



Monthly Report

December 2004

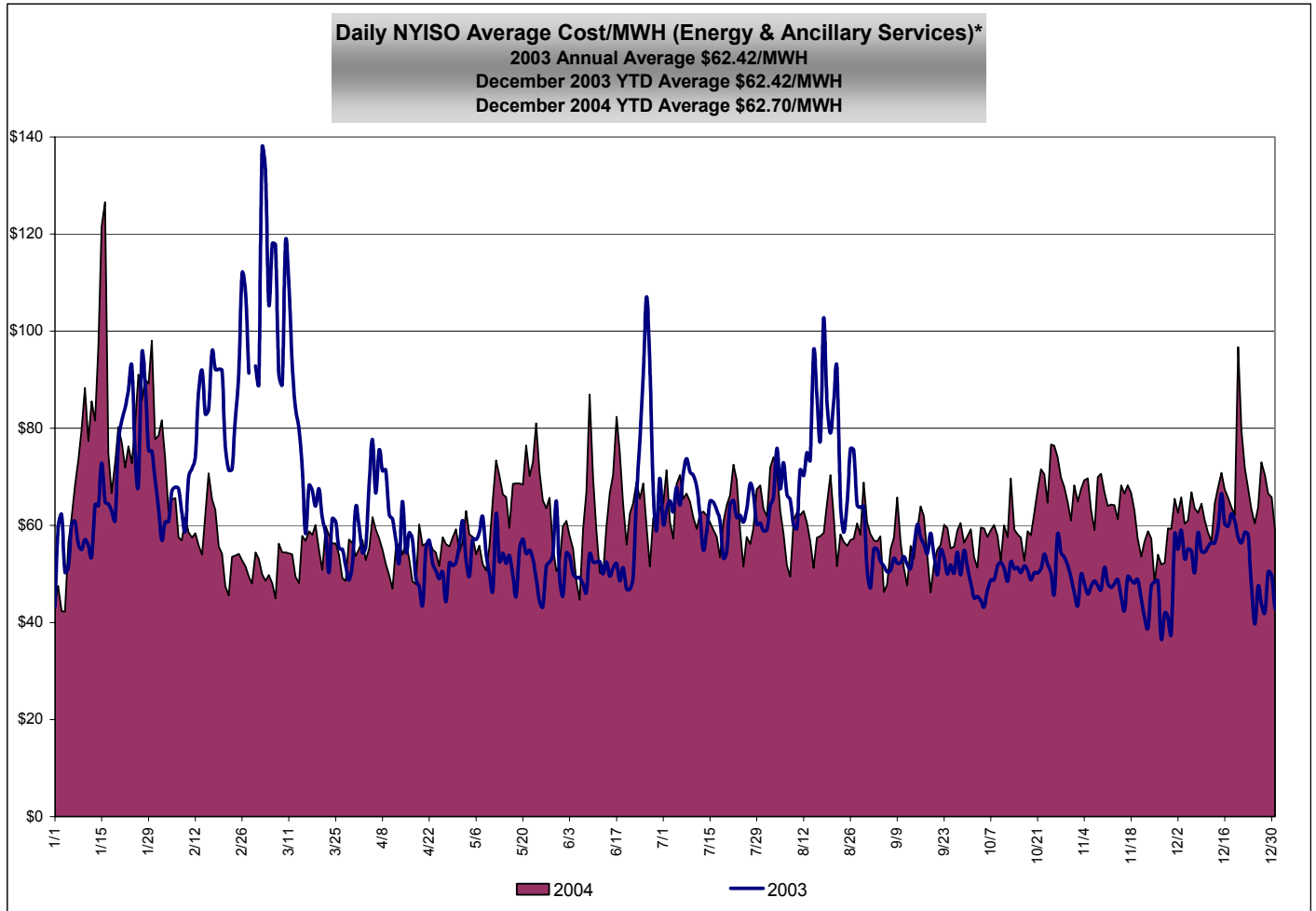
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1. Executive Summary

Higher load levels resulted in higher LBMPs and an increase in the monthly average cost for energy from \$62.62/MWh in November to \$66.74/MWh in December. Natural gas prices increased in December while all other fuel prices continued to decrease.



The scheduled deployment date for SMD2 is February 1, 2005. All testing, training, and departmental readiness activities included in the SMD2 Readiness Plan are essentially complete. All system operators have completed the requisite two weeks of SMD2 training and deployment preparations are in the final stages. The ten-day SMD2 parallel operation exercise was completed in early December. The exercise provided an opportunity for NYISO staff, including the system operators, to interact with and observe the performance of the SMD2 systems over an extended period of time. It also gave Market Participants ("MP") the opportunity to test and validate their processes and systems over an extended period. A Technical Conference for MPs, scheduled for mid-January 2005, will provide MPs with further information about the upcoming deployment.

In an Order issued on December 28, 2004, the FERC accepted the NYISO's Comprehensive Reliability Planning Process ("CRPP"), with the requested effective date of October 19, 2004. FERC "applauded the NYISO and interested parties for devising a workable, efficient process to facilitate transmission planning and expansion." The Commission also found that the NYISO's process "properly balances" the role of market-based and regulated solutions and that it "...is certainly a substantial improvement over planning processes that traditionally have depended largely or even solely on transmission owner developed regulated solutions."

The Commission's approval of CRPP ratifies the results of an extensive stakeholder effort initiated in the summer of 2003 with the formation of the Electric System Planning Working Group ("ESPWG"). It also allows the NYISO to move forward with the initial implementation steps for the development of the first Comprehensive Reliability Plan for New York State. The Order directs the NYISO to make a compliance filing in 60 days to address three issues. Two of these issues are related to State/federal jurisdictional roles and one involves a minor change to the NYISO-TO Agreement.

On December 30, 2004, the NYISO Board of Directors ("BOD") issued final Installed Capacity (ICAP) Demand Curves applicable to the New York Control Area, New York City, and Long Island localities for the next three Capability Years. The new Demand Curves, while fundamentally based on the Levitan & Associates, Inc. study, also reflect careful consideration of adjustments to the study results to reflect the intent of the Demand Curves, as well as stakeholder concerns and input. The Demand Curves will be submitted to FERC for approval in early January.

2. System Operations

Management Summary

Peak load for the month was 25,541 MW on Monday, December 20. There was no Major Emergency ("ME") during the month. Alert states were declared on 10 occasions, with six attributable to system frequency excursions. There were 17 occasions when reserve energy was activated during December, with 13 activations due to large control area errors and three due to activation of shared reserves. CPS1 was 169% and CPS2 was 96.7%. On December 21, 2004, at 17:44 Bowline Pt. 2 tripped while loaded at 567 MW. Shared Activation of Reserve was activated at 17:44 and terminated at 17:54 and was in full compliance. There was a full crew of dispatchers on shift during the parallel testing of SMD2 in December. This was an opportunity for hands on work with the SMD2 software.

The Staff has worked with the System Protection Advisory Subcommittee ("SPAS") members to complete the reporting of Zone 3-distance protection related to the North American Electric Reliability Council ("NERC")-Blackout Team recommendation 8a. All NYCA Transmission Protection System Owners ("TPOs") have completed their 8a evaluations, and the NYISO has received response spreadsheets from all TPOs in New York and forwarded the summary report to NPCC. The complete results for the NPCC are as follows: Reviewed Terminals - 1304, Non-conforming - 61 (4.7 %), Mitigations in 2005 - 53, Temporary Exceptions - 7, and Technical Exceptions - 1. NYISO staff met with Transmission Owner ("TO") representatives on December 15, 2004 to discuss issues related to reactive studies and reactive resource requirements. Staff received the last of the OSTF comments (on December 17) to complete the initial review of the Summer 2005 base case. Comments and changes submitted by the TO representatives for the 2005 summer peak load base case were also forwarded to the NYISO Transmission Planning department. The case will be used for the phase 2 operations reactive studies as well as the summer 2005 operating study and voltage contingency analysis. Staff discussed the near-term Voltage Support Service ("VSS") issues at the Market Structures Working Group ("MSWG") meeting on December 14. Staff will work with the MSWG to draft a proposal to clarify and revise the Tariff and Ancillary Services Manual to address these issues and forward a final draft to the Business Issues Committee (BIC") by the end of March 2005. NOAA/SEC or STD reported four $K_p=5$, events observed during the month. With regards to frequency excursions on the transmission system, there were seven events that resulted in frequency excursions of more than 30 MHz or a loss of greater than 1,000 MW in the Eastern Interconnection.

