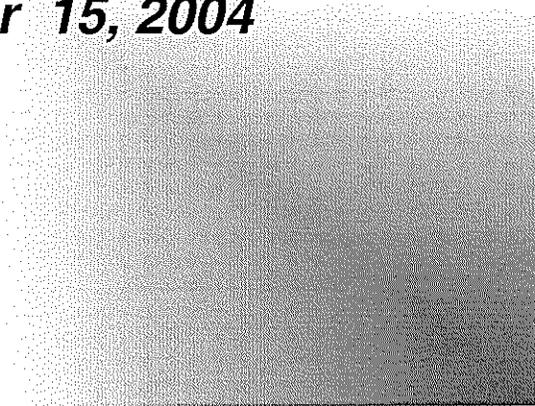


Final Bill Close-out

BIC

December 15, 2004



Presentation Overview

- ***Review Process For Resumption of Final Bill Close-Outs***
- ***Market Participant Challenges Resulting in Final Bill Settlement Changes***
- ***NYISO Identified Issues Resulting in Final Bill Settlement Changes***
- ***Use of the Accounting and Billing Benchmark System (ABBS) to calculate accurate values for Power Suppliers***
- ***Load Allocation to LSEs via Monthly Load Ratio Share***
- ***Market Place Notification***
- ***Final Bill Close-out Plan***

Review Process

- **Accounting & Billing Manual completed and posted**
 - *Tariff Compliant*
 - *LECG Verified Algorithms*
 - *Operating per rules defined in the A&B Manual*
- **Validation of Settlement Software by LECG completed**
 - *Tariff Compliant*
 - *Operating per rules defined in the A&B Manual*
- **All Final Bill Challenges have been reviewed and acted upon**
 - *http://www.nyiso.com/markets/grid_accounting/billing_issues_report/bawg_report.pdf*
- **Prior to the 30 day posting all internal validation procedures will be completed**
- **Provide MP notice and schedule**
- **Final Bill Close-Out Plan**

Market Participant Challenges (March 2000 – July 2000)

http://www.nyiso.com/markets/grid_accounting/billing_issues_report/bawg_report.pdf

| DESCRIPTION | Status / Resolution |
|--|---|
| Double payments for DAM Contract Balancing and Synchronous Reserves Lost Opportunity Costs. | Code has been corrected. |
| NYCA Power Supplier Regulation Availability | Code has been corrected |
| PURPA Generators not modeled correctly in MIS resulting in incorrect balancing market settlement | Data has been recovered |
| Grouped unit base points not summing to the individual base points | Grouped unit performance data has been manually corrected |
| Incorrect Congestion Relief for specific transactions | GFR code has been corrected |
| Challenge to Bid Production Cost Guarantee revenue | Data has been manually corrected |
| Real-Time BPCG payments where not correctly paid due to incorrect performance tracking data | Data has been manually corrected |
| Sub-zonal load MWh's are incorrect | New Metering files received |
| Challenge to Operating Reserves Lost Opportunity Cost revenue | Code has been corrected |
| Unspecific challenge to supplier Balancing Energy | Code has been corrected |
| Generator MWh's are incorrect | New Metering files received |
| Regulation Availability not paid properly to selected unit(s) | Manual adjustment on invoice |

For Discussion on December 15, 2004

NYISO Identified Issues (March 2000 – July 2000)

http://www.nyiso.com/markets/grid_accounting/billing_issues_report/bawg_report.pdf

| DESCRIPTION | Status / Resolution |
|--|--|
| Minimum generation cost recovery not prorated for generation dispatched below mingen | Calculation of Power Supplier values performed with ABBS. Monthly Load Ratio share back to loads. Manual adjustment on invoice |
| Errors made in applying interest to November 1999 – February 2000 final bill dispositions (batch 1) | Manual adjustment on March 2000 invoice |
| Final bill challenge disposition inadvertently excluded from the manual adjustments entered during batch 1 disposition. | Manual adjustment on March 2000 invoice |
| Class B units scheduled for spinning reserves should not have been eligible for LOC payment for capacity that was not available to supply energy. | Calculation of Power Supplier values performed with ABBS. Monthly Load Ratio share back to loads. Manual adjustment on invoice |
| SRE uplift not allocated to local reliability | Data corrected |
| Congestion forgiveness incorrectly calculated under certain circumstances. | Software fix deployed 3/25/2004 |
| DAM Margin Assurance settlement design change to ensure that the upper bound of DAMAP is set at greater of SCD or adjusted MW v's scd or actual MW | Software fix deployed on 12/17/2003 |

