



1150

Building the Energy Markets of Tomorrow . . . Today

TCC Issue Update

Business Issues Committee Meeting

July 21, 2004



Recent Activity

- ✓ Offer of Settlement and necessary tariff modifications filed with FERC on July 13
 - *Requested FERC action by July 22*
- ✓ FERC issued notice on July 14
 - *Comments were due on July 20*
 - *Several interventions and supportive comments were filed*
- ✓ Pre-Auction Database Validation Underway
- ✓ Third Party Process/Controls Review underway
- ✓ Scheduled July 30 meeting to discuss status of the TCC settlement
 - *10:00 am at the NYS Nurse's Association*



Recent Activity

- ✓ Drafting July 22 Compliance Filing
- ✓ Preparing for August Reconfiguration Auction
 - *Scheduled for July 26*
- ✓ Preparing for Autumn 2004 TCC Auction



Settlement Agreement - Initial Implementation Timeline

- ✓ Receive FERC approval July 22
- ✓ NYISO sends invoice for Net Excess Auction Revenues July 26
- ✓ NYISO receives Net Excess Auction Revenue funds July 28
- ✓ NYISO draws down necessary Working Capital Funds July 30
- ✓ NYISO pays TCC holders for “accepted” offers July 30
- ✓ NYISO pays TOs for remaining Congestion Rent Shortfalls through July 11, 2004 July 30



July 30 Meeting – Proposed Agenda

- ✓ Status Update on Initial Implementation (Summer 2004)
- ✓ Design and implementation of the Shortfall Reimbursement Surcharge
- ✓ Proposed Autumn Auction Schedule
- ✓ Third Party Audits
- ✓ Other Suggestions???



Pre-Auction Database Validation

- ✓ Third Party Validation
 - *BearingPoint was selected to perform an independent review*
 - *Database validation was completed on July 20*
 - *No unresolved issues*
- ✓ Self Verification Program
 - *Listing of TCCs sent to TCC holders*
 - *Each holder is to verify accuracy of data*
 - *Self reported changes are being implemented*
- ✓ Third-Party validation that all necessary changes are input accurately
 - *Including Settlement Agreement changes*



TCC Auction Controls Review

- ✓ Third Party Review
 - *BearingPoint Statement of Work executed*
 - *Work underway*
 - *Progress report due July 23*
 - *Final Report to be received prior to the Autumn 2004 TCC Auction*



Autumn 2004 TCC Auction

- ✓ Recommend that only Six-Month TCCs be sold in the Auction
 - *Allows time for pre-auction activities*
- ✓ Transmission Capability Available for Sale
 - *20% from one-year TCCs sold in Autumn 2003*
 - *50% from six-month TCCs sold in Spring 2004*



Autumn 2004 TCC Auction

- ✓ Pre-Auction Activities
 - *Analyses required to implement the TCC Settlement Agreement*
 - *Complete TCC database validation, make revisions, if required, and conduct audit verification*
 - *Implement expanded scope of TCC auction audits*
 - *Implement recommended process control changes*
 - *Complete TCC Settlement historical analyses*
 - *Prepare network model for auction*



Autumn 2004 TCC Auction

- ✓ Proposed Auction Timeline – Six-Month TCCs Only
 - *September 13 – 17 : Six-Month Round #1*
 - *September 20 – 24: Six-Month Round #2 & October Reconfiguration Auction*
 - *September 27 – October 1: Six-Month Round #3*
 - *October 4 – 8: Six-Month Round #4*
 - *October 11 – 15: Six-Month Reconfiguration Auction*
 - *October 18 –22: November Reconfiguration Auction*