

PENDING BUSINESS RULE DESIGN CHANGES, DATA CORRECTIONS, AND FINAL BILL CHALLENGES  
AS OF 8/5/2003

I. Business rule modifications and data corrections pending resolution

DESCRIPTION	ESTIMATED IMPACT	PERIOD(S) AFFECTED	CRITAR TICKET XREF	BILLING ISSUE XREF	EXPOSURE	BENEFIT	Status
85-15 split of NYISO costs & FERC fees between transmission customers & suppliers	~ \$6M through October 2002	• June 2002 - current	• N/A	• 109	• Generators: Assumption of 15% of NYISO costs of operations & FERC fees, totaling approximately \$6M through October 2002	• Transmission Customers: 15% reduction in OATT Schedule 1 NYISO costs of operations & FERC fees, totaling approximately \$6M through October 2002	• Corrections to business rules under development; implementation anticipated for 3 <sup>rd</sup> quarter of 2003
Generator specific performance tracking data errors	Quantification currently not available	• Being corrected prior to issuance of final bills	• N/A	• N/A	• Transmission Customers: Potential increase in OATT Schedule 1 balancing energy, losses, & congestion residuals & uplift • Generators: Potential decrease in BPCG due to increased energy revenue	• Generators: Potential increase in balancing energy revenue • Transmission Customers: Potential decrease in OATT Schedule 1 ratio share of uplift due to decreased uplift for affected units from increased energy revenue	• Observations corrected as each final bill is processed. NYISO implementing process to fix all months prior to invoicing, which should be fully operational by 8/31/2003.
Two claims made through NYISO dispute resolution process regarding operation of the AMP	-\$1.2M	• August 2001	• N/A	• 117	• Transmission Customers: Potential increase in OATT Schedule 1 uplift	• Generators: Potential increase in BPCG revenue	• Settlement on one claim pending for \$272K – other claim is not finalized.

II. Resolved business rule modifications and data corrections pending adjustment

DESCRIPTION	ESTIMATED IMPACT	PERIOD(S) AFFECTED	CRITAR TICKET XREF	BILLING ISSUE XREF	EXPOSURE	BENEFIT	Status
Incorrect r/t prices for 1/27/2003 HB6	Quantification currently not available	• 1/27/2003 HB6	• N/A	• 149	• negligible	• negligible	• Deployed fix on 5/29/2003.
Start-up not paid when no DAM or BME schedule	Quantification currently not available	• 9/2001 forward	• N/A	• 127 & 141	• Withdrawals may be charged additional Schedule 1 uplift due to increased bid production cost guarantee payments	• Suppliers may realize additional revenue due to increased bid production cost guarantee payments from the inclusion of start-up cost recoveries	• Corrected 5/21/2003
Statewide OOM for 5/27/2003 HB11 & 5/28/2003 HB11 incorrectly set for 2 hours each day	Quantification currently not available;	• May 27 & 28, 2003	• N/A	• 160	• Generators: Potential reduction in BPCG revenue for affected unit	• Transmission Customers: Potential reduction in Schedule 1 uplift costs to NYC LSEs	• Corrections to MIS forms application completed; OOM statuses corrected
July 20 - October 31, 2001 in-city mitigation per FERC	Quantification currently not available;	• July 20, 2001 - October 2001	• N/A	• 61	• Generators: Potential reduction in BPCG revenue for affected unit	• Transmission Customers: Potential reduction in Schedule 1 uplift costs to NYC LSEs	• Corrected 5/29/2003
Min-Gen & Start-up AMP not put into service in June 2003 until 6/27/2003	Quantification currently not available	• June 1 through 27, 2002	• N/A	• 78	• Transmission Customers: Potential decrease in OATT Schedule 1 uplift	• Generators: Potential decrease in BPCG revenue from start-up & minimum generation cost recovery	• Corrected 5/29/2003
Generator PTIDs inadvertently removed from model	Quantification currently not available	• 3/12/2003 thru 3/31/2003	• 20030326180237	• 100200	• Transmission Customers assume incremental residuals costs of paying generation.	• Generators receive payment	• Model was updated on 4/15/2003
Incorrect r/t prices for 10/3/2002 HB6	Quantification currently not available	• 10/3/2002 HB6	• N/A	• 113	• negligible	• negligible	• Deployed 3/2003
TCC definition corrections	Anticipated to be <\$2M	• Various	• N/A	• 59 & 60	• Transmission Owners: Potential increase in DAM congestion shortfall costs when TCC rents were negative • TCC Holders: Potential negative TCC rent	• Transmission Owners: Potential reduction in DAM congestion shortfall costs • TCC Holders: Potential additional TCC rent	• Deployed 3/2003.