Market Operations participated in the parallel operation testing during the first ten days of December. The SMD2 software was tested with bidding similar to the Production Legacy system. Several key issues were discovered and either fixed and retested for a better overall schedule and pricing solution. Network evaluation comparisons were also performed that uncovered the need for some modeling improvements. Market Operations continues to test the SMD2 system for "Go-Live," including BMS functional testing, Network Model database validation, conversion of daily processes and procedures, state estimator commissioning, and SPR verification. Market Operations staff continues to verify network model readiness for both the SMD2 EMS state estimator/contingency analysis and BMS Real-Time Scheduling systems. Work on the SMD2 Common Information Model network data and the database load process on the RANGER system resulting from weekly meetings that are conducted to discuss and prioritize SMD2 network modeling data work. Staff continues to meet with PJM, Con Edison, and PSEG staff to develop the joint ISO operating protocol to address the Con Edison-PSEG transmission wheel in response to FERC's order. The operating protocol objectives are to promote efficient regional operation for both PJM and NYISO with respect to RTM re-dispatch decisions that the CE-PS wheel affects and to provide the marketplace at large with a transparent means to address joint ISO market operation of the CE-PS wheel. During December, Scheduling staff processed 241 requests for generating unit DMNC testing and unit maintenance outages; confirmed 2,256 external control area transactions in the Day-Ahead Market ("DAM") checkout; and scheduled 775 NYS transmission facility maintenance outages.

The following table shows the number of reserve activations and the number that did not result in crossing zero, and the number of alert states in the current and past two years.

	2002			2003			2004		
	Number of Reserve Activations	Number of Alert States	Non-Zero Crossing	Number of Reserve Activations	Number of Alert States	Non-Zero Crossing	Number of Reserve Activations	Number of Alert States	Non-Zero Crossing
January	5	9	0	30	24	10	36	21	6
February	20	24	3	23	21	5	15	7	3
March	24	31	6	24	10	7	25	24	2
April	25	25	9	16	24	2	17	9	1
May	11	19	2	10	13	2	29	15	4
June	13	14	3	15	12	2	24	8	5
July	66	33	41	12	18	1	14	13	1
August	25	10	12	24	22	4	13	9	1
September	23	20	9	12	6	0	18	13	1
October	28	24	11	25	21	3	20	10	2
November	25	26	4	17	12	3	26	14	3
December	32	27	8	40	16	4	17	10	4
Totals	297	262	108	248	199	43	254	153	33

Attachments

Attachment 2-A, NERC Control Performance Standard

3. Market Services

Management Summary

Customer Relations:

During the month of December, three new Customers were added, making the total number of NYISO Customers 248.

As part of our Customer support efforts, the NYISO is tracking responsiveness to inquiries. For 2004, the Customer Relations goal has been set at 95%. For December, the Customer Resolution Survey was sent out with 49 answers to Customers' inquiries; no responses were received. Therefore, a 100% rate was achieved for the month. (See attachment 3-A.)

Another Customer Relations goal is to trend the backlog of open inquiries. Attachment 3-B is a graph of open and closed tracking tickets; Attachment 3-C shows the length of time that tickets have been open, and Attachment 3-D shows the number of days that inquiries have been open as of the end of December.

During the month, Customer Relations continued meeting with Customer organizations as part of efforts to learn more about our Customers' businesses and their objectives for interactions with the NYISO. Four Customer visits took place in December.

Customer Technical Services:

Market Services – Communications to MPs:

This month's significant communications to MPs included a letter from Bill Museler regarding the 5-Year Anniversary of the New York Independent System Operator; a notification regarding the Dec. 1st elimination of fees charged in New York on exports and wheel-through transactions to New England; multiple announcements regarding SMD2 Parallel Operations; a communication regarding the NYISO BOD's approval of new ICAP Demand Curves for the next three years; the release of new Technical Bulletins 131-138; and the release of revisions to Technical Bulletins 16, 28, 67, 75, and, 76.

The following new Technical Bulletins were distributed to MPs: 131 - reporting process for outages due to excessive vegetation; 132 - concerns the notification letters for non-compliance with New York and Regional Reliability Rules/Criteria/Standards; 133 - describing price and schedule verification between DSS and web postings; 134 - detailing how "qualified to bid" flags are set in the Market Information System; 135 - outlining transmission loss modeling under SMD2; 136 - highlighting the functionality associated with dual upper operating limits in SMD2; and 137 and 138 - providing an overview of the PTS and the settlement determinants used by the Performance Tracking System.

The following revised Technical Bulletins were distributed to MPs: 16, 28, 75, and 76, reflecting changes resulting from SMD2. Additionally, Technical Bulletins 67 and 95 were revised and merged, and the existing 95 was retired.

Committee and Working Group Participation:

CTS staff participated in the Issue Management Committee (IMC), the Issue Resolution Team (IRT), and the Committee Coordination Team (CCT).

CTS participated in the BIC, MSWG, the Scheduling & Pricing Working Group, and the Generator Issues Task Force.

CTS participated in the validation of TCC auction data.

Technical Documentation and the Guide to Market Rules:

CTS drafted a Technical Bulletin on the effect of mitigation on bid curves.

Surveys and Business Intelligence:

CTS staff is reviewing the annual Fall Customer Opinion Survey with NYISO managers and ODC; reports and presentations on these results are being scheduled for late January and February.

CTS staff completed the custom survey and raw data analysis report on the impacts to generating units that may result from the implementation of Acid Deposition Reduction Programs.

CTS staff has completed the draft report of the third Measuring Customer Satisfaction Survey; the report is scheduled for distribution in January.

CTS attended a discussion of knowledge management concepts and methods as they apply in our industry as an exploratory discussion to gain some understanding and assess the value of these concepts to the ISO.

Research and Development Activities:

CTS attended the yearly meeting of the PSERC Industrial Advisory Board in Berkeley, CA.

CTS conducted interviews with combined cycle generation owners to determine characteristics and constraints of such units.

Product Development

Environmental Issues

Product Development staff (Lawrence) participated in the NY Stakeholder Regional Greenhouse Gas Initiative meeting in Albany on December 2.

PD staff (Lawrence, Breidenbaugh) worked with NYSERDA and PSC personnel to develop NYSERDA's RFQ to procure rights to renewable energy attributes as part of the first year (beginning January 2006) of the NY Renewable Portfolio Standard.

Seams Issues

PD staff (Lawrence) updated the quarterly seams report posted for FERC notice.

Demand Response Programs

PD staff (Breidenbaugh) met with Credit Suisse and First Boston personnel to discuss participation in demand response programs.

SMD2

PD staff (Lemme) worked with MSWG, CDAS, SOAS and BAWG to ensure that open SMD2 issues were resolved to the satisfaction of MPs. Also:

- Maintained the NYISO internal SMD2 readiness Checklist
- Organized and prepared the presentation materials for the SMD2 Deployment Technical Conference scheduled for January 14.
- Authored an SMD2 Deployment Guide to support MP deployment efforts

Resource Adequacy/ICAP

PD staff (Charlton) prepared material for NYISO BOD Market Performance Committee in preparation for its meeting and vote on the ICAP Demand Curve proposal.

PD staff (Charlton) followed efforts on ICAP market proposals in PJM and ISO-NE.

Cost/Benefit Analysis

PD staff (Goepf) reviewed GE- MAPS software capabilities to assist in performing cost/benefit analyses.

Resource Adequacy

Resource Reliability:

Staff completed the January 2005 monthly ICAP and Spot Market Auctions. The UCAP Automation project is on schedule to complete coding of the application by February 15, 2005.

Transmission Congestion Contracts:

Staff completed the January 2005 Reconfiguration Auction of TCCs. LECG was provided the data required to test the proposed revised methodology for allocating DAM congestion shortfalls due to transmission facility outages.

Look Ahead

Customer Technical Services:

CTS will release new Technical Bulletins regarding the effect of mitigation on bid curves, how late day start-up bid reference prices are set, and settlement rules for external transactions.

CTS will continue to provide documentation for the UCAP Automation project and will release a revised version of the WBR Users' Guide.

CTS will take minutes at the January BIC and attend the CCT, IMC, and IRT.