For Discussion on December 15, 2004

Other Adjustments *(March 2000 – July 2000)*

- ***Manual Adjustment***
 - Clearing account to zero
 - Voltage Support

- ***Interest***

For Discussion on December 15, 2004

Accounting & Billing Benchmark System – Results Verification

- **ABBS Software Developed in accordance with NYISO procedures validated by SAS70 audit**
- **All Data used by ABBS comes from DSS**
 - *Market Participants have access to all data via DSS for their own verification and audits*
 - *No Sampling or Data Estimation used*
 - *Market Participants can validate ABBS results using A&B Manual*
- **Benchmarking Process**
 - *Base Case Rule Set - Compare LOC and BPCG*
 - ▶ Match ABBS Results to BAS Results
 - ▶ Review, explain and correct discrepancies
 - ▶ Every customer, every day in the 5 months both LOC and BPCG are reviewed
 - *Correct Rule Set In ABBS*
 - ▶ Rerun every day and compute delta from Base Case for LOC and Real Time BPCG
 - ▶ Consistent with A&B Manual, which is tariff compliant
 - *Results reviewed by Customer Settlements*

ABBS Issue 1 – LOC Payments

➤ **Overpaid Class B Units LOC for 10 Minute Reserve**

- *Affected period March 2000 – November 7, 2000*
- *Total LOC to be recovered for entire affected period \$4.5M*
- *Reduction in LOC payments offset by an increase in BPCG to the affected generators*

| Month | LOC | BPCG | Net |
|-------------------|-----------------------|---------------------|-----------------------|
| <i>March 2000</i> | <i>(\$240,743.89)</i> | <i>\$11,022.23</i> | <i>(\$229,721.66)</i> |
| <i>April 2000</i> | <i>(\$67,155.05)</i> | <i>\$3,518.38</i> | <i>(\$63,636.67)</i> |
| <i>May 2000</i> | <i>(\$833,219.30)</i> | <i>\$338,181.37</i> | <i>(\$495,037.93)</i> |
| <i>June 2000</i> | <i>(\$934,592.75)</i> | <i>\$24,580.27</i> | <i>(\$910,012.48)</i> |
| <i>July 2000</i> | <i>(\$308,436.08)</i> | <i>\$30,751.77</i> | <i>(\$277,684.31)</i> |

- *Over Payments to be returned to Loads that pay reserves*

ABBS Issue 2 - Real Time BPCG Payments

- **Applies to Generators Operating Below their Minimum Generation Level**
 - *Affected period 3/1/00 – Present (fixed in SMD)*
 - *Units affected: On Dispatch units Scheduled in Real Time*
 - ▶ *Excludes: Fixed Units, GT's, All Units Schedule Day Ahead*
 - *For all intervals that a unit operates below its Bid Minimum Generation they received \$0*
 - *Total Impact - will be discussed - expected to be minimal*
 - *Increased payments to Generators to be paid by Loads that pay Schedule 1*

Load Allocation to LSE for Issues 1 and 2

➤ **Monthly vs. Daily**

- *Allocations currently based on daily load ratio share*
- *Consolidated Invoice provides capability to apply adjustments using a monthly load ratio share only*

➤ **Analysis Results for Individual MP Impacts of Monthly vs. Daily (March 2000 – July 2000)**

- *The maximum variance found was less than .0025 (1 LSE)*
- *80% had a variance of less than .0002*
- *6% had a variance between .0010 - .0025*
- *Over 50% had NO variance*

Market Place Notification (sent 12/3/2004 by Ray Stalter)

Dear Market Participants,

The NYISO plans to resume final bill close out settlements in January, 2005, with the posting of five months of close-out settlements. The five months are comprised of March, April, May, June and July of 2000. The close-out process entails posting the close-out settlements for a 30-day review period prior to their invoicing. The 30-day time period begins on January 8, 2005 for the first batch of 5 close-out settlements, which will be invoiced on February 7, 2005. Draft schedules for the close-out settlements process will be discussed at the December 9th BAWG meeting.

The NYISO requests Market Participants to review the Billing Issues List posted to our web site, to ensure that all issues that were submitted prior to the close of the challenge period have been addressed. If an issue is not noted on the Billing Issues List, but was raised prior to the end of the challenge period for the months included in this batch of close out settlements then please contact your Customer Relations Representative as soon as possible.

The Billing Issues List can be found on the NYISO web site at:

➤ http://www.nyiso.com/markets/grid_accounting/billing_issues_report/bawg_report.pdf

Please note that settlements for the March 2000 to July 2000 period are available now for review. The NYISO would appreciate early review and comments on these settlements, even prior to the official start of the comment period on January 8, 2005. Settlement determinant data and results are available through the NYISO Decision Support System and the February 7, 2005 Consolidated Invoice. Manual adjustments, with the exception of interest, will be provided prior to the December 9, 2004 BAWG meeting.

Final Bill Close-out Plan - March 2000-July 2000

- ***LOC and Real Time BPCG items calculated in ABBS for Power Suppliers***
- ***Power Supplier adjustments entered as manual adjustments***
- ***Corresponding allocations to LSEs calculated by Consolidated Invoice monthly load ratio share***
- ***30 day review period beginning January 08 and invoiced on February 07 Invoice***
- ***Consolidated invoice adjustments will be viewable for the 30 day period***
- ***All data needed by MPs to validate bills contained in DSS***