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HQ proxy bus price error	Quantification currently not available	<ul style="list-style-type: none"> <li>8/12/2002 HB 19;</li> <li>8/26/2002 HB 12;</li> <li>10/25/2002 HB 03 – 05;</li> <li>11/8/2002 HB 3 – 5 &amp; 8;</li> <li>11/29/2002 HB 13</li> </ul>	• N/A	• 106	• Price corrections at the HQ proxy bus.	• Correct allocation of costs	• Deployed 3/2003
NE proxy bus price error (no losses or congestion)	Quantification currently not available	• 10/14/2002 HB 11 & 12	• N/A	• 106	• Price corrections at the NE proxy bus.	• Correct allocation of costs	• Deployed 3/2003
DAM price incorrect in BAS	Quantification currently not available	• 7/30/2002 HB 9	• N/A	• 135	• Market not paid correctly	• Market paid correctly	• Deployed 3/2003
DAM price incorrect in BAS	Quantification currently not available	• 8/29/2002 HB 19 – 21, & 23	• 20030107162722	• 137	• Market not paid correctly	• Market paid correctly	• Deployed 3/2003
Incorrect shift factors used for R/T price corrections	Quantification currently not available	• June 1 through 22, 2002	• N/A	• 78	• Generators not paid appropriate start up and min gen.	• Generators will be paid correctly – may increase uplift for transmission customers.	<ul style="list-style-type: none"> <li>Deployed 3/27/2003</li> <li>Accelerated re-bill scheduled for invoicing 4/7/2003</li> </ul>
Transmission loss allocation	Quantification currently not available	• May 2002 – November 2002	• N/A	• 110	<ul style="list-style-type: none"> <li>Transmission Customers: Potential increase in load allocated to LSEs in sub-zones whose loss allocation percentages decrease under the new methodology</li> <li>Transmission Owners: Potential increase in unaccounted for energy due to changes in load sub-zonal load under new methodology.</li> </ul>	<ul style="list-style-type: none"> <li>Transmission Customers: Potential decrease in load allocated to LSEs in sub-zones whose loss allocation percentages increase under the new methodology</li> <li>Transmission Owners: Potential decrease in unaccounted for energy due to changes in sub-zonal load under new methodology.</li> </ul>	• Deployed 3/27/2003
Bid Production Cost Guarantees to off-dispatch units dispatched out of merit	Quantification currently not available	<ul style="list-style-type: none"> <li>January 2001 – April 2001</li> <li>September 2001 - October 2001</li> <li>January 2002 - June 2002</li> <li>September 2002 - October 2002</li> </ul>	• N/A	• 134	• Transmission Customers: Potential increase in Schedule 1 uplift costs for additional BPCG paid to affected units; may increase LRR uplift, also.	• Generators: Additional BPCG for any units affected	• Corrections to business rules implemented on 11/05/2002; Stated Period(s) Affected pending re-billing
Oracle 9i software bug causing non-payment of start-up costs	Quantification currently not available	<ul style="list-style-type: none"> <li>September 2002, 2001, &amp; 2000</li> <li>October 2002, 2001, &amp; 2000</li> <li>May &amp; June 2002</li> </ul>	• N/A	• 127	• Transmission Customers: Potential increase to Schedule 1 uplift to pay affected units	• Generators: Potential increase in BPCG revenue for affected units	• Corrective measures made in time to issue correct settlements for months invoiced on December 14, 2002
Regulating unit energy balancing	Anticipated to be <\$3M	<ul style="list-style-type: none"> <li>September 2001 - October 2001</li> <li>January 2001 - June 2002</li> <li>September 2002- October 2002</li> </ul>	• N/A	• 68	• Transmission Customers: Potential increase to Schedule 1 balancing energy, losses, & congestion residuals to pay affected units	• Generators: Additional balancing revenue for affected units	• Corrections to business rules implemented on 11/05/2002; Stated Period(s) Affected pending re-billing
DAM load bid information not passed to billing system	Quantification currently not available	<ul style="list-style-type: none"> <li>April 2002 - June 2002</li> <li>September 2002 - October 2002</li> </ul>	• N/A	•	<ul style="list-style-type: none"> <li>Transmission Customers: Potential increase to Schedule 1 residuals to credit DAM purchases not properly charged due to this error which caused all load to be purchased in the Balancing Market</li> <li>Transmission Customers: Potential increase to energy costs due to energy being purchased in DAM versus real time</li> </ul>	<ul style="list-style-type: none"> <li>Transmission Customers: Potential decrease to Schedule 1 residuals to credit DAM purchases not properly charged due to this error which caused all load to be purchased in the Balancing Market</li> <li>Transmission Customers: Potential decrease to energy costs due to energy being purchased in DAM versus real time</li> </ul>	• Corrections to business rules implemented on 10/25/2002; Stated Period(s) Affected pending re-billing