CTS will present findings internally of the Fall 2004 survey results in January.

CTS will distribute findings of the November Measuring Customer Satisfaction Survey in January.

CTS will distribute a white paper on combined cycle modeling.

Product Development

January 6 – NYISO, ISO-NE, PJM stakeholder meeting on seams issues planned in NYC.

Conduct SMD2 Deployment Technical Conference on January 14.

Resource Adequacy

Resource Reliability:

Staff will:

- Complete the regular monthly ICAP auctions for February 2005, including the Spot Market Auction;
- Continue working with the UCAP Automation project vendor and NYISO IT Quality Assurance Department to test the UCAP automation application; and
- Continue to refine the UCAP Automation project implementation plan.

Transmission Congestion Contracts:

Staff will complete the January 2005 Reconfiguration Auction. A WebEx demonstration of Nexant's web-based TCC auction software has been scheduled for January 21.

Attachments

Attachment 3-A, Customer Resolution Survey

Attachment 3-B, Tickets Open, Tickets Closed as of End of December 2004

Attachment 3-C, Open Tickets by Month 2004

Attachment 3-D, Number of Tickets Open by Days December 2004

4. Corporate and Market Risk Management

Management Summary

Risk Assessment:

The Enterprise Risk Management (ERM) department continued to provide reports to the CEO and Board Audit and Compliance Committee in December. Staff continued the process of monthly risk assessment reports and prepared accompanying recommendations. The ERM Committee met in December to review the progress of the program; assess the risk exposure; and measure the effectiveness of mitigation efforts. Staff developed a draft document that defines the NYISO's risk tolerance and puts it in the context of the company's strategic plan. The risk tolerance has been initially reviewed with the ERM Committee and the CEO. Review with the Board Audit and Compliance Committee will occur in the first quarter of 2005.

Staff completed applications for December insurance policy renewal submissions. Assessment of credit insurance options continues

Industry Affairs:

Industry Activities and Issues

NERC Standards Development and Review:

The NERC Version 0 Reliability Standards were balloted and approved by a weighted average of 94.4 percent in December, with 264 entities, or 87.4 percent of the Version 0 ballot pool, submitting ballots. Thirteen negative votes were received including twelve with comments, which triggered a recirculation ballot. The recirculation ballot opened on December 20 and ends on January 7. It is unlikely that the outcome will change

NERC posted six Standard Authorization Requests (SARs) for industry review and comment through January 7:

- System Personnel Training:
- Nuclear Offsite Electricity Supply Reliability:
- Phase III/IV Planning Standards that include:
 - disturbance monitoring and reporting
 - system modeling
 - protection and control
 - black start capability

The NYISO is reviewing these SARS to establish our positions and will collaborate with the various industry groups regarding the submission of any consensus comments.

NAESB Issues

NAESB kicked off its effort to work on the Request for Standards R04016, which seeks to develop a "standard energy day that would apply to both the natural gas and electric industries." The problem is the gas day runs through the peak hours (particularly on the East Coast) and cuts across two electricity days, which run from midnight to midnight. Electric markets are directed towards local time zones due to the real-time nature of electric supply and demand. NAESB received a letter from FERC Chairman Wood in December, giving his support to the effort. The ISO/RTO Standards Review Committee is reviewing the issues in conjunction with the Markets Committee.

NAESB's OASIS standards (R04005A, R04006A, R04006B, R04006C, R04011) and Version 0 standards (R04013) were ratified by the NAESB membership on December 31, 2004. NAESB Plans to formally file these with FERC on January 15, 2005.

NERC and NAESB have formed a joint subcommittee to begin identifying the reliability standards and business practices that are intertwined in the current NERC Transmission Loading Relief Procedure. The procedure, which consists of several appendixes to Operating Policy 9, is now embodied in NERC's Version 0 Reliability Standard. NAESB intends to publish the same procedure as part of its Version 0 Business Standards.

Internal Audit

During December, audit reports were issued for:

- Enterprise Risk Management
- Price Validation

Draft reports and/or report reviews were in progress for:

- Follow-Up – Regulatory
- ICAP Market
- IT – COSO Alignment
- IT – Remote Security
- KPMG Billing Issues Recommendations
- LBMP
- Manual Billing Adjustments
- Monthly Billing
- Power System Operator Training
- Virtual Bidding

Fieldwork and/or planning were in process for reviews of:

- Audit Testing / Billing Issues
- Contractor Performance
- Follow-Up – Customer Settlements
- Follow-Up – Resource Reliability
- IT – Security – UNIX
- IT – Security – NT / Windows 2000
- Legal – COSO Alignment
- Oracle Financials
- Post-Implementation – E-Tagging
- SMD2 – Settlements Issues/Testing

The January through November 2004 SAS 70 Type 2 audit scope period was completed. The audit report is being prepared by KPMG, the SAS 70 external auditors.

Monitoring of Year 2004 Corporate Incentive Goals continued during December.

Market Monitoring

Market Review for December 2004:

The December 2004 Monthly Peak was 25,514 MW, which was a new all-time winter peak electric load for New York. The NYISO Day-Ahead and Real-Time LBMPs and Average Cost are up this month as loads increase. Fuel prices were mixed this month. Natural Gas prices increased, while all other fuel prices monitored by MMP decreased this month relative to last month. DAM Regulation prices decreased this month, while 10 Minute Spinning Reserve prices continued to increase in December.

Prices:

The December 2004 Average Monthly MWh cost was \$66.61/MWh, up from \$62.62/MWh last month. The Year-to-Date (YTD) Average Cost of \$62.70/MWh in December 2004 is lower than the December 2003 YTD price of \$62.42 (Attachment 4, Table 4-B).

Energy prices in the NYCA increased in the Real-Time (RT) market, the Balancing Market Evaluation (BME) and the Day-Ahead markets (DAM) from November 2004 to December 2004. Compared to December 2003, energy prices also increased in all markets. The load weighted average DAM price increased from \$57.80/MWh in November 2004 to \$60.52/MWh in December 2004, an increase of 4.7%. The load-weighted RT price increased from \$57.67/MWh in November 2004 to \$64.65/MWh in December 2004, an increase of 12.1%. Approximately one-third of this increase is due to the high prices during the new winter record peak load period on December 20 (Table 4.1 below and Attachment 4, Table 4-E).

Table 4.1 Monthly Price Summary

	December 2004		
	DAM LBMP	HAM LBMP	RT LBMP
Price	\$58.70/MWh	\$62.28/MWh	\$61.76/MWh
Standard Deviation	\$14.44/MWh	\$21.85/MWh	\$37.79/MWh
Load-weighted Price	\$60.52/MWh	\$64.24/MWh	\$64.65/MWh
Percent change over November 2004	+ 4.7%	+ 8.7%	+ 12.1%
Percent change over December 2003	+ 16.5%	+ 26.4%	+ 32.7%

Uplift increased from \$19,375,221 in November 2004 to \$31,609,292 in December 2004. Although many of the categories have changed from last month, the largest changes come from Bid Production Cost Guarantee Balancing (Attachment 4, Chart 4-C).

Transactions:

Most energy transactions were either bilaterals (46% this month, up from 44% last month) or LBMP purchases (52% this month, down from 55% last month). The percentage of DAM transactions decreased from 97.8% in November 2004 to 95.9% in December 2004 (Attachment 4, Table 4-D).

Send out:

The December 2004 send out was 13,852 GWh. The December 2004 average daily send out of 447 GWh/day was higher than the November 2004 daily average send out of 415 GWh/day (Table 4.2 below). The December 2004 Monthly Peak of 25,514 MW was a new all-time winter peak electric load for New York (Table 4.2 below).

Table 4.2 Monthly Summary Comparisons

	December 2004	November 2004	October 2004	September 2004	August 2004
Monthly Peak (Hourly Load): MW	25,514	22,064	20,773	25,274	27,711
Average Daily Send out: GWh	447	415	403	447	485
Percent change over the previous year	+2.8%	+3.2%	+1.5%	+3.2%	-2.6%
Monthly Send out: GWh	13,852	12,462	12,497	13,424	15,045

Fuel Costs:

The price for Natural Gas increased this month, while the prices for other fuels decreased relative to the prices last month. Prices are uniformly up relative to December 2003.

