

PENDING BUSINESS RULE DESIGN CHANGES, DATA CORRECTIONS, AND FINAL BILL CHALLENGES
AS OF 4/24/2003

I. Business rule modifications and data corrections pending resolution

| DESCRIPTION | ESTIMATED IMPACT | PERIOD(S) AFFECTED | EXPOSURE | BENEFIT | Status |
|---|---|--|---|--|---|
| July 20 - October 31, 2001 in-city mitigation per FERC | Quantification currently not available; | • July 20, 2001 - October 2001 | • Generators: Potential reduction in BPCG revenue for affected unit | • Transmission Customers: Potential reduction in Schedule 1 uplift costs to NYC LSEs | • Corrections to business rules under development; implementation date not available |
| 85-15 split of NYISO costs & FERC fees between transmission customers & suppliers | ~ \$6M through October 2002 | • June 2002 - current | • Generators: Assumption of 15% of NYISO costs of operations & FERC fees, totaling approximately \$6M through October 2002 | • Transmission Customers: 15% reduction in OATT Schedule 1 NYISO costs of operations & FERC fees, totaling approximately \$6M through October 2002 | • Corrections to business rules under development; implementation anticipated for 1 st quarter of 2003 |
| Generator specific performance tracking data errors | Quantification currently not available | • Being corrected prior to issuance of final bills | • Transmission Customers: Potential increase in OATT Schedule 1 balancing energy, losses, & congestion residuals & uplift • Generators: Potential decrease in BPCG due to increased energy revenue | • Generators: Potential increase in balancing energy revenue • Transmission Customers: Potential decrease in OATT Schedule 1 ratio share of uplift due to decreased uplift for affected units from increased energy revenue | • |
| Two claims made through NYISO dispute resolution process regarding operation of the AMP | Quantification currently not available | • ? | • Transmission Customers: Potential increase in OATT Schedule 1 uplift | • Generators: Potential increase in BPCG revenue | • |
| Min-Gen & Start-up AMP not put into service in June 2003 until 6/27/2003 | Quantification currently not available | • June 1 through 27, 2002 | • Transmission Customers: Potential decrease in OATT Schedule 1 uplift | • Generators: Potential decrease in BPCG revenue from start-up & minimum generation cost recovery | • |
| Start-up not paid when no DAM or BME schedule | Quantification currently not available | • Under research | • Withdrawals may be charged additional Schedule 1 uplift due to increased bid production cost guarantee payments | • Suppliers may realize additional revenue due to increased bid production cost guarantee payments from the inclusion of start-up cost recoveries | • Software design change being engineered |
| Incorrect r/t prices for 1/27/2003 HB6 | Quantification currently not available | • 1/27/2003 HB6 | • | • | • Deployment on 3/2003 did not fix this issue. Anticipate deployment of fix on 4/29/2003. |
| Generator PTIDs inadvertently removed from model | Quantification currently not available | • 3/12/2003 thru 3/31/2003 | • Affected some LIPA GT's only | • | • Model was updated on 4/15/2003 |

II. Resolved business rule modifications and data corrections pending adjustment

| DESCRIPTION | ESTIMATED IMPACT | PERIOD(S) AFFECTED | EXPOSURE | BENEFIT | Status |
|--|--|--|--|--|--|
| Incorrect r/t prices for 10/3/2002 HB6 | Quantification currently not available | • 10/3/2002 HB6 | • | • | • Deployed 3/2003 |
| TCC definition corrections | Anticipated to be <\$2M | • Various | • Transmission Owners: Potential increase in DAM congestion shortfall costs when TCC rents were negative • TCC Holders: Potential negative TCC rent | • Transmission Owners: Potential reduction in DAM congestion shortfall costs • TCC Holders: Potential additional TCC rent | • Deployed 3/2003. |
| HQ proxy bus price error | Quantification currently not available | • 8/12/2002 HB19; • 8/26/2002 HB 12; • 10/25/2002 HB 03 – 05; • 11/8/2002 HB 3 – 5 & 8; • 11/29/2002 HB 13 | • | • | • Deployed 3/2003 |
| NE proxy bus price error {no losses or congestion} | Quantification currently not available | • 10/14/2002 HB 11 & 12 | • | • | • Deployed 3/2003 |
| DAM price incorrect in BAS | Quantification currently not available | • 7/30/2002 HB 9 | • | • | • Deployed 3/2003 |
| DAM price incorrect in BAS | Quantification currently not available | • 8/29/2002 HB 19 – 21, & 23 | • | • | • Deployed 3/2003 |
| Incorrect shift factors used for R/T price corrections | Quantification currently not available | • June 1 through 22, 2002 | • | • | • Deployed 3/27/2003 • Accelerated re-bill scheduled for invoicing 4/7/2003 |
| Transmission loss allocation | Quantification currently not available | • May 2002 - current | • Transmission Customers: Potential increase in load allocated to LSEs in sub-zones whose loss allocation percentages decrease under the new methodology • Transmission Owners: Potential increase in unaccounted | • Transmission Customers: Potential decrease in load allocated to LSEs in sub-zones whose loss allocation percentages increase under the new methodology | • Deployed 3/27/2003 |

