

NYISO

2005 Budget – Billing Matters

Billing & Accounting Working Group
September 29, 2004

2005 Budget – Billing Matters Presentation Overview

Overview of NYISO Budgeting Process:

- NYISO's budgets are divided among "projects" and "baseline" activities. **Baseline** efforts typically focus on those items required to support existing systems, processes, etc. **Projects** generally result in new functionality, processes, etc.
- 2005 Budget was developed using a resource-loaded schedule that ensures availability of resources to completed specified baseline efforts and projects, despite a reduction in workforce from 2003-2004 levels

2005 Budget - Status:

- 2005 Budget has been presented to Budget, Standards & Performance subcommittee ("BSP")
- Projects included in 2005 Budget have been discussed with Project Priorities Team
- Focus of Projects included in 2005 budget is on billing enhancements and automation of manual processes (those highlighted total \$6.4M or 44% of the total 2005 Projects budget available)
- 2005 Budget will be presented to the Management Committee on October 14. The Management Committee will recommend a budget to the NYISO BOD at their November meeting, and the BOD will approve the 2005 Budget in mid-November.
- BSP asked NYISO to present the billing components of the 2005 Budget to BAWG (***see details on composition of billing-related items in the Projects budget on slides 3 – 9; see billing-related components of the Baseline budget on slide 10***)

Summary of Projects Included in 2005 Budget (*\$ in millions*)

<u>Priority</u>	<u>Project Name</u>	<u>Labor</u>	<u>Non-Labor</u>	<u>Total</u>
1a	Billing Automation & Enhancements: TCC Settlement	\$0.2	\$0.0	\$ 0.2
1b	Billing Automation & Enhancements: Rate Schedule 1 Allocation	\$0.2	\$0.2	\$ 0.4
1c	Billing Automation & Enhancements: NTAC & TSC Rate Mgt.	\$0.2	\$0.0	\$ 0.2
1d	Billing Automation & Enhancements: BAS Replacement Strategy / Billing Sim.	\$0.7	\$1.1	\$ 1.8
1e	Billing Automation & Enhancements: DSS Customer Settlements Expansion	\$0.4	\$1.6	\$ 2.0
2,3	TCC & UCAP Auction Automation	\$0.7	\$1.1	\$ 1.8
4	Controllable Tie Lines Scheduling and Pricing	\$0.3	\$0.6	\$ 0.9
5	15 Minute Scheduling	\$0.1	\$0.3	\$ 0.4
6	Scheduling of Combined Cycle Units	\$1.0	\$0.5	\$ 1.5
7	Self Supply of Reserves	\$0.4	\$0.5	\$ 0.9
8	SMD Feature Extensions	\$0.7	\$0.2	\$ 0.9
9a	MIS Enhancements: Comprehensive Bid Mgt. System	\$0.5	\$0.1	\$ 0.6
9b	MIS Enhancements: Oracle Forms Replacement	\$0.2	\$0.1	\$ 0.3
10	Outage Schedule Reporting	\$0.5	\$0.3	\$ 0.8
11	Intra-Hour Transaction Scheduling (<i>previously named VRD</i>)	\$0.1	\$0.5	\$ 0.6
12	Market Data Exchange Enhancements (Portal)	\$0.1	\$0.7	\$ 0.8
13	Documentum Expanded Implementation	\$0.3	\$0.2	\$ 0.5
14	Consolidate NYISO Offices (<i>** labor projection is TBD: pending further direction</i>)	<u>\$0.0 **</u>	<u>\$2.3</u>	<u>\$ 2.3</u>
	Total	\$6.6	\$10.3	\$16.9

Project Name:
Priority Ranking:
2005 Status:

Billing Automation & Enhancement: TCC Settlement
1a
Completes

 **Brief Description of Project:**

This project provides for changes to the BAS to allow for calculation and billing of settlements associated with TCC surcharges and tracking of the working capital accounts as required in the TCC Settlement Agreement approved by FERC in July 2004.

 **Primary Driver of Project:**

Risk Avoidance (automation of regulatory requirement effective November 1, 2004)

 **Anticipated Deliverables / Benefits:**

- Reduces risks associated with performing manual billing processes & invoice adjustments
- Provides more timely and accurate invoice adjustments
- Allows Customer Settlements staff to focus on other priorities, such as customer inquiries and data analysis

<i>(\$ in millions)</i>	<u>Labor</u>	<u>Non-Labor</u>	<u>Total</u>
2005	\$0.2	\$0.0	\$0.2

Project Name: Billing Automation & Enhancement: RS#1 Allocation
Priority Ranking: 1b
2005 Status: Completes

Brief Description of Project:
This project will implement BAS software changes to facilitate the automatic calculation and allocation of LSE and Power Supplier Rate Schedule #1 charges in BAS.