Natural Gas prices increased 20.5% this month while No. 6 Fuel Oil, No. 2 Fuel Oil and Kerosene prices decreased 11.5%, 8.5%, and 8.5% respectively relative to November 2004.

All fuel prices are higher relative to prices in December 2003. No. 2 Fuel Oil continues to have the largest price increase relative to December 2003 (an increase of 42.9%), followed by Kerosene, Natural Gas, and No.

6 Fuel Oil (increases of 41.0%, 13.0%, and 7.6% respectively). All fuel prices are stated in \$/MMBtu (Table 4.3 below).

Table 4.3 Summary of Fuel Costs for December 2004

	No. 6 Fuel Oil	Natural Gas	No. 2 Fuel Oil	Kerosene
Price:\$/MMBtu	\$5.38	\$7.80	\$9.08	\$9.69
Change from November 2004	-11.5%	+20.5%	- 8.5%	- 8.5%
Change from December 2003	+ 7.6%	+13.0%	+42.9%	+41.0%

Ancillary Services:

DAM 10-Minute Spinning Reserves increased by 17.8% in the East and 20.2% in the West from November 2004 to December 2004 as prices increased from \$2.69 to \$3.17 in the East and \$2.63 to \$3.16 in the West. On a year-to-year comparison, DAM 10-Minute Spinning Reserves have increased 9.6% in the East and 12.3% in the West (compared to December 2003). Other reserve prices were up relative to November 2004 and also increased relative to December 2003, with the exception of 10-Minute Non-synchronous reserves in the East.

DAM Regulation prices are down 28.5% this month compared to November 2004. Compared to December 2003, the DAM Regulation prices are up 10.2%. (Attachment 4, Chart 4-W and Table 4-X).

Price Reservations and Corrections:

The percentage of hours reserved increased this month, as did the percentage of intervals corrected; however, both remain within historical norms. The percentage of hours reserved this month was 4.97%, up from 3.61% in November 2004. The percentage of intervals corrected increased from 0.17% in November 2004 to 0.44% this month. There were fifteen days without price corrections during December (Attachment 4, Table 4-Q and Chart 4-R).

Investigation and Physical Audit:

During the month of December 2004, no investigations were requested. Two new audits were undertaken and four audits were completed. For 2004, 35 audits were started and 30 were completed. The tables below present the audits conducted by the investigation unit since inception.

Table 4.4 MMP Historical Audit Summaries

	2001	2002	2003	2004	Total
Topics					
Derates & Outages	1	16	7	10	34
Reporting Verifications		1	4	11	16
Parameter Verifications		1	4	11	16
Reserve Shutdowns			8		8
Scheduling			1	2	3
Other	0	0	0	1	1
Total	1	18	24	35	78
Business Type					
Generator	1	14	19	23	57
Transmission Owner		4	1	4	9
Load w/curtailment			4	8	12
Total	1	18	24	35	78

Mitigations and Penalties:

The statewide DAM Automated Mitigation Procedure (AMP) did not arm this month; however, the In-City DAM AMP triggered on 12 days during December 2004. Attachment 4, Chart 4-Y shows the levels of committed unit hours mitigated In-City. The percent of DAM unit hours mitigated decreased from 14.8% in November to 12.7% in December. The percent of RT unit hours increased from 10.6% in November to 20.5% in December.

In-City RT Mitigation applied in all days this month. There were no other mitigations during December 2004.

Look Ahead

Market Monitoring:

MMP is finalizing the testing of mitigation and other core processes in preparation for the February 1 deployment of SMD2. MMP is beginning the preparatory work for bringing Price Validation in-house. Preparation includes development of a business plan, scheduling scenarios, and preliminary training.

Risk Assessment:

Risk tolerance documentation will be completed in the first quarter as will the first detailed risk mapping analysis.

Attachments

- Attachment 4-A: Daily NYISO Average Cost/MWH (Energy & Ancillary Services)
- Attachment 4-B: NYISO Average Cost/MWH (Energy and Ancillary Services)
- Attachment 4-C: NYISO Dollar Flows – Uplift -OATT Schedule 1 components
- Attachment 4-D: NYISO Market Transactions
- Attachment 4-E: NYISO Markets 2003-2004 Energy Statistics
- Attachment 4-F: NYISO Monthly Average Internal LBMPs
- Attachment 4-G: Zonal Statistics for NYISO (\$/MWH)
- Attachment 4-H: West Zone A Monthly Average LBMP Prices 2003-2004
- Attachment 4-I: Capital Zone F Monthly Average LBMP Prices 2003-2004
- Attachment 4-J: Hudson Valley Zone G Monthly Average LBMP Prices 2003-2004
- Attachment 4-K: NYC Zone J Monthly Average LBMP Prices 2003-2004
- Attachment 4-L: Long Island Zone K Monthly Average LBMP Prices 2003-2004
- Attachment 4-M: DAM and RT Zonal Unweighted Monthly Average LBMP Components
- Attachment 4-N: External Comparison ISO-NE
- Attachment 4-O: External Comparison PJM
- Attachment 4-P: External Comparison Ontario IMO
- Attachment 4-Q: NYISO Price Correction Statistics
- Attachment 4-R: Percentage of Real-Time Corrections
- Attachment 4-S: NYISO Virtual Trading Average MWh per day
- Attachment 4-T: Virtual Load and Supply Zonal Statistics
- Attachment 4-U: NYISO Multi-Hour Block Transactions Monthly Total MWh
- Attachment 4-V: NYISO Monthly Average Ancillary Service Prices, DAM 2003-2004
- Attachment 4-W: NYISO Monthly Average Ancillary Service Prices, BME 2003-2004
- Attachment 4-X: NYISO Markets 2003-2004 Ancillary Service Statistics
- Attachment 4-Y: NYISO In-City Mitigation (NYC Zone) 2003-2004 Percentage of committed unit-hours mitigated
- Attachment 4-Z: NYISO Average Daily Load Bid Summary
- Attachment 4-AA: NYISO LBMP Zone Map with Super-zones

5. Strategic Development

Management Summary

Business Planning

Strategic Plan, Business Plan and Incentive Goals:

Development of the 2005 Update to the Strategic Plan/Business Plan is in final draft and ready for review by Senior Management. The 2005 Incentive Goals were approved by the Board of Directors ("BOD") in November. The Senior Management Steering Committee is planning implementation of 2005 Strategic Plan activities.

Preparation for 2005-2006 Statewide IRM Study

System & Resource Planning

Resource Adequacy:

The New York State Reliability Council has set the Installed Capacity Reserve Margin at 18%, based on the technical study report titled "New York Control Area Installed Capacity Requirements for the Period May 2005 Through April 2006". A non-confidential version of the MARS database used in this study has been posted to the NYISO website. A report titled "2004 Interim Review of Resource Adequacy covering the New York Control Area, for the years 2003-2006" has been completed and submitted to the NPCC.

Transmission Planning:

FERC approved the Comprehensive Reliability Planning Process proposed by the NYISO. As part of the new Interconnection Process, NYISO held five Scoping Meetings with the Developers and applicable Transmission Owners for eight proposed wind generation projects. Staff has been working with KEMA Consulting to prepare a new Interconnection Manual to replace the outdated Transmission Expansion and Interconnection Manual. Staff prepared a revised Annual Transmission Reliability Assessment for the Class Year 2002 (CY02) cost allocation. The remaining CY02 developers accepted their cost allocations. Staff has been working with PowerGem to complete a draft report for the Deliverability Study. The 2004 New York Area Transmission Review Report was approved by the Operating Committee, but is still under review by the NYSRC Reliability Compliance Monitoring Subcommittee and NPCC (TFSS). GE provided a draft Phase 2 report for the Wind Generation Integration Study. The draft report is under review by NYISO and NYSERDA staff. The NERC MSDTF continues to prepare their sections of the blackout investigation report. Work continues on the NPCC Overall Transmission Study, the NPCC TFSS Blackout Study, and follow-up on the NERC blackout recommendations.

Load Forecasting:

The December Day-Ahead forecast average absolute error for the NYCA peak was 1.64%; the weather-adjusted error was 1.36%. For 2004, corresponding numbers are 2.13% and 1.86.

Staff is monitoring the performance of the RTS forecasting system. It is not functioning on Load Forecasting's workstation.

The 2005 ICAP forecast is in process. Evaluation of TO weather-normalized load is proceeding. Regional Load Growth Factors are being developed.