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III. Final Bill Challenges

DESCRIPTION	ESTIMATED IMPACT	PERIOD(S) AFFECTED	CRITAR TICKET XREF	BILLING ISSUE XREF	EXPOSURE	BENEFIT	Status
Incorrect end dates on Grandfathered Rights	~\$127K	• November 1999	• N/A	• 59, 60, & 129	• Transmission Owners' DAM Congestion Balancing costs will increase to fund this correction	• Affected customer(s)' applicable DAM bilateral congestion costs & TSC MWh allocations will be reduced	• End-dates have been corrected
Generators not properly classified as Class 1 PURPA	No impact	• November 1999	• 20021211125412	• 165	• Withdrawals' may realize additional Regulation Service charges due to newly classified units' no longer being penalized for being off base point	• Affected supplier(s) will balance based upon actual output versus base points; Regulation Penalties will be reduced to zero	• Fix currently being designed
DAM Margin Assurance	~\$392K	• November 1999	• 20011211133433	• N/A	• Affected suppliers will realize a reduction in DAM Contract Balancing credits	• Withdrawals will realize a reduction in their DAM Contract Balancing residuals	• Code has been corrected
Voltage Support not paid properly for selected unit(s)	~\$120K	• November 1999	• 20021216092524	• N/A	• Withdrawals will be allocated ratio share of cost	• Affected unit(s) will be paid	• Manual Adjustments required
Regulation Availability not paid properly to selected unit(s)	~\$136K	• November 1999	• N/A	• N/A	• Withdrawals will be allocated ratio share of cost	• Affected unit(s) will be paid	• Manual Adjustments required
Supplier metering incorrect	~\$318K	• November 1999	• 20021216085014	• N/A	• Withdrawals subject to increased energy, losses, & congestion residuals and ancillary services costs	• Affected unit(s)' energy & ancillary services credits will increase	• Manual Adjustments required
LSE metering incorrectly reported	~\$71K	• November 1999	• 20021210093715	• N/A	• NYC LSEs' load allocations will change which will affect energy and ancillary services costs	• Challenging LSE(s)' load allocations will decrease which will affect energy and ancillary services costs	• New Metering files required
Incorrect end dates on Grandfathered Rights	~\$320K	• December 1999	• N/A	• 59, 60, & 129	• Transmission Owners' DAM Congestion Balancing costs will increase to fund this correction	• Affected customer(s)' applicable DAM bilateral congestion costs & TSC MWh allocations will be reduced	• End-dates have been corrected
Generators not properly classified as Class 1 PURPA	~\$3.7M	• December 1999	• 20030121130619 [New ticket opened for previously reported issue]	• 165	• Withdrawals' may realize additional Regulation Service charges due to newly classified units' no longer being penalized for being off base point	• Affected supplier(s) will balance based upon actual output versus base points; Regulation Penalties will be reduced to zero	• Fix currently being designed
DAM Margin Assurance	~\$850K	• December 1999	• 20030110113028	• N/A	• Affected suppliers will realize a reduction in DAM Contract Balancing credits	• Withdrawals will realize a reduction in their DAM Contract Balancing residuals	• Code has been corrected
Start-up costs not paid for selected unit(s)	~\$120K	• December 1999	• 20030120082839; 20030120082839	• 127 & 141	• Affected suppliers will realize a reduction in DAM Contract Balancing credits	• Withdrawals will realize a reduction in their DAM Contract Balancing residuals	• Code has been corrected
Regulation Availability not paid properly to selected unit(s)	~\$12K	• December 1999	• N/A	• N/A	• Withdrawals will be allocated ratio share of cost	• Affected unit(s) will be paid	• Manual Adjustment Required
Voltage Support not paid properly for selected unit(s)	~\$276K	• December 1999	• 20021216092524	• N/A	• Withdrawals will be allocated ratio share of cost	• Affected unit(s) will be paid	• Manual Adjustment Required
LSE metering incorrectly reported	~\$156K	• December 1999	• 20021210093715	• N/A	• NYC LSEs' load allocations will change which will affect energy and ancillary services costs	• Challenging LSE(s)' load allocations will decrease which will affect energy and ancillary services costs	• New Metering files required
Supplier metering incorrect	~\$348K	• December 1999	• 20030120082839	• N/A	• Withdrawals subject to increased energy, losses, & congestion residuals and ancillary services costs	• Affected unit(s)' energy & ancillary services credits will increase	• New Metering files required

