

Price Correction Process Update S & P WG Teleconference

March 8, 2005

Price Correction Process Activity Update

- DAM continues to function effectively (95% of NYISO market activity)
- Price Corrections for Feb. 1 - 3 completed and posted using RTC prices for all RTD intervals.
- Will correct prices in similar manner for Feb. 4 up to 2pm.
- For period from Feb. 4 at 2pm going forward will use price analysis/correction methodology consistent with prior practice (Note: Previously discussed "ramp" fixes will be in place).

Timeline

- Finding that substantial effort is required in price analysis process - there is a new "learning curve" with respect to the analysis of RTC and RTD prices.
- Process is taking approximately 1 day for price analysis/correction for each day from Feb. 4 thru Feb. 23.
- Intend to work PC process for Feb. 4 -23 and Feb. 24 to present, in parallel.
- Objective is to have all reserved RTD intervals thru March 7 analyzed, corrected and posted by April 15. Note: Intent is to post corrected prices for each day as completed and not wait for April 15th to post them all.

FERC Filing

- Requesting waiver of any tariff requirement that would otherwise prevent us from:
 - Using RTC prices as real-time prices for all intervals from Feb. 1 thru Feb. 4 at 2pm.
 - Correcting RT prices outside the 5-day window.
- Informing FERC we continue to be able to reserve prices by 5 PM the day following the reservation day;
- Informing FERC that we expect to have corrected and posted all RTD reserved intervals for period from Feb. 4 thru March 7 by April 15.
- Requesting a price correction window of "up to" 10 business days for the period from March 8 thru September 30 because of the current real time learning curve issues and potential unanticipated impacts from summer peak-load operating conditions.
- Objective will remain to perform corrections and postings as quickly as possible.
- Note that filing waiver only applies to RTC and RTD prices.

Next Steps

- Anticipate submitting FERC Filing this week.
- NYISO reviewing need to enhance Real Time Scheduling software to ensure effective utilization of 10-minute GTs in market operations. NYISO will keep MPs informed on this issue.