Cenk Yildirim was hired to fill the position vacated by Kalyani Sahoo.

Look Ahead

Business and Strategic Planning

The 2005 Strategic Plan Implementation/Business Plan will be presented to all employees in January.

System & Resource Planning

Resource Adequacy:

Begin initial work on the Locational ICAP Requirements (LCR) study for the 2005-2006 Capability Year. Complete LCR versus Installed Reserve Margin (IRM) graph based on the 2005-2006 IRM database. Continue to work with the Installed Capacity Subcommittee ("ICS") and other parties on a joint LCR/IRM study. Finalize the draft procedure on setting locational requirements to satisfy an ICS action item and to form the basis for NYISO response on audit finding. Provide NPCC CP-8 with the NY data and assumptions needed for the 2005 Summer Assessment. Work with NYSRC's RCMS to set target deadlines for 2005 compliance documentation for the planning department.

Transmission Planning:

Continue to process Interconnection Requests. Review the draft Phase 2 Report for the NYISO-NYSERDA Wind Generation Integration Study. Present the draft Deliverability Study Report to the IITF. Present the draft Interconnection Manual to TPAS and IITF for review. Request RCMS and TFSS approval of the 2004 New York Area Transmission Review Report. Begin preparation of data bases for 2005 studies including the Comprehensive Reliability Planning Study, the 2005 New York Comprehensive Transmission Review, and the Catch-up Class Facilities Study. Continue work on the NPCC Overall Transmission Study, the NPCC TFSS Blackout Study, and follow-up on the NERC blackout recommendations.

Load Forecasting:

Production and test models will continue to be tracked.

Work on the ICAP forecast will continue. The preliminary 2005 ICAP forecast will be released.

The RTS load forecasting workstation will be made operational and tracking and monitoring systems will be developed.

Staff will update the Customer Load Forecast evaluation tool for Credit Management.

Attachments

Attachment 5-A, NYISO Daily Peak Load

Attachment 5-B, Day-Ahead Forecast (Weather-Adjusted) Performance Tracking

Attachment 5-C, Plot of 12-Month Moving Total of NYCA Weather Adjusted Energy Send out

Attachment 5-D, Plot of Weather-Adjusted 12 Month Moving Total Energy Send out Annual Percent Change

Attachment 5-E, Plot of 12 Month Moving Total of NYCA Energy Send out and Effective Degree Days for 10 years

Attachment 5-F, Plot of 12 Month Total Energy Send out Annual Percent Change for 10 Years

6. Regulatory Affairs and General Counsel

Management Summary

The NYISO made thirteen FERC filings and two joint filings in December 2004. MPs made six NYISO-related filings (or groups of filings). FERC issued one substantive order and two letter orders regarding NYISO dockets. Listings of the NYISO-related regulatory filings and FERC orders issued in December are included as Attachments 6-A and 6-B.

NYISO filing of a compliance report regarding an evaluation of the revised market monitoring and mitigation procedures (ER01-3155-003, ER01-1385-012, EL01-45-001) – Filed December 1, 2004

The analysis of the Con Ed mitigation measures and AMP In-City mitigation programs shows that the improvements and evolution to achieve the latest design have improved the selectivity of congestion-based mitigation, while still mitigating market power. The statewide AMP has not mitigated any generation during the time period analyzed, but Market Monitoring is confident that AMP is continually and reliably testing for market power when prices exceed \$150/MWh. Based on experience in the Day-Ahead Markets, Market Monitoring believes that a move to full conduct and impact real-time mitigation when SMD 2 is implemented in February 2005 will help ensure that mitigation occurs only during appropriate circumstances.

NYISO filing of its seventh bi-annual compliance report regarding demand response programs and the addition of new generation (ER01-3001-011) – Filed December 1, 2004

Although all three programs (Emergency Demand Response Program "EDRP", Day-Ahead Demand Response Program "DADRP", and Installed Capacity/Special Case Resources "SCR") were operational during the 2004 Summer Capability Period, none of them were called upon due to less than normal temperatures. NYISO's preliminary benefit/cost assessment shows that the EDRP/SCR programs showed a payback within six months during the period 2001 to 2003. DADRP is trending toward longer payback periods as a direct result of the lack of opportunity for demand-side resources to schedule reductions at cost effective prices.

NYISO filing of a compliance report regarding the implementation of the demand curve and an evaluation of withholding in the NYISO markets (ER03-647-006) – Filed December 2, 2004

The NYISO continues to see no evidence of significant physical or economic withholding in the New York ICAP markets. Bidding behaviors continue to support the conclusion that clearing prices derived from the Demand Curves in the monthly Spot Markets Auctions continue to be attractive to capacity suppliers and provide a venue for them to offer previously unsold capacity resources for the month. Within the New York Control Area, there is no category of ICAP in which apparent withholding exceeds six percent of available supplies.

NYISO filing of an answer to Keyspan's request for appointment of a settlement judge to resolve various complaints v NYISO concerning reserves, energy and capacity pricing (ER00-1969-000, et. al.) – Filed December 17, 2004

The NYISO argued that the request for a settlement judge is based on a superficial and incomplete description of three different and complex proceedings currently before the Commission. While the NYISO generally favors settlement discussions, a consolidated settlement proceeding for the above cases is highly likely to be unwieldy and impractical, and to complicate and delay resolution of the proceedings.

The three proceedings are factually and procedurally distinct. The parties, facts and legal arguments differ between the proceedings, and the time periods and applicable tariff provisions for each proceeding are different. In addition, each proceeding involves a different market with different customers and different market rules. Consequently, implementing a combined settlement proceeding under these circumstances would be costly and time consuming, and would not be likely to result in a timely, if any, resolution.

FERC order accepting in part NYISO's comprehensive reliability planning process (ER04-1144-000/001) - Issued December 28, 2004

Although Commissioner Kelliher issued a dissenting opinion, FERC accepted most of NYISO's comprehensive planning process filing but required a compliance filing regarding the following issues:

FERC vs PSC Jurisdiction: While accepting the dispute resolution processes at the state level as proposed for matters that are not within FERC's jurisdiction, FERC requires an amendment to provide a request for a "joint or concurrent hearing" to resolve disputes in which all the participating commissions have jurisdiction.

PSC Advance Approval of Alternate Regulated Proposals: FERC rejected the advance screening by the PSC of alternate regulated proposals as "unduly discriminatory" and directed the NYISO to revise its filing accordingly.

NYISO-TO Agreement: While accepting the separate cost recovery mechanism for transmission expansion by the TOs, and rejecting PSEG's proposed language regarding the obligation of TOs to support non-TO projects, FERC requires a modification to the Agreement which requires that the "NYTOs should provide reasonable assistance, where possible, to those parties that are responsible for developing and constructing upgrades approved in the comprehensive reliability process."

Timetable for Cost Allocation and CRP Implementation: While rejecting the need to establish a deadline for the development of the cost allocation procedures, FERC requires that an implementation timetable for various stages of the CRP process be filed within 60 days.

Letter Orders: During December 2004, FERC issued two letter orders. FERC accepted NYISO tariff filings regarding: (1) the review of the feasibility of segmenting Class Year developer projects for use as generic units in the cost allocation process (EL02-125-002); and (2) a one year extension of the current methodology and rate used to calculate annual payments for Voltage Support Service (ER05-119-000).

Look Ahead

The NYISO is preparing FERC filings regarding:

Revisions to the ICAP Demand Curves

Amendments to OATT Attachment S- compliance filing (EL02-125-002)

Amendments to the comprehensive reliability planning process – compliance filing (ER04-1144-000/001)

Initial and final notification to MPs of SMD2 implementation

Operating Protocols with Con Ed, PSEG and PJM regarding transmission service arrangements (EL02-23-003)

Attachments

Attachment 6-A, NYISO Regulatory Filings – December 2004

Attachment 6-B, NYISO Related FERC Orders – December 2004

7. Committee Activities

Management Summary

Management Committee (MC): The MC met on December 2, 2004.

The only action taken up by the MC at this meeting was approval of the November meeting minutes. The MC heard an update on SMD2 readiness and Billing Issues in addition to the regular monthly reports.

Business Issues Committee (BIC): The BIC met on December 15, 2004.