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| | | | for energy due to changes in load sub-zonal load under new methodology. | <ul style="list-style-type: none"> Transmission Owners: Potential decrease in unaccounted for energy due to changes in sub-zonal load under new methodology. | |
| Bid Production Cost Guarantees to off-dispatch units dispatched out of merit | Quantification currently not available | <ul style="list-style-type: none"> January 2001 – April 2001 September 2001 - October 2001 January 2002 - June 2002 September 2002 - October 2002 | <ul style="list-style-type: none"> Transmission Customers: Potential increase in Schedule 1 uplift costs for additional BPCG paid to affected units; may increase LRR uplift, also. | <ul style="list-style-type: none"> Generators: Additional BPCG for any units affected | <ul style="list-style-type: none"> Corrections to business rules implemented on 11/05/2002; Stated Period(s) Affected pending re-billing |
| Oracle 9i software bug causing non-payment of start-up costs | Quantification currently not available | <ul style="list-style-type: none"> September 2002, 2001, & 2000 October 2002, 2001, & 2000 May & June 2002 | <ul style="list-style-type: none"> Transmission Customers: Potential increase to Schedule 1 uplift to pay affected units | <ul style="list-style-type: none"> Generators: Potential increase in BPCG revenue for affected units | <ul style="list-style-type: none"> Corrective measures made in time to issue correct settlements for months invoiced on December 14, 2002 |
| Regulating unit energy balancing | Anticipated to be <\$3M | <ul style="list-style-type: none"> September 2001 - October 2001 January 2001 - June 2002 September 2002- October 2002 | <ul style="list-style-type: none"> Transmission Customers: Potential increase to Schedule 1 balancing energy, losses, & congestion residuals to pay affected units | <ul style="list-style-type: none"> Generators: Additional balancing revenue for affected units | <ul style="list-style-type: none"> Corrections to business rules implemented on 11/05/2002; Stated Period(s) Affected pending re-billing |
| DAM load bid information not passed to billing system | Quantification currently not available | <ul style="list-style-type: none"> April 2002 - June 2002 September 2002 - October 2002 | <ul style="list-style-type: none"> Transmission Customers: Potential increase to Schedule 1 residuals to credit DAM purchases not properly charged due to this error which caused all load to be purchased in the Balancing Market Transmission Customers: Potential increase to energy costs due to energy being purchased in DAM versus real time | <ul style="list-style-type: none"> Transmission Customers: Potential decrease to Schedule 1 residuals to credit DAM purchases not properly charged due to this error which caused all load to be purchased in the Balancing Market Transmission Customers: Potential decrease to energy costs due to energy being purchased in DAM versus real time | <ul style="list-style-type: none"> Corrections to business rules implemented on 10/25/2002; Stated Period(s) Affected pending re-billing |
| Energy payment limit set to zero | Anticipated to be <\$500K | <ul style="list-style-type: none"> May 2002 | <ul style="list-style-type: none"> Transmission Customers: Potential increase in OATT Schedule 1 balancing energy, losses, & congestion residuals Generators: Potential decrease in BPCG due to increased energy revenue | <ul style="list-style-type: none"> Generators: Potential increase in balancing energy revenue Transmission Customers: Potential decrease in OATT Schedule 1 ratio share of uplift due to decreased uplift for affected units from increased energy revenue | <ul style="list-style-type: none"> Corrections to business rules implemented on 10/2002; Stated Period(s) Affected pending re-billing |
| TCC with incorrect end date | ~\$649,000 | <ul style="list-style-type: none"> February 2001 – December 2002 | <ul style="list-style-type: none"> TCC holder will be charged for congestion costs | <ul style="list-style-type: none"> Transmission Owners to receive DAM Congestion Balancing revenue from recovery allocated per MW-mile methodology | <ul style="list-style-type: none"> Correction deployed on 1/21/2003 |
| Generator incorrectly mitigated | <\$5,000 | <ul style="list-style-type: none"> May 14, 2002 | <ul style="list-style-type: none"> Transmission Customers: Potential increase in OATT Schedule 1 uplift Generators: Potential decrease in BPCG due to increased energy revenue | <ul style="list-style-type: none"> Generators: Potential increase in BPCG | <ul style="list-style-type: none"> Correction deployed on 11/5/2002 |
| DAM Ancillary bids not mitigated | Quantification currently not available | <ul style="list-style-type: none"> March 13, 2002 | <ul style="list-style-type: none"> Transmission Customers: Potential increase in OATT schedule1 uplift due to decrease in generators' ancillary services margins Generators: Potential decrease in ancillary services availability revenue | <ul style="list-style-type: none"> Transmission Customers: Potential decrease in OATT ancillary services costs | <ul style="list-style-type: none"> Correction deployed on 11/5/2002 |

III. Final Bill Challenges

| DESCRIPTION | ESTIMATED IMPACT | PERIOD(S) AFFECTED | EXPOSURE | BENEFIT | Status |
|-------------|------------------|--------------------|----------|---------|--------|
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