

REPORTING ON MARKET PROBLEMS

Upon discovery of a potential Market Problem,* the NYISO will notify its Independent Market Advisor of the issue.

Upon the determination in consultation with the Independent Market Advisor that a Market Problem has occurred, the NYISO will report the Market Problem to appropriate Commission staff.

~~As soon as possible, but in no event later than 5 calendar days from the above determination,~~†The NYISO will then report the Market Problem to Market Participants, subject to applicable confidentiality restrictions, unless it is determined in consultation with Commission staff that disclosure could lead to gaming or other harmful outcomes.

The NYISO will accomplish all three of the above steps as soon as possible, but in no event longer than 5 calendar days.

In the event of a determination that disclosure of a Market Problem could lead to gaming or other harmful outcomes, NYISO will consult with Market Participants as soon as practicable after resolution of the underlying issue pursuant to direction from the Commission.

In the event of an exigent circumstances filing of tariff amendments pursuant to Article 19 of the ISO Agreement, this consultation would include seeking concurrence on the Section 205 filing from the Management Committee.

If no exigent circumstances filing is made, the NYISO will provide an opportunity for market participants to comment prior to requesting a tariff waiver or other remedy.

In the NYISO's reports to the Market Participants, subject to applicable confidentiality restrictions, the NYISO will provide the following information:

- Description of the Market Problem and tariff implications as appropriate;
- Description of the time frame involved
- Description of underlying cause of the Market Problem;
- Description of economic impacts; and
- Description of steps planned or taken to address the Market Problem including a proposed timetable for the developing necessary tariff revisions if applicable, as developed in consultation with Market Participants. The NYISO will also report when it determines a Market problem investigation has concluded.

Except where a longer period of analysis is required, the NYISO will provide an explanation of its proposed steps to address the Market Problem within as soon as reasonably possible, but in no event later than 30 calendar days of its initial

| notice to market participants at the appropriate working group or committee.
Where a longer period of analysis is required, the NYISO will provide updates to market participants at least quarterly.

The NYISO will maintain this procedure on its website and will not revoke or otherwise amend the terms of this procedure without first ~~discussing proposed changes with its Market~~ receiving an affirmative vote in the Business Issues Committee Participants and reporting such changes, if any to FERC.

June 24, 2009

* Market Problems, as defined herein, include software implementation, modeling anomalies, and economic inefficiencies that have a material effect on the NYISO-administered markets or transmission service. The term does not include erroneous Energy or Ancillary Services prices (which are managed through procedures outlined in Attachment E to the Services Tariff) or erroneous customer settlements (including those that are managed through the Billing Issues Group and regularly reported to the Billing and Accounting Working Group).