The BIC received an update on SMD2 readiness, in addition to its regular updates. The BIC approved proposals on the Virtual Bidding Credit Policy, a request for waiver from FERC related to the Final Bill Close-out process, and Scheduled Lines Implementation. The BIC also discussed NYS Tax Issues.

Operating Committee (OC): The OC met on December 16, 2004.

The OC reviewed and approved the Caithness Bellport Project Study and the ConEdison Mott Haven SRIS as well as the NYISO 2004 Area Transmission Review (ATRA). The OC discussed the Scheduling and Netting of Flows on the "7040" Line, which will be further addressed at a subsequent meeting.

New York State Reliability Council (NYSRC):

Responsibility for Compliance with the Reliability Rules:

Mr. Gioia, counsel to the NYSRC, reported to the Executive Committee ("EC") that he had received an e-mail from the NYISO expressing concern regarding the generic "Non-Compliance Letter" approved at the October 8, 2004 EC meeting. The non-compliance letter would be issued to the NYISO in cases where the non-compliance with a Reliability Rule appears to be the result of the failure of a MP to comply with NYISO procedures. Mr. Gioia responded by providing the reasoning that supports the EC's decision and reiterating the protections provided to the NYISO prior to issuing such a letter. He also advised the NYISO that the EC had agreed that the NYISO would have an opportunity to raise any concerns with the EC prior to issuance of such a letter. The NYISO has requested a meeting with the NYSRC leadership to discuss the matter further. It was noted that the EC's "Non-Compliance Letter" is no different than the mechanism currently in place between the NYISO and NPCC. The NYSRC practice with respect to the issuance of a non-compliance letter to the NYISO based on the actions of a MP appears to be similar to the practice currently used by NPCC. The EC requested that a meeting be scheduled with the NYISO to resolve the matter.

Look Ahead

Management Committee:

The next meeting of the MC is scheduled for January 5, 2005. The MC will receive an update on SMD2 Readiness and Billing Issues in addition to the regular reports. The MC is expected to consider proposals on tariff changes to implement Cross Sound Cable scheduling and generic scheduled lines, tariff changes related to sales tax and requirements for customers purchasing service under the tariff, and the proposed NYISO facility.

Business Issues Committee:

The BIC is scheduled to meet again on January 19, 2005. The BIC will receive an update on SMD2 readiness in addition to its regular updates, and is expected to discuss revisions to Attachment N and consider approval of proposed revisions to the Transmission Services Manual.

Operating Committee:

The OC is scheduled to meet again on January 20, 2005. The OC will discuss several NERC training requirements and the recently issued FERC order pertaining to System Operator training survey.

New York State Reliability Council (NYSRC):

- The next two EC meetings are scheduled for January 13, 2005 and February 11, 2005, respectively.
- **Vote on 2005-2006 Statewide IRM Requirement:**

National Grid offered a motion that beginning this year, the method used to establish the NYCA IRM be based on the internal unconstrained study results as delineated in the approved technical study report, New York Control Area Installed Capacity Requirements for the Time Period May 2005 Through April 2006. Any additional capacity required due to internal constraints would be determined by the NYISO through the locational capacity requirements process. The motion was seconded by New York State Electric & Gas. After lengthy discussion, including the motion's consistency, or otherwise, with current Reliability Rules raised by Counsel, the Committee defeated the motion (1-11) with one abstention. Next, the Municipal Sector moved that the IRM for May 2005 through April 2006 be set at 17.5%. The motion was seconded by New York State Electric and Gas. Con Edison offered an amendment which increased the IRM to 18.0%. The amendment was seconded by the Supplier Sector. Following additional discussion, the Chairman called for a vote on the amendment which was approved by the Committee with nine votes in favor and four opposed (9 to 4). The NYSRC Resolution which formally documents the approval of the 18.0% IRM for the period May 1, 2005 through April 30, 2006 was read and a letter which formally conveys the IRM Report to the NYISO was proposed. The Resolution and letter were seconded by the Long Island Power Authority and unanimously approved by the Committee (13 to 0).

Look Ahead

- The next two EC meetings are scheduled for February 11, 2005 and March 11, 2005, respectively.

Attachments

Attachment 7-A, MC Motion

8. Information Technology

Management Summary

The SMD2 project team conducted a parallel operations exercise between the new SMD2 system and the existing NYISO market and Energy Management System (EMS) in preparation for the eventual cut-over to SMD2 on February 1, 2005. The tests took place from December 1, 2004 through December 10, 2004 and were run continuously throughout those days. Inputs from the markets (bids, offers, forecasts, etc.) and inputs from the power system (telemetry data, limits, etc.) were duplicated between the two systems. Additionally, operational tasks performed on each system were replicated across systems to the extent possible. The results of those exercises enabled the NYISO to assess the readiness of the various systems and ensure that proper training, procedures, and departmental processes were in place to support the cut-over.

Throughout the exercise, both the power system and market applications operated to desired performance levels. Solutions obtained between the two systems were within acceptable bounds, given the unavoidable differences in the inputs. NYISO staff demonstrated good capabilities in operating the new software according to the new processes. A number of minor problems were encountered and were corrected. The exercise helped reinforce the team's confidence that the new systems are ready for production operation.

Each individual user department, with support of the SMD2 team and the Quality Assurance staff, are taking advantage of the extra time to re-run various test scenarios and continue baseline testing of the new applications. The minor delay has also enabled the deployment team to re-work the cut-over plan to enable a reduction in the amount of planned outage time that will be experienced by the market.

The Billing Simulator and DSS project teams completed changes to support the restart of the final bill closeout process. Included in these changes was verification that the Billing Simulator results can be used to solve the identified billing system defects for the March-July 2000 closeout settlements. As a result, instead of waiting for SMD2 to complete, these months are scheduled to be posted for review on January 7, 2005 and invoiced in February 2005. The restart of the process and the use of the Billing Simulator in the process was approved by a BIC motion at the December 9 meeting.

A full implementation of the IT Solutions Management Service Desk was introduced to NYISO during the month of December. The IT Service Desk provides a single point of contact that is governed by the overriding principle of rapid restoration of normal services to all NYISO Staff. During the month of December, there were 721 calls recorded, of which 648 have been closed.

Look Ahead

The SMD2 project team will initiate the SMD2 cut-over plan in early January. The steps taken will lead to the planned implementation of the new SMD2 system on February 1, 2005. In advance of that transition, the NYISO will publish advisory notifications to FERC on January 14 (2-week "Intent to Go Live") and January 28 (48-hour "Effective Date Notification").

The NYISO will be conducting an additional SMD2 Technical Conference on January 14, 2005. The target audience of the session is the MP technical staff that would need to directly support this transition, and the focus will be the technical details surrounding the cut-over.

The Billing Simulator and DSS project teams will continue to support the final bill closeout process for the months scheduled to be posted for review in February and beyond.

9. Human Resources

Management Summary

Five new employees and no new contractors were hired in December.

Total new employees hired for 2004 is 65; total new contractors hired are ten.

There were two terminations in December.

Thirty-Four Power Plus Awards were awarded to employees in IT, Market Services, Administration & Compliance, HR & Training, Operations, Communications, Finance, and Corporate & Market Risk.

The following training activities took place during the month of November:

The Supervisory "Super-Vision" sessions were conducted on personnel development and delegation for new NYISO supervisors.

The 2004 Organizational Excellence Program was completed on December 7. This program consisted of two manager courses (Managing Meetings that Matter and Leading a High Performance Cross-Functional Team) and two employee courses (Contribution to Cross-Functional Team Excellence and Personal Leadership).

Look Ahead

A SMD2 Transition Course is scheduled for January in Albany, NY.

The next NYMOC will be conducted in March in Albany, NY.

DEPARTMENT	Current Staff 12/31/2004	Current Openings	Total Budgeted Employees 12/31/2004
Executive	2	1	3
Finance	25	3	28
Administration & Compliance	21	1	22
Human Resources	17	0	17
Information Systems	124	6	130
Market Services	46	1	47
Product & Project Management	1	0	1
Operations	80	2	82
Strategic Development	15	1	16
Corporate & Market Risk	43	1	44
Government Affairs & Comm.	6	0	6
General Counsel	8	0	8
Regulatory Affairs	5	0	5
Total	393	16	409

10. Government Affairs and Communications

Management Summary

Media Inquires and News Releases:

The NYISO managed 21 inquiries.
The NYISO issued one news release.

