

MARKET PARTICIPANT AUDIT ADVISORY SUBCOMMITTEE MEETING

October 20, 2005

LOCATION: NYISO, Albany, NY

Meeting Minutes

Attendees' Names

Representing

MPAAS Members

Robert Farrell (Chair)	LIPA
Walter Werther (Vice Chair)	KeySpan
Arthur Brennan	NYPA
John Ventura	Con Ed

MPAAS Guest

Rich De Jong	Energy East
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NYISO Staff

Wayne Bailey
Leigh Bullock
Brad Kranz
Marc Rubin

Mr. Farrell, of LIPA, called the meeting to order.

I. Approval of Minutes from August 17, 2005

The minutes from the August 17, 2005 MPAAS meeting were approved as amended during the meeting and will be posted on the NYISO website.

II. Review of Action Items

Mr. Rubin reviewed the action items from the August 17, 2005 MPAAS meeting.

Action Item #:

1. BAWG Issues list for KPMG consideration in SAS 70 testing plans: deferred to the next MPAAS meeting. Mr. Farrell reported that he will have further discussion with BAWG Chair Kevin Kipers regarding this at the October 21st BAWG meeting. Mr. Rubin added that if there are issues that the MPAAS would like to include in the scope of the next SAS 70 Audit, they can submit the items to him and he will add them to the queue. Mr. Farrell will coordinate the process and pass all information on to KPMG.

2. Article 10 Process: Mr. Rubin reported that the rules have been posted on the NYISO website under:
http://www.nyiso.com/public/services/financial_services/article_10.jsp
3. Changes to Audit briefing protocol: Mr. Rubin reported that he has conveyed the MPAAS's dissatisfaction with the changes to the briefing protocol to Mr. Scherer, the NYISO Board's Audit & Compliance (A&C) Committee Chair. While Mr. Scherer understood the MPAAS's dissatisfaction, he felt the changes were appropriate, from a shared governance perspective. This issue will be discussed further at the next A&C meeting. Mr. Ventura asked that this issue be discussed before the full Board, and Mr. Rubin agreed to mention the request to Mr. Scherer. Mr. Rubin will report back to the MPAAS via e-mail after a discussion with the A&C so that the MPAAS can decide its next steps.

III. 2005 SAS 70 Type 2 Discussion

Mr. Rubin reported that KPMG will be making a final audit testing process review and testing visit in November. KPMG is hoping to have fieldwork done by Thanksgiving. KPMG has revised the control matrix, and has not found any issues during their testing. The NYISO is hoping to have the report released by the end of the year. Mr. Rubin will provide the Market Participant Control Requirements section in advance and send a notice that they are available.

IV. Article 10 Process

Mr. Rubin reported that the Article 10 Reviews Process has been posted on the NYISO website under:
http://www.nyiso.com/public/webdocs/services/financial_services/article_10/article10_reviews_process.pdf

To date, the NYISO has not received any audit requests.

The process for indicating requests for reviews will be as follows: Mr. Rubin will post any requests without posting the requesting party's name. If a request by another party is made, the NYISO will talk to the original requesting party to advise them that another party is interested in joining them in the audit, and advise the original party of the new party's identity. Postings advising of audit requests will appear on the web in the order they are received.

Mr. Brennan stated that is MPAAS should be notified of any parties making audit requests. MPPAS will set up a conference call to discuss internally what type of Article 10 audits they want to review as a group.

V. New Representatives for MPAAS

MPAAS will solicit new representatives for MPAAS. There is currently an open spot for a representative from the Generator sector. Committee Support will send a notice to the to the sector members asking interested parties to contact Ms. Debbie Eckels of the NYISO.

Mr. Farrell reminded the group that his term as MPAAS Chair ends December 1st and that Mr. Werther would be taking over as chair. He nominated Mr. Dan Zeppetello as the new Vice Chair.

VI. Other Business

Mr. Rubin reported on the following projects:

- SMD2 Implementation: –
- TCC Automation Status:
- ICAP Automation Status:
- New NYISO Building:

MPAAS members had additional questions on the following:

- Administrative issue: When a bill is issued, what is the official close of business? Mr. Rubin reported that there is no official timeframe for the close of business.
- Is the NYISO adhering to 5-day price correction? Mr. Rubin stated that it was his understanding that the NYISO had been adhering to the 5-day price correction requirement.
- Concern regarding manual adjustments after final bills has been issued: is the NYISO adhering to the tariff?
- Mr. De Jong raised an issue related to DSS. Mr. De Jong will send an e-mail to Mr. Rubin detailing the issue.
- Mr. Ventura raised an issue regarding web-based reconciliation “echo back” not working. Mr. Rubin will talk to the NYISO representative for Con Edison and report back to Mr. Ventura on the status of this. Mr. Ventura stated that he does not think the NYISO is taking appropriate action, and the risk of error for manual inputs is high. Mr. Rubin will also have the NYISO representative contact Adrian Austin, Con Edison’s billing manager, to discuss.

VII. Update on 2005 Internal Audit Plan

Mr. Rubin reported that good progress is being made on the 2005 audit plan. He handed out copies of progress against the plan, with changes highlighted. After reviewing the document, the MPAAS members indicated that they were supportive of the changes.

Mr. Brennan asked if a third column could be added to note those audits recommended by the MPAAS. Mr. Rubin agreed to include this change on future charts.

VIII. Audit Briefings

Mr. Rubin provided an update to MPAAS on the audit briefings. He reported on:

- 5-35 – Black Start Service
- 5-20 – IT – Capacity Planning
- 5-33 – Network Model
- 5-29 – New Facility Review

- 5-32 – Operating Reserve
- 5-40 – TCC Validation – 1Q2005

MPAAS members asked that he check on change order procedures for the new facility.

IX. 2006 Internal Audit Plan

Mr. Rubin discussed the 2006 Audit Plan. He will send MPAAS members the revised list of priorities when the Plan has been approved by the Audit & Compliance Committee.

X. Next Meeting

The next MPAAS meeting will be held on March 9, 2006 at a location to be determined.