energy or Ancillary Services market clearing price must be based on the appropriate price-setting resource (*i.e.*, the marginal resource, unless otherwise provided by the tariffs). The ISO shall correct a price that it determines to have resulted from an error in selecting the appropriate price-setting resource.

B. Methodology for Correcting Prices

The ISO shall recalculate an erroneous price in accordance with the relevant provision(s) of the ISO tariffs. In the event that the ISO cannot practicably recalculate an erroneous price, due to the unavailability of necessary data or otherwise, the ISO shall determine a price as close as reasonably possible to the price that should have resulted from the operation of the relevant tariff provisions consistent with system conditions by drawing from: (i) prices calculated for electrically similar points, (ii) prices in surrounding intervals, (iii) Real-Time Commitment prices, (iv) Day-Ahead Market prices, or (v) Real Time Dispatch prices for the affected interval(s).

In the event of a system emergency or catastrophic failure of the ISO's price calculation software that prevents the NYISO from calculating prices in accordance with the provisions above, the ISO shall provide notice of the problem to the Commission and Customers as soon as possible, but in no event later than the next business day. Within two additional business days, the ISO shall inform the Commission and Customers regarding the nature of the problem and the schedule for determining the procedures to be used by the ISO to construct prices as close as possible to the prices that should have resulted from the application of the market rules established in the tariffs to prevailing system conditions.

C. Deadlines for Price Corrections

The ISO shall provide notice reserving a potentially erroneous Real-Time Commitment or Real-Time Dispatch price not later than 17:00 of the calendar day following the operating day for which the price was calculated. The ISO shall provide notice reserving a potentially erroneous Day-Ahead price prior to the start of the operating day for which the price was calculated.

The ISO shall correct a price it has timely reserved and determines to be erroneous and shall provide notice of the correction as soon as possible, but not later than five business days after the price reservation deadline. Whenever possible, the ISO will make price corrections prior to the reservation deadline and will provide notice of those corrections along with the reservation notices.

Erroneous prices not reserved and corrected within these timeframes shall not be corrected by the ISO except as directed by the Commission or a court of competent jurisdiction. Nothing herein shall be construed to restrict any stakeholder's right to seek redress from the Commission in accordance with the Federal Power Act.

D. Reporting Requirements

In the event that the ISO corrects a price, it shall provide Customers with a brief description of the price error, the method of correction used, and supporting tariff references as soon as possible but within ten days following the price correction unless extraordinary circumstances necessitate additional time to provide this information, in which case the ISO shall provide this information as soon as possible, but no later than 30 days following the price correction.

The ISO shall provide quarterly reports to Customers regarding the cause of each error requiring correction and steps taken or planned by the ISO to eliminate or diminish the incidence of the error in the future. In its quarterly reports, the ISO shall also detail any price errors of which it becomes aware after the deadlines for reservation or correction of the price error.

E. Liability

The ISO shall not be liable for errors of commission or omission relating to price errors that are left uncorrected by operation of these rules except in cases of gross negligence or intentional misconduct.