

PENDING BUSINESS RULE DESIGN CHANGES, DATA CORRECTIONS, AND FINAL BILL CHALLENGES
AS OF 12/16/2011

I. Business rule modifications and data corrections pending resolution

DESCRIPTION	NET ESTIMATED IMPACT	PERIOD(S) AFFECTED	SERVICE CENTER TICKET XREF	BILLING ISSUE XREF	EXPOSURE	BENEFIT	Status
Start-up costs for SRE'd units not properly being accounted for in calculation of RT BPCG charges after Generator Derate in first hour of SRE	\$594,000	<ul style="list-style-type: none"> October 2008 forward 	•	<ul style="list-style-type: none"> 405 	<ul style="list-style-type: none"> Transmission Customers: affected transmission customers may experience increased RT BPCG charges. 	<ul style="list-style-type: none"> Generators: affected generators may experience increased RT BPCG credits. 	<ul style="list-style-type: none"> Proper processing of start-up costs for SRE'd units is still being investigated. Deployment schedule is to be determined. Settlements performing manual review to identify start-up costs in need of correction prior to 4 month or initial invoice. Internal discussions are currently underway to determine the proper handling of this issue (Tariff modification vs. code modification).
Units set OOM by Operator Intervention are paid LBMP for energy produced up to, but not in excess of, their basepoints. The tariff is silent on this issue.	Less than \$2,000	<ul style="list-style-type: none"> October 2008 forward 	•	<ul style="list-style-type: none"> 438 	<ul style="list-style-type: none"> De minimis 	<ul style="list-style-type: none"> De minimis 	<ul style="list-style-type: none"> Necessary code changes are currently under investigation. Settlements will be corrected via BOOT or manual adjustment until the code fix is deployed.
Quick starting generators which are scheduled for Ancillary Services, but not energy, in the DAM are not receiving start up payments when turned on in RT unless they specifically submit a RT bid.	\$230,000 to date	<ul style="list-style-type: none"> December 2010 forward 	•	<ul style="list-style-type: none"> 443 	<ul style="list-style-type: none"> Transmission Customers: affected transmission customers may experience increased RT BPCG charges 	<ul style="list-style-type: none"> Generators: affected generators may experience increased RT BPCG credits. 	<ul style="list-style-type: none"> Necessary code changes are currently under investigation. Settlements will be corrected via BOOT or manual adjustment until the code fix is deployed.
When PTS adjustments are made directly to HIST, the resultant loss calculation changes are not integrated into the hourly numbers in MIS resulting in incorrect Sub-Zonal Load allocations.	N/A	<ul style="list-style-type: none"> May – July 2011 	•	<ul style="list-style-type: none"> 445 	•	•	<ul style="list-style-type: none"> Necessary code changes to prevent the issue from recurring are currently under investigation. A script is run to fix items as they come up. All corrections will show up on the invoices.
When prices go negative, generators are being paid the lesser of actual generation or basepoint + 3 percent of their upper operating limit rather than their actual generation. This could result in overpayments when generators are overgenerating	\$154,000 for open Months	<ul style="list-style-type: none"> March 2011 forward 	•	<ul style="list-style-type: none"> 446 	<ul style="list-style-type: none"> Generators: affected generators may experience decreased Energy payments 	<ul style="list-style-type: none"> Transmission Customers: affected transmission customers may experience decreased Energy Residuals allocation 	<ul style="list-style-type: none"> A fix is currently scheduled for January 2012. Settlements will be corrected via manual adjustment unit a code fix can be developed

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

DESCRIPTION	NET ESTIMATED IMPACT	PERIOD(S) AFFECTED	SERVICE CENTER TICKET XREF	BILLING ISSUE XREF	EXPOSURE	BENEFIT	Status
Certain wind Generators are being doubly charged for Wind Forecast Charges.	Approximately \$1,200 per month	• December 2010 forward	•	• 440	• None	• Generators: affected generators may experience decreased Wind Forecast Charges	• A fix was deployed in October. • Settlements will be corrected via manual adjustments until the code fix is deployed.
When a generator is committed by the SRE process and its startup cost is prorated, the RT GP Mitigation code may incorrectly believe that its startup has already been mitigated by RTC-AMP.	Around \$410,000 across open months	• March 2011 forward	•	• 442	• Generators: affected generators may experience decreased RT BPCG settlements	• Transmission Customers: affected Transmission Customers may experience decreased RT BPCG credits	• A fix was deployed on September 15 with a September 1 st effective date. • Settlements will be corrected via manual adjustments until the deployment is effective.
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III. Final Bill Challenges

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

DESCRIPTION	BILLING MONTH	EXPECTED INVOICE DATE	\$ AMOUNT	ALLOCATION BASIS

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V. Pending FERC/Court Activity

