

9/12/06 BIC

Motion #1:

The Business Issues Committee recognizes that timely and accurate settlements form a key lynch pin in a properly functioning wholesale electricity market. Shorter settlement cycles reduce financial uncertainty and risk, allow for timely accounting of revenues and expenses, and limit the magnitude of potential default exposures. Accurate and timely settlements increase confidence in the markets and generally make sound business sense.

The Business Issues Committee approves a shortening of the NYISO Settlement Cycle, subject to NYISO and Market Participant commitments, as described herein. The NYISO and its Market Participants have committed not to implement market changes without associated billing system upgrades. In the event the NYISO has to correct charges outside of this billing schedule the NYISO will assess such charges in a manner consistent with a true-up rather than socializing through a manual adjustment. The NYISO and Market Participants will develop /design a comprehensive plan to upgrade the Web Based Reconciliation tool to incorporate the changes necessary to implement the loading/echo functions previously committed to in 2003. The Business Issues Committee recommends that the Management Committee develop tariff language to submit to FERC for approval so that the NYISO can implement such provisions effective with the settlement of the charges for January 2007. The elements and timeline for the shortened settlement cycle are as follows:

Settlement Cycle:

- Initial Invoice posted on, or about, the fifth business day following the close of the billing month
- NYISO posts Meter Authorities submitted generator and tie-line metering readings throughout the billing month, which are subject to Meter Authority correction up to the issuance of the initial invoice. A sixty-day review period for generator and tie-line metering data begins, commensurate with the issuance of the initial invoice. When a Market Participant identifies meter errors during a review period, the Market Participant, Meter Authority, and the NYISO will work cooperatively to resolve such errors during the respective review period.
- Review period for generator and tie-line metering ends on, or about, day sixty following the close of the billing month. Generator and tie-line metering data is finalized and not subject to further revision by any party including the NYISO.
- NYISO calculates and posts finalized sub-zonal loads for all sub-zones on, or about, day sixty one following the close of the billing month
- Meter Authorities submit hourly Load Serving Entity (LSE) bus metering data by day seventy five following the close of the billing month
- NYISO posts hourly LSE bus metering data for Market Participant review at approximately day seventy six following the close of the billing month

- NYISO posts advisory four-month true-up daily, hourly, and dispatch-interval settlement support to the Decision Support System at approximately day ninety five following the close of the billing month
- NYISO issues four-month true-up invoice on, or about, day one hundred twenty five following the close of the billing month
- Meter Authorities submit final hourly LSE bus metering data by day one hundred thirty five following the close of the billing month, for inclusion in the six-month true-up invoice
- NYISO posts hourly LSE bus metering data for Market Participant review on, or about, day one hundred thirty six following the close of the billing month
- Review period for LSE load data ends on, or about, day one hundred fifty following the close of the billing month. LSE load data is finalized and not subject to further revision.
- NYISO posts advisory six-month true-up daily, hourly, and dispatch-interval settlement support to the Decision Support System at approximately day one hundred fifty five following the close of the billing month
- NYISO issues the six-month final bill on, or about, day one hundred eighty five following the close on the billing month
- A Market Participant thirty-day challenge period commences immediately following issuance of the six-month final invoice
- As presented at the August 29, 2006 BPCTF, the NYISO will provide a response to supported bill challenges submitted to the NYISO Critar System within 20 business days. In all cases the NYISO shall provide a definitive, substantive response to a supported bill challenge prior to the end of the 2 month NYISO correction period
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- The Market Participant challenge period closes on, or about, day two hundred fifteen following the close of the billing month. Challenges raised during the thirty-day challenge period will exclude challenges to meter and load data.
- As provided for under current tariff provisions, NYISO shall review and resolve challenges over a two month period directly following the close of the Market Participant challenge period. This review period could expand to a six-month period in the event of "extraordinary circumstances."
- Also as provided for under current tariff provisions, NYISO shall post advisory bill close-out settlement invoices for a Market Participant twenty-five-day review period on, or about, day two hundred seventy five following the close of the billing month, absent extraordinary circumstances, as described above.
- NYISO shall issue the final bill close-out invoice on, or about, day three hundred following the close of the billing month.

- The Business Issues Committee recognizes that the issuance of final bills does not affect the NYISO's authority or responsibility to impose ICAP/UCAP or other penalties in accordance with its Tariffs or a regulatory mandate.

Implementation Requirements:

Implementation of the shortened billing cycle shall not begin until completion of the following items:

- The NYISO must have in place procedures and controls that provide assurance the metering data for Generator and Sub-Zonal Ties will be finalized and not subject to further revision at day sixty following the close of the billing month by any party including the NYISO and that LSE load data will be finalized and not subject to further revision at day one hundred fifty following the close of the billing month.
- NYISO must implement near-term performance enhancements to web-based metering reconciliation. Enhancements must include procedures and processes for data modification and finalization, data change notification, and data feasibility checks.

The NYISO will report progress on completing these items at the Billing & Accounting Working Group (BAWG). The BAWG will advise the Business Issues Committee on readiness for implementation.

Motion passed unanimously by show of hands with abstentions.