

PENDING BUSINESS RULE DESIGN CHANGES, DATA CORRECTIONS, AND FINAL BILL CHALLENGES  
AS OF 1/23/2003

I. Business rule modifications and data corrections pending resolution

DESCRIPTION	ESTIMATED IMPACT	PERIOD(S) AFFECTED	EXPOSURE	BENEFIT	Status
TCC definition corrections	Anticipated to be <\$2M	• Various	<ul style="list-style-type: none"> <li>Transmission Owners: Potential increase in DAM congestion shortfall costs when TCC rents were negative</li> <li>TCC Holders: Potential negative TCC rent</li> </ul>	<ul style="list-style-type: none"> <li>Transmission Owners: Potential reduction in DAM congestion shortfall costs</li> <li>TCC Holders: Potential additional TCC rent</li> </ul>	<ul style="list-style-type: none"> <li>Corrections to business rules were scheduled for deployment in 1/2003; however, testing revealed business rule logic dependencies. Deployment likely delayed to 2/2003.</li> </ul>
July 20 - October 31, 2001 in-city mitigation per FERC	Quantification currently not available;	• July 20, 2001 - October 2001	<ul style="list-style-type: none"> <li>Generators: Potential reduction in BPCG revenue for affected unit</li> </ul>	<ul style="list-style-type: none"> <li>Transmission Customers: Potential reduction in Schedule 1 uplift costs to NYC LSEs</li> </ul>	<ul style="list-style-type: none"> <li>Corrections to business rules under development; implementation date not available</li> </ul>
85-15 split of NYISO costs & FERC fees between transmission customers & suppliers	• ~ \$6M through October 2002	• June 2002 - current	<ul style="list-style-type: none"> <li>Generators: Assumption of 15% of NYISO costs of operations &amp; FERC fees, totaling approximately \$6M through October 2002</li> </ul>	<ul style="list-style-type: none"> <li>Transmission Customers: 15% reduction in OATT Schedule 1 NYISO costs of operations &amp; FERC fees, totaling approximately \$6M through October 2002</li> </ul>	<ul style="list-style-type: none"> <li>Corrections to business rules under development; implementation anticipated for 1<sup>st</sup> quarter of 2003</li> </ul>
Transmission loss allocation	Quantification currently not available	• May 2002 - current	<ul style="list-style-type: none"> <li>Transmission Customers: Potential increase in load allocated to LSEs in sub-zones whose loss allocation percentages decrease under the new methodology</li> <li>Transmission Owners: Potential increase in unaccounted for energy due to changes in load sub-zonal load under new methodology.</li> </ul>	<ul style="list-style-type: none"> <li>Transmission Customers: Potential decrease in load allocated to LSEs in sub-zones whose loss allocation percentages increase under the new methodology</li> <li>Transmission Owners: Potential decrease in unaccounted for energy due to changes in sub-zonal load under new methodology.</li> </ul>	<ul style="list-style-type: none"> <li>Corrections to business rules under development; implementation anticipated for 1<sup>st</sup> quarter of 2003</li> </ul>
Generator specific performance tracking data errors	Quantification currently not available	• Being corrected prior to issuance of final bills	<ul style="list-style-type: none"> <li>Transmission Customers: Potential increase in OATT Schedule 1 balancing energy, losses, &amp; congestion residuals &amp; uplift</li> <li>Generators: Potential decrease in BPCG due to increased energy revenue</li> </ul>	<ul style="list-style-type: none"> <li>Generators: Potential increase in balancing energy revenue</li> <li>Transmission Customers: Potential decrease in OATT Schedule 1 ratio share of uplift due to decreased uplift for affected units from increased energy revenue</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
Two claims made through NYISO dispute resolution process regarding operation of the AM{	Quantification currently not available	• ?	<ul style="list-style-type: none"> <li>Transmission Customers: Potential increase in OATT Schedule 1 uplift</li> </ul>	<ul style="list-style-type: none"> <li>Generators: Potential increase in BPCG revenue</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
Min-Gen & Start-up AMP not put into service in June 2003 until 6/27/2003	Quantification currently not available	• June 1 through 27, 2002	<ul style="list-style-type: none"> <li>Transmission Customers: Potential decrease in OATT Schedule 1 uplift</li> </ul>	<ul style="list-style-type: none"> <li>Generators: Potential decrease in BPCG revenue from start-up &amp; minimum generation cost recovery</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
HQ proxy bus price error	Quantification currently not available	<ul style="list-style-type: none"> <li>8/12/2002 HB19;</li> <li>8/26/2002 HB 12;</li> <li>10/25/2002 HB 03 – 05;</li> <li>11/8/2002 HB 3 – 5 &amp; 8;</li> <li>11/29/2002 HB 13</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
NE proxy bus price error (no losses or congestion)	Quantification currently not available	• 10/14/2002 HB 11 & 12	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
DAM price incorrect in BAS	Quantification currently not available	• 7/30/2002 HB 9	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
Incorrect shift factors used for R/T price corrections	Quantification currently not available	• June 1 through 22, 2002	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
DAM price incorrect in BAS	Quantification currently not available	• 8/29/2002 HB 19 – 21, & 23	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Price corrections for the specified period were not automatically updated in BAS upon re-bill due to time sensitive logic which prohibited changes after normal price correction timeline.</li> <li>Date sensitivity logic to be re-engineered</li> </ul>

