

# **DRAFT v.2 - For Discussion Only**

## **Proposed Tariff Provisions Regarding NYISO Settlement Corrections**

**October 27, 2005**

### **Introduction**

The NYISO and its Market Participants have identified a need for improvements in the customer settlements process. This document describes proposed changes to the NYISO tariffs regarding the schedule and procedures for review, challenge, and correction of customer settlements.

Price errors and corrections are distinct from settlement errors and corrections. Price errors and corrections are the subject of separate initiatives being undertaken by the NYISO and the Billing and Price Correction Task Force.

### **Guiding Principles**

The NYISO must achieve an acceptable level of initial settlement accuracy. Clear and effective rules regarding review, challenge, and correction of erroneous settlements are important, but do not diminish the need for improved performance in initial settlements.

The NYISO tariffs should establish clear procedures for review, challenge, and correction of customer settlements. The NYISO tariffs should be revised to resolve any ambiguity regarding the NYISO's settlement correction responsibilities.

The NYISO's settlement review and correction process must be transparent to NYISO market participants. Subject to appropriate restrictions to protect confidential information, the NYISO should make available sufficient information to allow market participants to understand and monitor the NYISO's settlement review and correction processes and determinations.

A customer settlement that is found not to be calculated in accordance with the NYISO tariffs must be corrected in accordance with the NYISO tariffs and must not be corrected otherwise except as ordered by FERC or a court of competent jurisdiction.

The NYISO tariffs should establish clear limits on the period within which a customer settlement is subject to correction by the NYISO.

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## Key Terms of Proposed Provisions

### I. Scope

These provisions shall apply to all NYISO corrections of customer settlements. Customer settlements include all NYISO charges to be paid by or to a customer, but do not include market clearing prices. The NYISO shall not effect price corrections through corrections of customer settlements.

- *The NYISO proposes to implement these provisions after the backlog of outstanding Close-Out Settlements is cleared.*

The NYISO shall correct a customer settlement in accordance with these provisions if it determines that the settlement was not calculated in accordance with the NYISO tariffs. Changes to the settlement rules established in the NYISO tariffs shall be implemented prospectively only.

- *The NYISO plans to separately develop proposed provisions to establish that certain settlements shall be calculated only on the basis of the information that has been supplied to the NYISO at the time of settlement. Under this rule, the NYISO would calculate settlements with the information then available to it and would not correct settlements based on corrected information later supplied by a customer (e.g., untimely updates to Attachment L of the OATT). This rule would not be applied to metering information.*

### II. Review, Challenge, and Correction Period

The NYISO and Customers shall have a concurrent period of one month following the initial invoice of a settlement within which to review the accuracy of the settlement.

- *This is a substantial change to the current tariffs. Currently, there is a twelve month period following the initial invoice within which the NYISO may correct settlements on its own. Following that period, customers are afforded a period of four months within which to review and challenge a trued-up invoice.*
- *This rule would make the NYISO's review of the initial settlement concurrent with customers' review.*

### III. Metering Corrections

Metering adjustments shall be provided to the NYISO by the relevant metering authority not later than three months after the initial invoice and shall be included by the NYISO as a current charge or credit in the next regular monthly invoice.

- *Customer challenges to metering adjustments shall be treated as a challenge to the invoice in which the adjustment is included. I*

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### **IV. Procedures For Challenges To Customer Settlements**

Customer challenges to the accuracy of settlement information shall: (i) be in writing, (ii) state the basis of the challenge with sufficient specificity and supporting detail to permit analysis of it, and (iii) indicate the provisions of the NYISO tariffs with which the original settlement does not comply. Customer challenges that do not satisfy these requirements shall be rejected.

- *The current tariffs do not require customers to cite the tariffs when challenging an invoice.*

### **V. Notification Regarding Challenges To Customer Settlements**

Subject to appropriate confidentiality restrictions, the NYISO will notify all customers of challenges received and of other errors determined by the NYISO to affect customer settlements, whether or not the subject of a customer challenge.

For each notice provided by the NYISO regarding a customer challenge or the discovery of a potential error by the NYISO, the NYISO shall provide a follow-up notice of the NYISO's determination regarding affected settlements.

- *Current tariff provisions do not require the NYISO to provide customers with notice of customer challenges.*
- *Current tariff provisions do not require the NYISO to provide customers with follow-up notice regarding the NYISO's determination of customer challenges and other errors affecting customer settlements.*

### **VI. Issuance Of Close-Out Settlements**

Upon the close of the one-month review period, the NYISO shall have one month to implement settlement corrections and issue a draft Close-Out Settlement for customer review and comment.

- *Currently, following the customer challenge period, the NYISO must make further corrections within a "reasonable time," either in response to a customer challenge or based on its own review.*

### **VII. Review Of Close-Out Settlements**

Customers shall be afforded a period of twenty days to review and comment on a draft Close-Out Settlement. During this period, customers shall not be permitted to raise new challenges to the accuracy of the settlement, but rather shall be limited to commenting on the implementation of corrections of errors previously noticed.

After the final twenty-day customer review and comment period, the NYISO shall make any final adjustments that are necessary and shall issue a Close-Out Settlement; *provided,*

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*however*, that the NYISO shall only make adjustments regarding corrections noticed prior to the final twenty-day customer review. A Close-Out Settlement shall not be subject to further correction except as directed by FERC or a court of competent jurisdiction.

- *This shortens the period provided under the current tariff provisions to allow the NYISO to issue the Close-Out Settlement with the next monthly invoice.*

### **VIII. Funding Settlement Corrections**

Settlement corrections shall be funded by the same means as the initial settlement (*i.e.*, generally, through inter-party reconciliation).

- *This is a clarification of the current tariff provisions.*

### **IX. Limitation of Liability**

The NYISO shall not be liable for settlement errors that are left uncorrected by operation of these rules, except in cases of gross negligence or intentional misconduct.

- *This provision is not contained in the current tariffs.*