"Cold Snap Results in Record Electricity Demand in New York Supplies..."

Government Affairs:

Dec 22 Met with Senate Majority Leader

Tours:

Dec 1 Tour, Korean District Heating Corp
Dec 1 Tour, State Electric Regulatory Commission, China
Dec 15 Tour, Central Electric Regulatory Commission (CERC), India

Internal Communications:

Web Site: 190 postings were added to the site, and 34 Webmaster/portal requests were resolved.

- The November/December issue of *The Independent* was published and distributed on December 21, 2004.
- Started work on Annual Report
- Developed outline and production schedule for Power Trends '05.
- Published special anniversary issue of *The Current*.

Look Ahead

Jan 10 Tour, New York Power Authority
Jan 12 Tour, GE Power Systems Engineering Class
Jan 14 Tour, Power Design Institute, China
Jan 14 Tour, State Energy Regulatory Commission, China
Jan 14 Tour, Regulatory Assistance Project

11. Finance

Management Summary

Budget:

Spending in 2004 is tracking within budget. Detailed projections of spending to December 31, 2004, indicate a potential under run of approximately \$6.5 million, due primarily to under runs on insurance, debt service, and FERC fees. This under run will be utilized to "pay down" existing debt.

Credit Department:

Edison Mission presented a proposal at the December BIC meeting to reduce the collateral requirements for the Virtual Bidding market from seven to four days of market activities. The proposal will also authorize that the net amount the NYISO owes to an MP on a monthly basis to be used as collateral in the Virtual Bidding market. Currently the net amount owed to a MP on a monthly basis can only be considered as collateral in the TCC and UCAP markets.

Con Ed presented a friendly amendment which required the NYISO to periodically confirm to the Market Participants that the proposed changes to the Virtual Bidding would continue to provide adequate protection to the market. The motion, as amended, was passed by a show of hands.

A report has been prepared for senior management and the BOD to demonstrate that, after implementing the proposed changes, all exposures incurred in this market are fully collateralized.

Market Settlements Activities:

The consolidated invoice issued in September 2004 represented the August 2004 Energy and ICAP charges, the August 2003 and April 2004 settlement adjustments, and the August 2002 final settlement.

Final close-out settlements for March 2000 through July 2000 were posted in invoice format on December 31, 2004 and will be invoiced in the February 7, 2005 consolidated invoice. An email was posted to the Customer Settlements listserver on Friday, December 31, 2004, informing MP billing contacts that these close-out settlements were available for review and reconciliation. The email also made MP aware of the other close-out settlement months [August 2000 through May 2003] which have been processed and posted, to date.

Other Matters:

Testing of internal controls for Sarbanes-Oxley compliance is ongoing. The Internal Audit department will continue to provide updates to the BOD.

Look Ahead

A present-value cash flow analysis of the costs to purchase a new Alternate Control Center and consolidated office space was presented and approved at a December 13, 2004, Budget, Standards & Performance subcommittee meeting. The proposal will be presented for approval to the BOD in February.

Attachments

- Attachment 11-A, NYISO Budget vs. Actual Analysis
- Attachment 11-B, Gross Revenue – Energy Market
- Attachment 11-C, Market Participant Energy Billings – Receivables
- Attachment 11-D, Market Participant Energy Billings – Payables

12. Administration and Compliance

Management Summary

Infrastructure Operations and Planning:

- HVAC/UPS work at all buildings has been completed, with only a few punch list items remaining.
- The 600kW diesel generator that was replaced at Wolf Road has been moved to the PCC where it will be stored over the winter months.
- The newly created Interdependencies Task Force ("ITF") met for the first time. The ITF objectives include: identify, monitor and mitigate risks from system interdependencies; take direction from and provide periodic reports to the ERM Committee; communicate with NYISO employees to raise awareness and solicit input; and coordinate efforts among other NYISO committees and task forces.
- Proposals for electricity supply were solicited from several Energy Services Companies and were evaluated.
- Provided input to the cost benefit analysis of alternative new building scenarios.
- Participated in structural and environmental assessments of the proposed new facility.

Security:

- The security enhancements at the PCC building continue as Phase 3 work nears completion with parking lot paving and landscaping postponed until spring.
- A new contractor for security guards at the NYISO has been selected, contracts and logistics have been complete for the transition, and a training program for the new guards has been created. Training and the transition will occur in January.
- Based on vulnerability analysis of each of the NYISO buildings, supplemental cameras and card readers have been purchased and will be installed in January at each NYISO facility.

Contract Administration:

- Information and planning support continues for the new facility due diligence process, particularly in support of purchase and lease agreements.
- Continued pro-active updating of insurance certificates, conflicts of interest statements and Master Consulting Agreements as necessary, across all departments.
- Examination of a Vendor Management process and strengthening the contract/purchase order procedure.
- Pro-active planning and placement of contracts for 2005 consultants and services.

13. Product and Project Management

Management Summary

Project Management planning activities centered on the finalization of SMD2 project activities, synchronization of SMD2 project plans with the plans for those projects that are linked to SMD2 cut-over, and initiation of the projects that will launch immediately upon completion of SMD2 cut-over.

SMD2 project planning activities primarily dealt with the adjustments required to the project plans and cut-over activities that resulted from the NYISO decision to defer cut-over until February 1, 2005. A number of minor changes were required for the various planned activities, but the key elements of the plans did not change. The team has high confidence in a successful cut-over on February 1.

Several new project initiatives were launched in December, in anticipation of a successful SMD2 cut-over. Preliminary scope documents and project plans were started for the 15-minute Scheduling project and the SMD Extensions project. 15-Minute Scheduling is planned to complete within 150 days of the SMD2 implementation. The SMD Extensions project is the effort targeting the completion of the high-priority SMD2 feature additions.

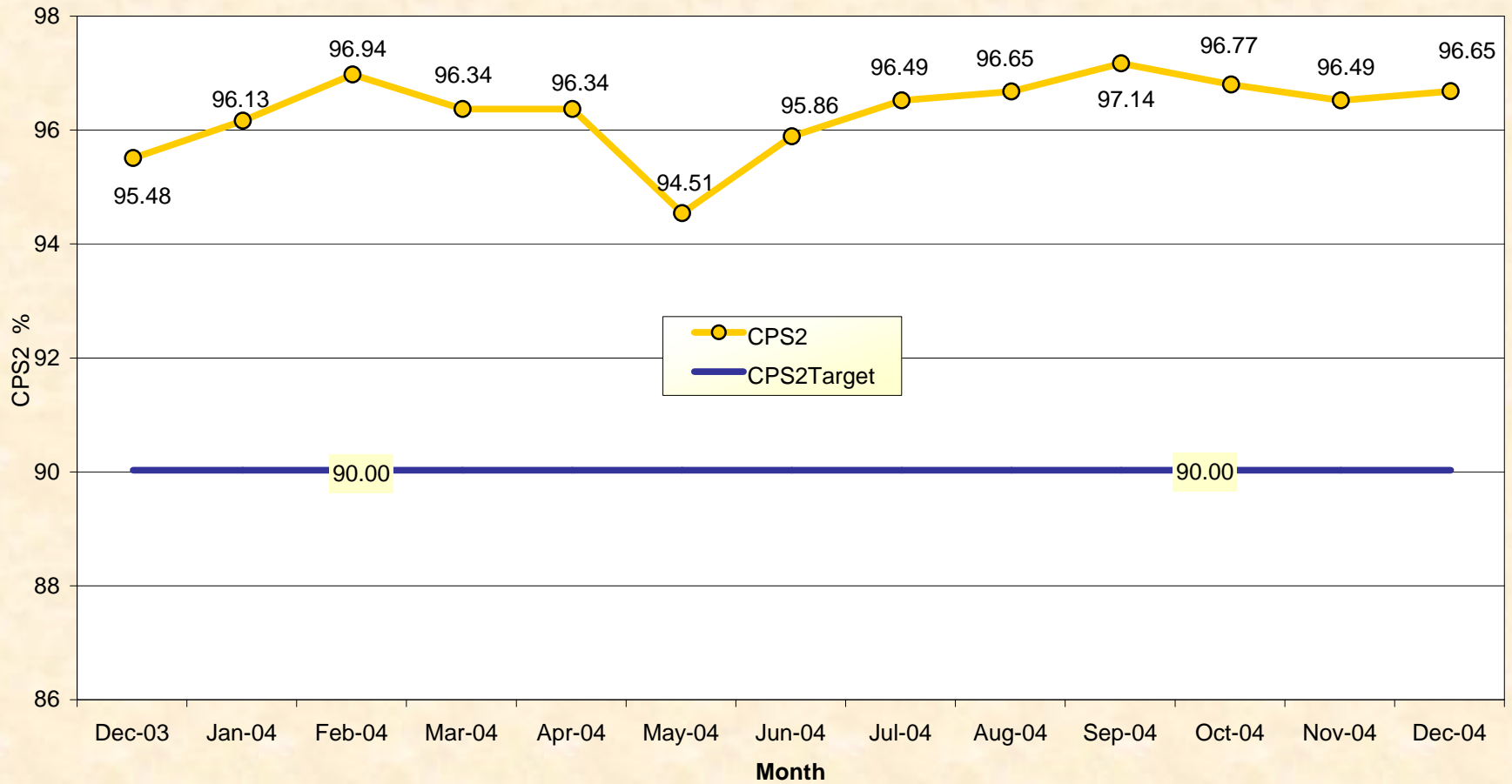
Several other high-priority projects that are not tied to SMD2 proceeded according to their individual plans. These activities include the implementation of Controllable Tie Lines, automation of the ICAP Auctions, and planning to consolidate NYISO Facilities.