II. Resolved business rule modifications and data corrections pending adjustment

DESCRIPTION	ESTIMATED IMPACT	PERIOD(S) AFFECTED	EXPOSURE	BENEFIT	Status
Over payment of DAM Margin	~\$20M to be recovered from affected	• January 2001 – April 2001	<ul style="list-style-type: none"> <li>Generators: Any hour in which a unit received DAM</li> </ul>	<ul style="list-style-type: none"> <li>Reduction in DAM Contract Balancing OATT</li> </ul>	<ul style="list-style-type: none"> <li>Corrections to business rules implemented on</li> </ul>

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DESCRIPTION	ESTIMATED IMPACT	PERIOD(S) AFFECTED	EXPOSURE	BENEFIT	Status
Assurance & Spinning Reserve LOC	generators through September 2002	<ul style="list-style-type: none"> <li>September 2001 - October 2001</li> <li>January 2002 - June 2002</li> <li>September 2002 - October 2002</li> </ul>	Margin Assurance and LOC for spin may be subject to forfeiture of the DAM Margin Assurance credit	Schedule 1 residual adjustments over the affected period	10/25/2002; Stated Period(s) Affected pending re-billing
Bid Production Cost Guarantees to off-dispatch units dispatched out of merit	Quantification currently not available	<ul style="list-style-type: none"> <li>January 2001 - April 2001</li> <li>September 2001 - October 2001</li> <li>January 2002 - June 2002</li> <li>September 2002 - October 2002</li> </ul>	<ul style="list-style-type: none"> <li>Transmission Customers: Potential increase in Schedule 1 uplift costs for additional BPCG paid to affected units; may increase LRR uplift, also.</li> </ul>	<ul style="list-style-type: none"> <li>Generators: Additional BPCG for any units affected</li> </ul>	<ul style="list-style-type: none"> <li>Corrections to business rules implemented on 11/05/2002; Stated Period(s) Affected pending re-billing</li> </ul>
Oracle 9i software bug causing non-payment of start-up costs	Quantification currently not available	<ul style="list-style-type: none"> <li>September 2002, 2001, &amp; 2000</li> <li>October 2002, 2001, &amp; 2000</li> <li>May &amp; June 2002</li> </ul>	<ul style="list-style-type: none"> <li>Transmission Customers: Potential increase to Schedule 1 uplift to pay affected units</li> </ul>	<ul style="list-style-type: none"> <li>Generators: Potential increase in BPCG revenue for affected units</li> </ul>	<ul style="list-style-type: none"> <li>Corrective measures made in time to issue correct settlements for months invoiced on December 14, 2002</li> </ul>
Regulating unit energy balancing	Anticipated to be <\$3M	<ul style="list-style-type: none"> <li>September 2001 - October 2001</li> <li>January 2001 - June 2002</li> <li>September 2002- October 2002</li> </ul>	<ul style="list-style-type: none"> <li>Transmission Customers: Potential increase to Schedule 1 balancing energy, losses, &amp; congestion residuals to pay affected units</li> </ul>	<ul style="list-style-type: none"> <li>Generators: Additional balancing revenue for affected units</li> </ul>	<ul style="list-style-type: none"> <li>Corrections to business rules implemented on 11/05/2002; Stated Period(s) Affected pending re-billing</li> </ul>