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Incorrect end dates on Grandfathered Rights	~\$320K	• January 2000	• N/A	• 59, 60, & 129	• Transmission Owners' DAM Congestion Balancing costs will increase to fund this correction	• Affected customer(s)' applicable DAM bilateral congestion costs & TSC MWh allocations will be reduced	• End-dates have been corrected
Generators not properly classified as Class 1 PURPA	~\$6.2M	• January 2000	• 20030121130619 [New ticket opened for previously reported issue]	• 165	• Withdrawals' may realize additional Regulation Service charges due to newly classified units' no longer being penalized for being off base point	• Affected supplier(s) will balance based upon actual output versus base points; Regulation Penalties will be reduced to zero	• Fix currently being designed
DAM Margin Assurance	~\$657K	• January 2000	• 20030130095655	• N/A	• Affected suppliers will realize a reduction in DAM Contract Balancing credits	• Withdrawals will realize a reduction in their DAM Contract Balancing residuals	• Code has been corrected
Start-up costs not paid for selected unit(s)	~\$430K	• January 2000	• 20030307153421	• 127 & 141	• Affected suppliers will realize a reduction in DAM Contract Balancing credits	• Withdrawals will realize a reduction in their DAM Contract Balancing residuals	• Code has been corrected
Regulation Availability not paid properly to selected unit(s)	~\$80K	• January 2000	• N/A	• N/A	• Withdrawals will be allocated ratio share of cost	• Affected unit(s) will be paid	• Manual Adjustment required
Voltage Support not paid properly for selected unit(s)	~\$276K	• January 2000	• 20021216092524	• N/A	• Withdrawals will be allocated ratio share of cost	• Affected unit(s) will be paid	• Manual Adjustment required
LSE metering incorrectly reported	~\$211K	• January 2000	• 20021210093715	• N/A	• NYC LSEs' load allocations will change which will affect energy and ancillary services costs	• Challenging LSE(s)' load allocations will decrease which will affect energy and ancillary services costs	• New Metering files required
Supplier metering incorrect	~\$345K	• January 2000	• 20030307153421	• N/A	• Withdrawals subject to increased energy, losses, & congestion residuals and ancillary services costs	• Affected unit(s)' energy & ancillary services credits will increase	• New Metering files required
Incorrect end dates on Grandfathered Rights	~\$320K	• February 2000	• 20030311120517 [New ticket opened for previously reported issue]	• 59, 60, & 129	• Transmission Owners' DAM Congestion Balancing costs will increase to fund this correction	• Affected customer(s)' applicable DAM bilateral congestion costs & TSC MWh allocations will be reduced	• End-dates have been corrected
Generators not properly classified as Class 1 PURPA	~\$4.6M	• February 2000	• 20030311120517 [New ticket opened for previously reported issue]	• 165	• Withdrawals' may realize additional Regulation Service charges due to newly classified units' no longer being penalized for being off base point	• Affected supplier(s) will balance based upon actual output versus base points; Regulation Penalties will be reduced to zero	• Fix currently being designed
DAM Margin Assurance	~\$596K	• February 2000	• 20030310162501	• N/A	• Affected suppliers will realize a reduction in DAM Contract Balancing credits	• Withdrawals will realize a reduction in their DAM Contract Balancing residuals	• Code has been corrected
Start-up costs not paid for selected unit(s)	~\$85K	• February 2000	• 20030307153726	• 127 & 141	• Affected suppliers will realize a reduction in DAM Contract Balancing credits	• Withdrawals will realize a reduction in their DAM Contract Balancing residuals	• Code has been corrected
Regulation Availability not paid properly to selected unit(s)	~\$350K	• February 2000	• 20030311120517 & others to be listed later	• N/A	• Withdrawals will be allocated ratio share of cost	• Affected unit(s) will be paid	• Manual Adjustment Required
Voltage Support not paid properly for selected unit(s)	~\$276K	• February 2000	• 20021216092524	• N/A	• Withdrawals will be allocated ratio share of cost	• Affected unit(s) will be paid	• Manual Adjustment required
LSE metering incorrectly reported	~\$183K	• February 2000	• 20021210093715; 20021210094217	• N/A	• NYC LSEs' load allocations will change which will affect energy and ancillary services costs	• Challenging LSE(s)' load allocations will decrease which will affect energy and ancillary services costs	• New Metering files required