

NYISO Market Participant Audit Advisory Subcommittee (MPAAS)

May 10-11, 2001

The NYISO
3890 Carman Road
Schenectady, NY 12303

MINUTES OF THE MEETING

I. Welcome & Introduction

The fourth session of the MPAAS began at 1 pm with four of the seven MPAAS members in attendance: Curt Ashman, Acting Chair (from NYSEG), Art Brennan, Acting Vice-Chair (from NYPA), Kevin Feeney (from Niagara Mohawk), and Mike Milligan (from KeySpan, representing LIPA). Kathy Logan (from Orion Power) joined the meeting in progress. Greg Jamele (from RGS Energy Group) and Joe Kelley (from KeySpan) were absent.

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

II. Review of Minutes

The minutes from the previous meeting (of March 15, 2001) were reviewed; the MPAAS decided to wait until the following morning to determine if any changes were needed.

III. Review of Revised MPAAS By-Laws

The MPAAS briefly discussed the By-Laws, including their method of adoption, and decided to wait until the following morning to determine their next steps.

IV. Internal Audits Performed

Mr. Rubin reviewed the audits that had been performed under the auspices of Internal Audit, either by IA staff or co-sourced to an external firm. Mr. Rubin reviewed the condition of the various processes reviewed, types of findings, and the expectations for corrections and/or improvements, based upon issues determined during the various reviews.

V. Adjournment

The meeting was adjourned at 4 pm, until the next morning.

VI. Review of NYISO IA Plan

The meeting began again on the 11th, at 9 am.

Mr. Rubin reviewed the IA Plan approved by the Audit & Compliance Committee of the NYISO Board of Directors, noting tentative expectations for the timing of the various reviews.

Based upon discussions during of the reviews performed and of the approved IA Plan, the MPAAS provided Mr. Rubin with recommendations of additional potential reviews that they would like to have included in the 2001 Internal Audit plan. The suggestions included:

- Accuracy of incentive payouts
- Customer Service, including:
 - Accuracy of responses
 - Effectiveness of the resolution methodology
- Appropriateness of settlement adjustments methodology
- Mitigation communications
- Allocation of expansion TCCs
- Accuracy of ICAP baseline data
- IT Capacity and Strategic Planning
- Tariff compliance – for Rate Schedule 1
- Uplift fees – aspects of cost sharing

VII. MPAAS Minutes and By-Laws

The MPAAS again reviewed the previous meeting's meetings, without any comments.

They also again reviewed the previously discussed by-laws, and determined that the by-laws were appropriate for further consideration by the Management Committee (MC). They requested that Mr. Rubin submit the by-laws to the MC By-Laws Subcommittee, and subsequently to the Management Committee itself for approval.

The MPAAS also requested that Mr. Rubin remind the MC Chair of its request to have Messrs. Ashman and Brennan designated as Chair and Vice-Chair of the MPAAS.

VIII. SAS 70 Topics

Mr. Rubin noted that the scope for the forthcoming SAS 70 Type 1 audit was being developed, and requested input from the MPAAS.

The MPAAS made various suggestions based upon their experiences with the NYISO, and including various forms of the NYISO market.

IX. SAS 70 Timing

The attendees discussed the timing of the SAS 70. Mr. Rubin noted that the Audit & Compliance Committee (A&C) would be determining the SAS 70 scope, based upon input from NYISO management, and from that of the MPAAS just heard during the MPAAS meeting.

Subsequent to the A&C's scope determination, RFPs would be issued to leading audit firms and the Audit & Compliance Committee would be selecting the audit firm to perform the review, likely at its August 2001 meeting.

X. Adjournment

The meeting was adjourned at approximately 11:30 am.

Respectfully submitted,
Marc A. Rubin
Secretary, MPAAS