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Minutes of the Market Participant Audit Advisory Subcommittee Meeting (MPAAS)

March 25, 2004

NYISO Washington Ave, Albany, NY

Attendees' Names	Representing
<u>MPAAS Members</u>	
Curt Ashman	NYSEG
Art Brennan	NYPA
John Ventura (Chair)	Con Edison
Kathy Logan	Reliant
Walter Werther	KeySpan
Mike Delaney (on telephone)	NY City
Dan Zeppetello (guest)	National Grid
Marc Rubin	NYISO
Debbie Eckels	NYISO
Diana Ortiz	NYISO

Mr. Ventura, Chairman of MPAAS, called the meeting to order.

I. Approval of minutes from November 14, 2003 Meeting

Mr. Ashman requested that future minutes reflect the mood of the discussions more accurately. Mr. Ventura requested group members make such edits to the draft minutes when posted.

The November 14, 2003 meeting minutes were approved and will be posted on the NYISO website under the link below:

http://www.nyiso.com/services/documents/groups/mc_mp_audit_advisory_comm/meeting_material.html

II. Audit Briefings

Mr. Rubin reviewed the following account accuracy audits under the new briefing proposal:

- a. 2003 – DAM Bilateral Congestion
- b. 2004 – Bid Production Cost Guarantee (BPCG)

Mr. Rubin stated that the NYISO would soon be planning the risk assessment for the Internal Audit (IA) Plan for 2005. It will be performed in-house jointly by Internal Audit and the ERM (Enterprise Risk Management) Department. The MPAAS will, as usual, be

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involved in the risk assessment. The MPAAS requested that their interview be held on August 11th.

III. Discussion and Comment on the new Proposal Briefings

Mr. Ventura noted that Mr. Rubin's audit briefing had a more narrow interpretation than the MPAAS had thought would be the case. The MPAAS didn't think that this was apparent in the January communications. The MPAAS believes that billing is not limited to only the bill, but also includes processes.

Mr. Rubin advised that he would take the MPAAS's comments back to the NYISO Board's Audit & Compliance Committee to see if he had misinterpreted the Committee's instructions.

Mr. Ventura requested that Mr. Rubin tell the Committee about the MPAAS's concerns.

Members of the MPAAS suggested that they were not receiving any more information now than they had received previously.

IV. Audit Plan Update

Mr. Rubin provided an update on the 2003 IA Plan, and on reviews completed to-date during 2004.

He noted the results of audits, including the following:

- Grouped GTs – Focused
- Creditworthiness
- SMD2 Project Process
- QA Testing
- Market Monitoring Mitigation
- Working Capital
- Manual Adjustments
- Reserve Pick-Ups
- Physical Security
- Accounting/General Ledger

V. SAS 70 Type 2

Mr. Rubin noted that the scope period was from January 1st - November 30th, with the next scope period beginning December 1st. Future SAS 70s would have 12-month scope periods. Mr. Rubin expected to have the report out by the end of December.

VI. Other Business

Mr. Ventura noted that the MPAAS had compiled a specific set of circumstances for audits to be performed under Article X of the Tariff. They requested input from the

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NYISO on the proposal. Mr. Rubin stated that he would attempt to have that input prepared by the end of April.

The MPAAS requested a more diligent posting of MPAAS meetings and agendas.

Next Meeting: June 23, 2004