

Corporate Performance Metrics and Lean Six Sigma Update

Business Issues Committee

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Management

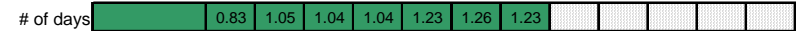
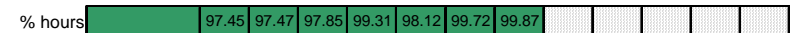
Excellence in Execution Dashboard

2006	2007											
	Q1				Q2		Q3			Q4		
Cumulative	J	F	M	A	M	J	J	A	S	O	N	D

1. In its Operations, NYISO will adhere to/comply with ERO/NERC/NPCC/NYSRC standards



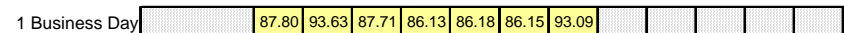
2. NYISO will enhance price certainty by driving price corrections to minimal levels (3% of hours) and making any necessary price corrections within 1.5 days



3. NYISO will successfully administer timely and accurate settlements under the shortened settlement cycle



4. NYISO will respond to 95% of Tier 1 customer inquiries within 1 business day



5. NYISO will respond to final bill challenges within 20 business days 100% of the time



6. NYISO will not introduce, through its actions, errors into any settlement outcome resulting in necessary corrections greater than .05% of annual total market volume



Excellence in Execution Dashboard - continued

	2006	2007											
		Q1			Q2			Q3			Q4		
		J	F	M	A	M	J	J	A	S	O	N	D
7. There will be error-free implementation of major NYISO software releases	Cumulative		0	0	-	-	0	0	0				
NYISO will meet commitments for deployments of new products or product enhancements (other than as required by new directives which result in priority change – e.g. FERC orders)													
8.			9/9		13/13								
NYISO will demonstrate positive market and business impacts from its Lean Six Sigma program (these could be error elimination, cycle time reduction, and/or monetary savings to the market)													
9.													
NYISO will continue to receive unqualified SAS 70 and Financial audit opinions													
10.	SAS 70												
	Financial Audit												
NYISO will conduct a recertification process to demonstrate that NYISO's SCUC software conforms to market rules and is compliant with the NYISO tariff													
11.													

Lean Six Sigma Project Update

Lean Six Sigma Update

- ◆ Approximately 85 projects underway
- ◆ 15 process improvement projects completed and meeting their targeted improvement levels
- ◆ Expect 30 + more projects to complete in the remainder of 2007
- ◆ Currently verifying measurements for the business impact of complete projects

Types of Business Impact

- ◆ Financial
 - *Market*
 - *Improved Staff Efficiency/Productivity*
 - *Reallocated Headcount*
 - *Reduced operating expenses*

- ◆ Non-Financial
 - *Reductions in defects*
 - *Reduced risk*
 - *Improved customer satisfaction*

Completed Projects

	Project	Business Impact	Type
	Reduce Post Exit Interview Process Cycle Time	\$	Staff Efficiency
	Reduce Cycle Time to Hire	\$	Productivity Increase
	Reduce 911s (Emergency Changes in Production)	\$	Reallocated Headcount
	Reduce # of Changes to SW Release Content	\$	Staff Efficiency
	Reduce RTD Interval Recovery Time	\$	Staff Efficiency Consulting Expense
	Improve CRD Issue Resolution Process	\$	Reallocated Headcount
	Reduce Fuel Indexing Cycle Time	\$	Market
	Reduce Unavailability of MMP Ranger Systems	\$	Market
	Reduce RTD Load Forecaster data errors	\$	Market
	Reduce # of Days to Complete a Price Correction	\$	Market
	Reduce Operator Inputs Resulting in RTD Corrections	\$	Staff Efficiency
	Reduce Generator Limit Changes	\$	Market
	Reduce Ratio: Hrs w/ Price Res to Hrs w/ Corrections	\$	Market
	Reduce TCC Collateral Change Processing Cycle Time	\$	Staff Efficiency
	Improve Energy Mkt Ops Issue Resolution Process	\$	Staff Efficiency

Sigma Quality Level Conversion Table

Yield	DPMO	Sigma	Yield	DPMO	Sigma	Yield	DPMO	Sigma
6.6%	934,000	0	69.2%	308,000	2	99.4%	6,210	4
8.0%	920,000	0.1	72.6%	274,000	2.1	99.5%	4,660	4.1
10.0%	900,000	0.2	75.8%	242,000	2.2	99.7%	3,460	4.2
12.0%	880,000	0.3	78.8%	212,000	2.3	99.75%	2,550	4.3
14.0%	860,000	0.4	81.6%	184,000	2.4	99.81%	1,860	4.4
16.0%	840,000	0.5	84.2%	158,000	2.5	99.87%	1,350	4.5
19.0%	810,000	0.6	86.5%	135,000	2.6	99.90%	960	4.6
22.0%	780,000	0.7	88.5%	115,000	2.7	99.93%	680	4.7
25.0%	750,000	0.8	90.3%	96,800	2.8	99.95%	480	4.8
28.0%	720,000	0.9	91.9%	80,800	2.9	99.97%	330	4.9
31.0%	690,000	1	93.3%	66,800	3	99.977%	230	5
35.0%	650,000	1.1	94.5%	54,800	3.1	99.985%	150	5.1
39.0%	610,000	1.2	95.5%	44,600	3.2	99.990%	100	5.2
43.0%	570,000	1.3	96.4%	35,900	3.3	99.993%	70	5.3
46.0%	540,000	1.4	97.1%	28,700	3.4	99.996%	40	5.4
50.0%	500,000	1.5	97.7%	22,700	3.5	99.997%	30	5.5
54.0%	460,000	1.6	98.2%	17,800	3.6	99.9980%	20	5.6
58.0%	420,000	1.7	98.6%	13,900	3.7	99.9990%	10	5.7
61.8%	382,000	1.8	98.9%	10,700	3.8	99.9992%	8	5.8
65.6%	344,000	1.9	99.2%	8,190	3.9	99.9995%	5	5.9
						99.99966%	3.4	6