

**MOTION BEFORE THE BUSINESS ISSUES COMMITTEE
TO ADOPT SPECIFIC RECOMMENDATIONS TO
MORE EFFECTIVELY ADDRESS AND RESOLVE NYISO BILLING ISSUES**

(Dated – October 25, 2001)

Background:

After two full years of NYISO operations, market participants are still experiencing significant difficulties with the NYISO's billing procedures, billing software, and lack of responsiveness to billing concerns.

- Market participants are subject to significant billing adjustments up to two years after issuance of the original bill.
- In some cases, the NYISO continues to base invoices on estimates of energy consumed using the state estimator rather than on actual meter readings. To the extent that estimates under-report energy consumption, all market participants absorb the cost of that energy.
- The NYISO provides insufficient billing detail. Market participants are asked to take it on faith that the bills are correct. Without detailed information, market participants cannot reconcile or audit their business activities in the NYISO markets.
- Significant charges (e.g., uplift) imposed under Schedule 1 and significant swings in those charges are unexplained. Market participants lack the information to determine whether uplift and other Schedule 1 charges are properly determined and allocated. Schedule 1 charges are treated like a black box. No description of the operating decisions that lead to these monthly charges is provided, questions are not answered, and/or information is restricted on the grounds that it is confidential. In at least one instance this year, charges swung from approximately \$9 million in one day to \$200,000 in the next day, with no explanation offered by the NYISO.
- Billing software is not developed and tested prior to implementation of NYISO market rule and tariff changes. For example, the price responsive load programs (both day-ahead and emergency demand response) were implemented prior to finalizing the billing methodology. The NYISO appears to rely on market participants to trouble-shoot the software by detecting errors and notifying the NYISO after a market change has been implemented.

NYSEG is concerned that there is insufficient focus and communication within the NYISO and between the NYISO and market participants on the importance of addressing billing issues. Furthermore, the NYISO is not proactively addressing obvious billing anomalies such as unexplained wide-swings in charges day-to-day.

Recommendations:

THEREFORE, NYSEG moves that the Business Issues Committee approve the following recommendations:

- 1) That the NYISO form an interdisciplinary team (“Team”) that assumes responsibility and accountability for billing problems identified by NYISO staff and the Billing and Accounting Working Group (“BAWG”). The Team will be comprised of NYISO staff from (a) the Operations department; (b) the Market Monitoring Unit; (c) the Billing and Accounting department; and (d) any other department that the NYISO believes must work with BAWG so that market participants can receive accurate and complete billing information and explanations. The Team must work with the BAWG to identify and resolve billing problems.
- 2) That BAWG and the Team make a cooperative presentation to the Business Issues Committee every three months. The presentation will include a summary of the highest priority billing problems identified, status of developing and implementing solutions, and a description of any administrative impasses or other issues that are delaying activities.
- 3) That BAWG maintain a list of billing problems and coordinate with the Team to resolve each problem within 60 days of the date the problem is communicated to the Team. BAWG and the Team will meet at least once a month to:
 - a) identify billing problems;
 - b) jointly develop solutions to the listed problems;
 - c) where the solution involves a change to billing procedures or software, fully test the change to ensure that it does not cause unintended results; and
 - d) coordinate and implement the solution with NYISO Operations, Market Monitoring, and Accounting and Billing staff so that everyone that may be affected is aware of the solution and their responsibilities in implementing the solution.
- 4) That BAWG and the Team meet with the Project Prioritization Team, as necessary, to ensure that sufficient NYISO staff resources are assigned to resolving billing issues.
- 5) That the list of billing problems begin with the following items:
 - a) Improve billing statements by itemizing charges in sufficient detail such that market participants can reconcile and audit bills;

- b) Regarding the frequent high cost excursions observed in NYISO daily billing statements, provide a causation description for each charge that exceeds an agreed-to threshold amount. The description must reference the specific actions that contributed, and their contribution, to the charge (e.g., for uplift caused by out-of-merit dispatch, which unit was operated out-of-merit and why). Charges that require detailed explanations include all off-system charges, uplift, residual charges, ancillary services, energy prices and local reliability charges;
- c) Regarding unexplained revenue/cost swings, develop a trending procedure that will trigger an investigation and public explanation by the NYISO whenever prices, charges or costs vary from the norm by an agreed-to amount (e.g., when uplift charges double from one day to the next without a significant change in weather or facility operational status). The Market Monitoring Unit will audit the NYISO to ensure that investigation and disclosure occurs whenever the variance exceeds the threshold without external prompting by a market participant;
- d) Develop a means to mask confidential information so that market participants can access the information needed to audit their bills and understand costs. To the extent that the information cannot be masked and released, revise the Services Tariff so that the information is no longer treated as confidential;
- e) Reduce the time it takes to issue a final bill that will not be subject to adjustment;
- f) Immediately acknowledge billing questions received from market participants and assign a tracking number within two days, and respond to each question within two weeks; and
- g) Develop testing protocols to be used whenever software, procedures or tariff language are revised to verify that billing software and the resultant bills reflect the revision. Do not rely on market participants to discover billing problems that should be identified through testing protocols.