Primary Driver of Project:
Risk Avoidance (replaces the existing manually-intensive and spreadsheet-oriented process used to allocate Rate Schedule 1 costs to Market Participants)

- Anticipated Deliverables / Benefits:**
- Reduces risks associated with performing manual billing processes & invoice adjustments
 - Provides more timely and accurate invoice adjustments
 - Allows Customer Settlements staff to focus on other priorities, such as customer inquiries and data analysis

<i>(\$ in millions)</i>	<u>Labor</u>	<u>Non-Labor</u>	<u>Total</u>
2005	\$0.2	\$0.2	\$0.4

Project Name:
Priority Ranking:
2005 Status:

Billing Automation & Enhancement: NTAC & TSC
1c
Completes

 **Brief Description of Project:**

This project modifies the BAS software to eliminate export fees (TSC charges by TOs and NTAC charges by NYPA) between NYISO and ISO-NE, which are due to be billed beginning in December 2004.

 **Primary Driver of Project:**

Risk Avoidance (automation of regulatory requirement effective in December 2004)

 **Anticipated Deliverables / Benefits:**

- Reduces risks associated with performing manual billing processes & invoice adjustments
- Provides more timely and accurate invoice adjustments
- Allows Customer Settlements staff to focus on other priorities, such as customer inquiries and data analysis

<i>(\$ in millions)</i>	<u>Labor</u>	<u>Non-Labor</u>	<u>Total</u>
2005	\$0.2	\$0.0	\$0.2

Project Name:

**Billing Automation & Enhancement:
BAS Replacement Strategy / Billing Simulator**

Priority Ranking:

1d

2005 Status:

Started

 **Brief Description of Project:**

This project continues development and enhancements to the billing simulator to be used by the BAS team to proactively review and analyze historical data and proposed rule changes. It will allow the review of changes to billing and historical data prior to creating a bill and provide the basis for a new billing and settlement system.

 **Primary Driver of Project:**

Continuation of Current Project (originated from an audit recommendation)

 **Anticipated Deliverables / Benefits:**

- Ability to analyze retroactive billing changes or market impact from a specific market participant(s)
- Ability to analyze business rule changes for a specific market sector(s)
- Ability to analyze billing patterns and behaviors relative to specific billing type changes
- Ability to pro-actively analyze and mitigate risks to the market based on the financial condition of a specific market participant or to mitigate impacts of billing adjustments due to rule or code changes.
- Build the foundation for a new billing and settlement system

<i>(\$ in millions)</i>	<u>Labor</u>	<u>Non-Labor</u>	<u>Total</u>
2005	\$0.7	\$1.1	\$1.8

Project Name: Billing Automation & Enhancement:
DSS Customer Settlements Expansion

Priority Ranking: 1e

2005 Status: Started

Brief Description of Project:

This project completes the Customer Settlements portion of the DSS by adding the remaining areas including, but not limited to NYISO Adjustments, Working Capital, Interest, Past Due Balances, Invoice Summary, Station Power, UCAP Auction Support and TCC Auction Support. Corporate reports and Ad Hoc reporting of these areas would be included such that the DSS could become the source of all Customer Settlements data. Additional corporate reports requested by Market Participants and NYISO business unites will be developed based on a predefined release schedule.

Primary Driver of Project:

Continuation of Current Project (originated from MP and NYISO need for data analysis and final bill verification)

Anticipated Deliverables / Benefits:

Deliverables include:

- Enhance DSS product with additional data and reports, as defined and prioritized by BAWG, to enable comprehensive settlements analysis
- Expansion of database and applications to access settlements business and technical metadata

Benefits include:

- Increased visibility, accuracy and timeliness of data analysis and context
- Reduced time for impact analysis and development
- Reduced operational costs and increased efficiency in response to customer inquiries

<i>(\$ in millions)</i>	<u>Labor</u>	<u>Non-Labor</u>	<u>Total</u>
2005	\$0.4	\$1.6	\$ 2.0

Project Name:
Priority Ranking:
2005 Status:

TCC & UCAP Auction Automation (Phase 1)
2 & 3
Completes

Brief Description of Project:

- TCC: This project will develop user interfaces that can support online data entry and reporting of TCC auction information and provide auction data to the auction analysis products.
- UCAP: This project will develop software to automate the UCAP Process, develop web-enabled interface to facilitate online bidding, bid validation and posting in support of the UCAP auction process

Primary Driver of Project:

Continuation of Current Project and Risk Avoidance (originated from need to automate current TCC and UCAP processes that are labor-intensive, potentially error-prone auction processes using spreadsheets)

Anticipated Deliverables / Benefits:

Deliverables Include:

The automated systems will enable Market Participants to send and receive information via a web-enabled process, which will interface with existing NYISO legacy systems.

Benefits include:

- Improves data integrity and security by reducing data errors likely to occur by manual/human interfaces
- Provides easy access to data & improves timeliness of communication between NYISO / MPs
- Provides flexibility to support future changes to auction processes

<i>(\$ in millions)</i>	<u>Labor</u>	<u>Non-Labor</u>	<u>Total</u>
2005	\$0.7	\$1.1	\$1.8

2005 Budget – Billing Matters

Baseline Efforts

Consultants:

- \$0.7M for IT consultants to assist with billing efforts (as needed and prioritized during 2005)
- \$0.3M for consultant to address recommendations of Metering Task Force

Staffing:

- 6 IT resources dedicated to supporting Customer Settlements department (may be available to assist with Projects not included in 2005 Budget, time permitting)
- 4 IT resources dedicated to supporting the deployed portions of DSS
- Addition of resources in MMU to transition price validation efforts previously performed by outside consultant