FERC DOCKET #	DESCRIPTION OF ISSUE	STATUS	UPCOMING ACTIVITY
ER08-1281-000	NYISO requests permanent tariff changes to preclude the scheduling of certain external transactions, for shortened notice and comment periods and for expedited Commission Action	The filing was made on October 31, 2008. FERC accepted the permanent tariff revisions on 11/17/08 effective 11/18/08. On 2/18/09, NYISO issued its 90 Day Report On Efforts to Develop Long-Term Solutions To Lake Erie Circulation and ISO/PJM Congestion Management Processes. The FERC staff report was released on 7/16/09. FERC has concluded that there was no market manipulation or tariff violations on the part of the market participants. FERC did determine there is a systemic pricing issue that impinges on NYISO, PJM and MISO customers. Compliance filing on Long-Term solutions submitted 1/12/2010. On 7/15/2010 FERC conditionally accepted the compliance filing, pending responses to a number of questions within 30 days. NYISO responded on 8/16/10. Further comments regarding Buy-Through of Congestion were filed on 10/14/10. On 12/30/2010 FERC issued an order establishing deadlines for the completion of various aspects of the Long Term solution. Additional comments and requests for rehearing have been filed. NYISO submitted a compliance filing on 2/27/2011. FERC accepted it on 6/30/2011. FERC granted the rehearing request on 7/5/11 and extended some of the deadlines established in the 12/30/10 order in accordance with those requested. On 8/29/11 NYISO filed a Regional Power Control Device Coordination Study at FERC. On 10/24/11 FERC accepted the study as an informational filing.	The NYISO is working on meeting the deadlines outlined in the 12/30/10 order as amended.
RM10-13-000	FERC issued a Notice of Proposed Rulemaking regarding credit issues which includes a proposed requirement to move to weekly invoicing by August 2011	NYISO submitted comments on March 29, 2010. Others have also submitted comments. A technical conference was held on 5/11/10. Further comments are requested by 6/8/10. NYISO filed comments concerning some of the credit issues, but nothing on weekly invoicing. On 10/21/10 FERC issued a ruling on the NOPR including the requirement that all ISO move to weekly invoicing by October 2011. On 8/15/11 NYISO and others filed a request for an extension of time to submit filings regarding ability to offset market obligations in bankruptcy. On 9/13/11, FERC granted the extension to 1/31/12. NYISO filed the additional tariff language under docket ER11-3949 below.	
ER10-1359-000	TC Ravenswood, LLC entered a rate filing with FERC to establish a rate for use in the Min Oil Burn program. This relates to docket EL10-70-000	The filing occurred on May 27, 2010. NYISO submitted a protest on 7/2/10 and a supplement to it on 7/14/10. Others have also submitted comments/Protests. On 10/27/2010 FERC rejected the proposed rate filing. TC Ravenswood requested rehearing on 11/24/2010. NYISO offered comments on 12/9/2010. FERC granted that rehearing on 12/27/2010.	The NYISO is awaiting FERC's ruling.
EL09-26-000	NYSEG petitions FERC for a Declaratory Order requiring the NYISO to rebill certain energy charges due to metering errors dating back to 1999. The incorrect charges total approximately \$20 million dollars.	The filing was made on December 23, 2008. Several parties filed responses to the filing. FERC held settlement conferences on 4/14/09 and 5/7/09. At the end of the May 7 conference, National Grid presented an offer of settlement. Settlement discussions continue. After another settlement conference on August 25, the parties reached an agreement in principle. On 9/21/09 the parties filed the settlement in which they agreed on most points but left it for FERC to decide whether or not to order a rebilling. Additionally, the parties requested that the docket be opened up for additional entities to respond. Several additional parties filed interventions. NYISO filed an initial brief supplying fact for consideration in regard to whether or not to order a rebilling. On 10/28/10, FERC rejected the request for a Declaratory Order stating that the correction of invoices was not appropriate. Additionally the rejected the proposed settlement agreement as moot. NYSEG requested rehearing on 11/24/2010. FERC granted the request on 12/27/2010.	The NYISO is awaiting FERC's ruling.
ER11-3949-000	NYISO filed Tariff Revisions pursuant to FERC order 741.	The filing was made on June 30, 2011. Additionally, an erratum was filed on 7/5/11. On 9/15/2011, FERC accepted the revisions partially contingent on their acceptance of the further filings required per RM10-13-000. On 12/14/11 NYISO filed the additional tariff language discussed previously.	The NYISO is awaiting FERC's ruling.
RM11-7-000	FERC issued a Final Ruling regarding compensation for Frequency regulation which requires NYISO to move to a two part payment methodology by October 2012.	The order requires NYISO to submit Tariff language within 120 days of the effective date of the ruling.	The NYISO is formulating the Tariff language.
ER12-26-000	NYISO filed Tariff Revisions regarding the handling of dispute resolution.	The filing was made on October 5, 2011 with a requested effective date of 12/4/11. NY Transmission Owners intervened. On 11/25/11 FERC issued a letter order accepting these revisions effective 12/4/11, as requested.	
ER12-89-000	NYISO filed Tariff Revisions in support of the new Rate Schedule 1 allocations	The filing was made on October 14, 2011 and requested an effective date of 1/1/12. Multiple parties have commented, intervened, and answered. NYISO filed an answer on 11/23/11.	The NYISO is awaiting FERC's ruling.