

NYISO Billing & Accounting Working Group
October 29, 2002
Market Residuals

The NYISO's payments from Transmission Customers will not equal the ISO's payments to Suppliers. Part of the difference consists of Day-Ahead Congestion Rent. The remainder comprises the Residual Adjustment. The most significant components of the Residual Adjustment, which is calculated below, include:

Residual Adjustments detailed in the NYISO OATT

1. The greater revenue the ISO collects for Marginal Losses from Transmission Customers, in contrast to payments for losses remitted to generation facilities;
2. Costs or savings associated with the ISO re-dispatch of Generators resulting from a change in Transfer Capability between the Day-Ahead schedule and the real-time dispatch;
3. The cost resulting from inadvertent interchange (if unscheduled Energy flows out of the NYCA to other Control Areas), or the decrease in cost resulting from inadvertent interchange (if unscheduled Energy flows into the NYCA from other Control Areas) and associated payments in kind;
4. Costs or revenues from Emergency Transactions with other Control Area operators;
5. Metering errors resulting in payments to or from Transmission Customers to be either higher or lower than they would have been in the absence of metering errors;
6. Deviations between actual system Load and the five-minute Load forecast used by SCD, resulting in either more or less Energy than is needed to meet Load;
7. Deviations between Day-Ahead bid-in Load and Day-Ahead generation, balanced in real-time that arise pursuant to Section I of Attachment J, which describes the methodology for calculating Day-Ahead LBMPs;
8. Energy provided by generation facilities in excess of the amounts requested by the ISO (through SCD Base Point Signals or AGC Base Point Signals);
9. If generation facilities providing Regulation Service have actual output in excess of their AGC Base Point Signals, but the SCD Base Point Signals is higher than either, the real-time payments they receive for Energy produced will be based on the SCD Base Point Signals;
10. Transmission Customers serving Load in the NYCA will be billed based upon an estimated distribution of Loads to buses within each Load Zone. If the actual distribution of Load differs from this assumed distribution, the total amount collected from Transmission Customers could be either higher or lower than the amount that would have been collected if the actual distribution of Loads had been known.
11. Settlements for losses revenue variances, as described in Attachment K of this Tariff, with Transmission Owners that pay marginal losses to the ISO for losses associated with modified TWAs (not converted to TCCs) while receiving losses payments from the participants in those TWAs other than marginal losses.
12. Payments made to Generators that are re-dispatched pursuant to the Interregional Transmission Congestion Management Pilot Program, set forth in Section 5.1.1.- 5.1.1.5.4 of the Services Tariff, to the extent such payments are not recovered by the ISO in an Emergency Transaction with another Control Area.

Additional causes of Residual Adjustments

1. Generator performance measurement changes
 - a) Corrected MWh outputs may increase payments to supplier, which may be funded through Residual Adjustment
 - b) Corrected MWh outputs may increase/decrease sub-zonal loads, causing like changes to LSE ratio shares
 - c) Corrected availability criteria may change energy payments to supplier, cleared through Residual Adjustment
 - d) Corrected PURPA generator MWh may result in changes to LSE bilaterals
 - i) PURPA bilateral increases & decreases with generator performance

NYISO Billing & Accounting Working Group
October 29, 2002
Market Residuals

- ii) Changes percentages of load hedged, which may result in payment by to the LSE, cleared through Residuals
- e) Supplier performance based code corrections could cause energy balancing that create residuals
- 2. Tie-line flow changes
 - a) Corrected MWh flows increase/decrease sub-zonal loads, causing like changes to ratio shares
- 3. Substituting HAM prices for real-time Transmission Usage Charge computation
- 4. Retail load changes
 - a) Re-distribution of sub-zonal load changes LSE ratio shares
 - b) May increase or decrease hedged load percentages, causing Residual Adjustment
 - c) Changes to T.O. unaccounted for energy allocations may changes LSE ratio shares