DAM load bid information not passed to billing system	Quantification currently not available	<ul style="list-style-type: none"> <li>April 2002 - June 2002</li> <li>September 2002 - October 2002</li> </ul>	<ul style="list-style-type: none"> <li>Transmission Customers: Potential increase to Schedule 1 residuals to credit DAM purchases not properly charged due to this error which caused all load to be purchased in the Balancing Market</li> <li>Transmission Customers: Potential increase to energy costs due to energy being purchased in DAM versus real time</li> </ul>	<ul style="list-style-type: none"> <li>Transmission Customers: Potential decrease to Schedule 1 residuals to credit DAM purchases not properly charged due to this error which caused all load to be purchased in the Balancing Market</li> <li>Transmission Customers: Potential decrease to energy costs due to energy being purchased in DAM versus real time</li> </ul>	<ul style="list-style-type: none"> <li>Corrections to business rules implemented on 10/25/2002; Stated Period(s) Affected pending re-billing</li> </ul>
Energy payment limit set to zero	Anticipated to be <\$500K	<ul style="list-style-type: none"> <li>May 2002</li> </ul>	<ul style="list-style-type: none"> <li>Transmission Customers: Potential increase in OATT Schedule 1 balancing energy, losses, &amp; congestion residuals</li> <li>Generators: Potential decrease in BPCG due to increased energy revenue</li> </ul>	<ul style="list-style-type: none"> <li>Generators: Potential increase in balancing energy revenue</li> <li>Transmission Customers: Potential decrease in OATT Schedule 1 ratio share of uplift due to decreased uplift for affected units from increased energy revenue</li> </ul>	<ul style="list-style-type: none"> <li>Corrections to business rules implemented on 10/2002; Stated Period(s) Affected pending re-billing</li> </ul>
TCC with incorrect end date	~\$649,000	<ul style="list-style-type: none"> <li>February 2001 - December 2002</li> </ul>	<ul style="list-style-type: none"> <li>TCC holder will be charged for congestion costs</li> </ul>	<ul style="list-style-type: none"> <li>Transmission Owners to receive DAM Congestion Balancing revenue from recovery allocated per MW-mile methodology</li> </ul>	<ul style="list-style-type: none"> <li>Correction deployed on 1/21/2003</li> </ul>
Generator incorrectly mitigated	<\$5,000	<ul style="list-style-type: none"> <li>May 14, 2002</li> </ul>	<ul style="list-style-type: none"> <li>Transmission Customers: Potential increase in OATT Schedule 1 uplift</li> <li>Generators: Potential decrease in BPCG due to increased energy revenue</li> </ul>	<ul style="list-style-type: none"> <li>Generators: Potential increase in BPCG</li> </ul>	<ul style="list-style-type: none"> <li>Correction deployed on 11/5/2002</li> </ul>
DAM Ancillary bids not mitigated	Quantification currently not available	<ul style="list-style-type: none"> <li>March 13, 2002</li> </ul>	<ul style="list-style-type: none"> <li>Transmission Customers: Potential increase in OATT schedule1 uplift due to decrease in generators' ancillary services margins</li> <li>Generators: Potential decrease in ancillary services availability revenue</li> </ul>	<ul style="list-style-type: none"> <li>Transmission Customers: Potential decrease in OATT ancillary services costs</li> </ul>	<ul style="list-style-type: none"> <li>Correction deployed on 11/5/2002</li> </ul>

III. Final Bill Challenges

DESCRIPTION	ESTIMATED IMPACT	PERIOD(S) AFFECTED	EXPOSURE	BENEFIT	Status
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