

# **NYISO Market Participant Audit Advisory Subcommittee (MPAAS)**

March 1, 2002

The NYISO  
290 Washington Avenue Extension  
Albany, NY 12203

## **MINUTES OF THE MEETING**

### **I. Welcome & Introduction**

The fifth session of the MPAAS began at 8:30 am with the following five MPAAS members in attendance in person (Curt Ashman, Chair – from NYSEG; Art Brennan – from NYPA – Vice-Chair; Kathy Logan (from Reliant Energy); Mike Milligan (from KeySpan, representing LIPA); and Kevin Feeney (from NiMo). One guest was in attendance: John Ventura (from Con Ed), an MPAAS alternate. Attending via conference call was MPAAS member Jesse Samberg (from MTA), as well as guest Dan Zeppetello (from NiMo). Absent was Joe Kelley (from KeySpan).

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

### **II. Review of Minutes**

The minutes from the previous meeting (of September 5, 2001) was approved by the MPAAS as written. After discussion, the minutes of May 10-11, 2001 were reviewed and a modification to add a reference to Article X of the Services Tariff was agreed. The May minutes were approved with this modification.

Prior to moving forward with the rest of the Agenda, Mr. Rubin was asked, and agreed to research for the next MPAAS meeting, to determine who should be the contact point for an MP to request an audit of invoices: Customer Settlements or Customer Relations.

### **III. MP Audits of Invoices**

Several MPAAS members raised concerns over the audit of bills. It was noted that it is easy enough to see energy data, but difficult to see uplift issues.

A request was made to have NYISO consultant Andrew Hartshorn (from LECG) explain the breakout of the residual uplift and its impact on the Rate Schedule 1, as he did during January 2002 presentation to the BAWG.

Members of the MPAAS also asked for the NYISO interpretation on the following possible activities:

- Can Internal Audit (IA) hire an independent auditor to review bills for accuracy? Would such an auditor be able to see confidential information and report the results – directly or indirectly – back to the MPs?
- Can the MPs engage (as a group) an independent auditor to perform audits – to get information that individual MPs can't see?

Mr. Rubin will research the questions and report back to the MPAAS.

#### **IV. 2001 IA Activity**

Mr. Rubin reviewed the listing of audits that had been completed during 2001, along with the types of issues raised by the reviews, and the actions taken by NYISO management.

#### **V. 2002 IA Activity**

Mr. Rubin reviewed the 2002 Internal Audit Plan with the MPAAS, and the risks that IA is going to evaluate.

Mr. Rubin was asked by the MPAAS, and agreed to research for the next meeting, if he would provide them with a list of 2001 reviews and 2002 reviews in the IA Plan.

#### **VI. MPAAS Questions**

MPAAS members raised the following questions:

- A dispatch operator will base-point a unit, but when multiple units are requested, credit is not always given. This is an Operations (dispatch) issue already in the system for resolution.
- Is the NYISO taking appropriate care in testing code changes? For example, in taking Generators to the BPCG from negative LBMP, was the work done properly. An MPAAS member believes that this was the cause of an error in the November billing. There was the belief that the testing was insufficient.

- MPAAS members noted that in various ways, they (as internal auditors in their own companies) have become involved in the resolution of major problems when they occur, and thought that using the NYISO Internal Audit Department might be appropriate for consideration by the NYISO.
- An MPAAS member suggested that Internal Audit review the MP-billing issues list prior to beginning the IA Customer Settlements review.
- Another MPAAS member indicated that there might have been an error in a TCC auction related to the reselling of a TCC that had been previously sold.
- The MPAAS as a group requested that if possible they would like a Management Committee liaison to attend the MPAAS meetings and take minutes, to enable Mr. Rubin to not have to concentrate on both roles of responding to MPAAS requests and having to take minutes. Mr. Rubin said that he would communicate with the liaison department to determine if this was feasible.

#### **VII. Issues from Audit Reports**

Mr. Rubin advised generally of the issues raised by the audit reports issued by Internal Audit.

#### **VIII. Status of Implementation of Audit Recommendations**

Mr. Rubin advised the MPAAS that follow-ups by Internal Audit on commitments made as the result of IA review have determined that there is a very high level of cooperation by the committers. Further, the level of implementation of the agreed upon resolutions has also been very high.

#### **IX. 2001 SAS 70 Type 1 Results**

Mr. Rubin advised the MPAAS that the SAS 70 report, as had been issued to the MPAAS members, noted that Bid-to-Bill controls over accuracy and completeness were well designed.

The MPAAS requested, and Mr. Rubin agreed to ensure, that the Type 2 audit report (when issued – expected to be near the end of 2002) refer the Market Participant Control Requirements (MP CRs) of the SAS 70 Audit Report, back to NYISO controls. They also requested where possible, that more specific details be included in the MP CRs.

Mr. Rubin suggested to the MPAAS that if they are aware of specific examples where controls are not working as intended, they should provide that information to Internal Audit.

**X. Other MPAAS Suggestions**

The MPAAS:

- Stressed the importance of transactional auditing on Billing by IA and Customer Settlements.
- Wants a review by IA of transmission losses – and the process involved.  
Questions to be answered include:
  - How are they calculated?
  - How are they allocated?
  - As part of the transmission review
    - Select five or six lines within a subzone for a sample.
    - Note that there are losses on lines with the “0” load, because of “loop flow”.

**XI. MPAAS Leadership Changes**

Mr. Ashman reminded the MPAAS that it was time to elect new officers – and would be on the next MPAAS meeting’s agenda.

**XII. Other Business**

There was no other business raised at the meeting.

**XIII. Next Meeting**

The MPAAS suggested that their next meeting would be tentatively scheduled for April 23<sup>rd</sup>, 2002, starting at approximately 9:30 am.

**XIV. Adjournment**

The meeting was adjourned at approximately 1:05 pm.

Respectfully submitted,  
Marc A. Rubin  
Secretary, MPAAS