Look Ahead

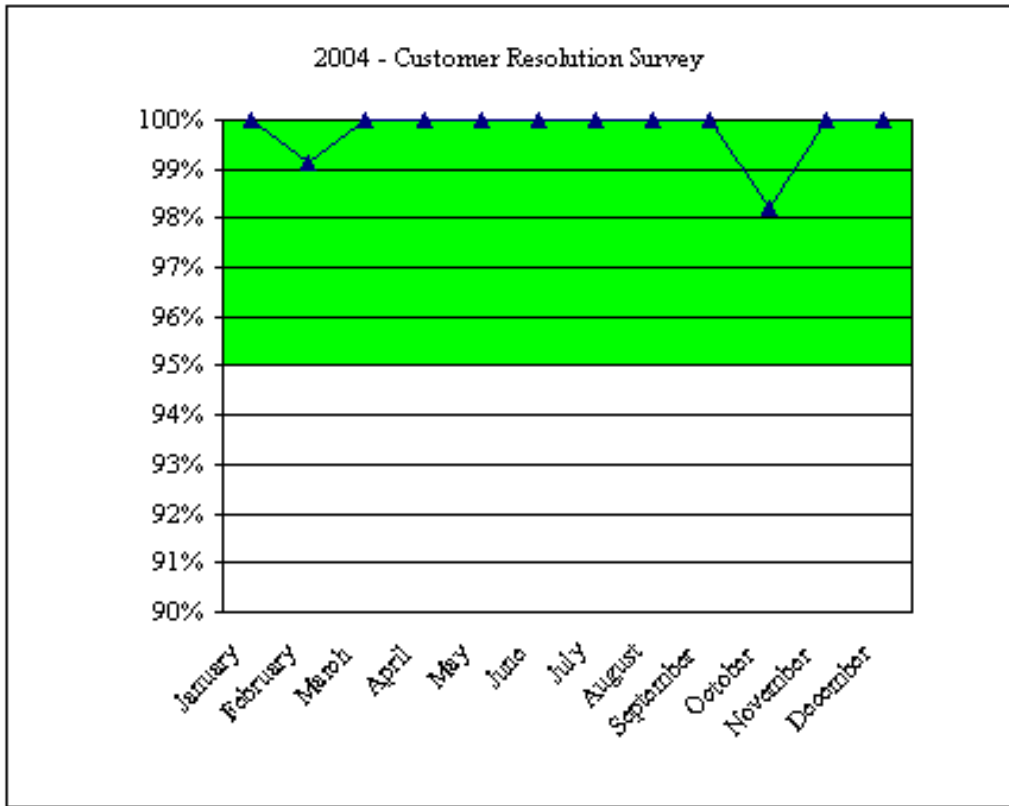
Detailed project plans will be produced to identify any changes to the 2005 projects plan that might be necessitated by the decision to delay the SMD2 project cut-over until February.

NERC Control Performance Standard

NYISO Compliance
Year 2003/2004

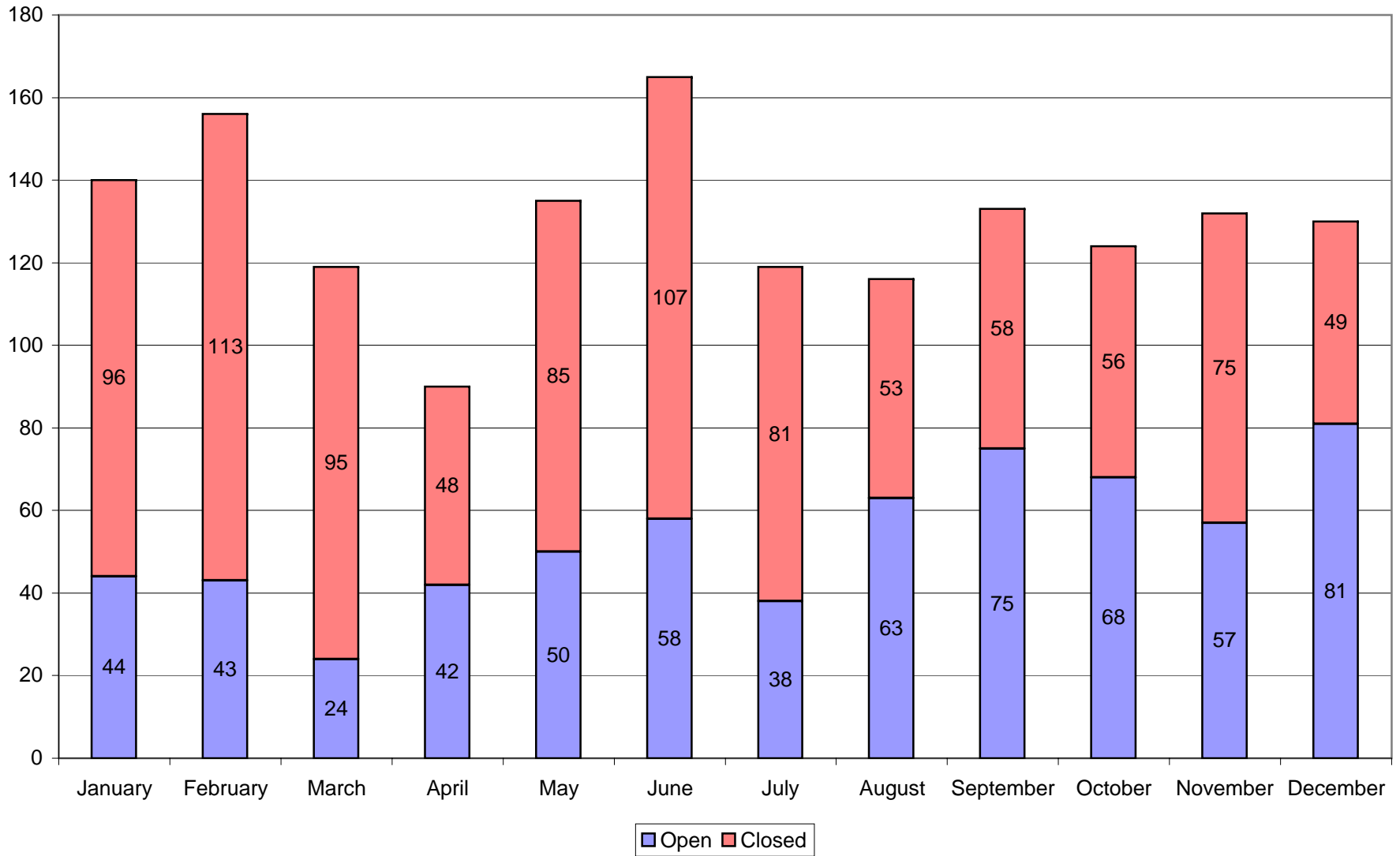


CPS2 for December = 96.65% Compliance Threshold = 90%
CPS2 measures excessive unscheduled power flow resulting from large Area Control Error (ACE)

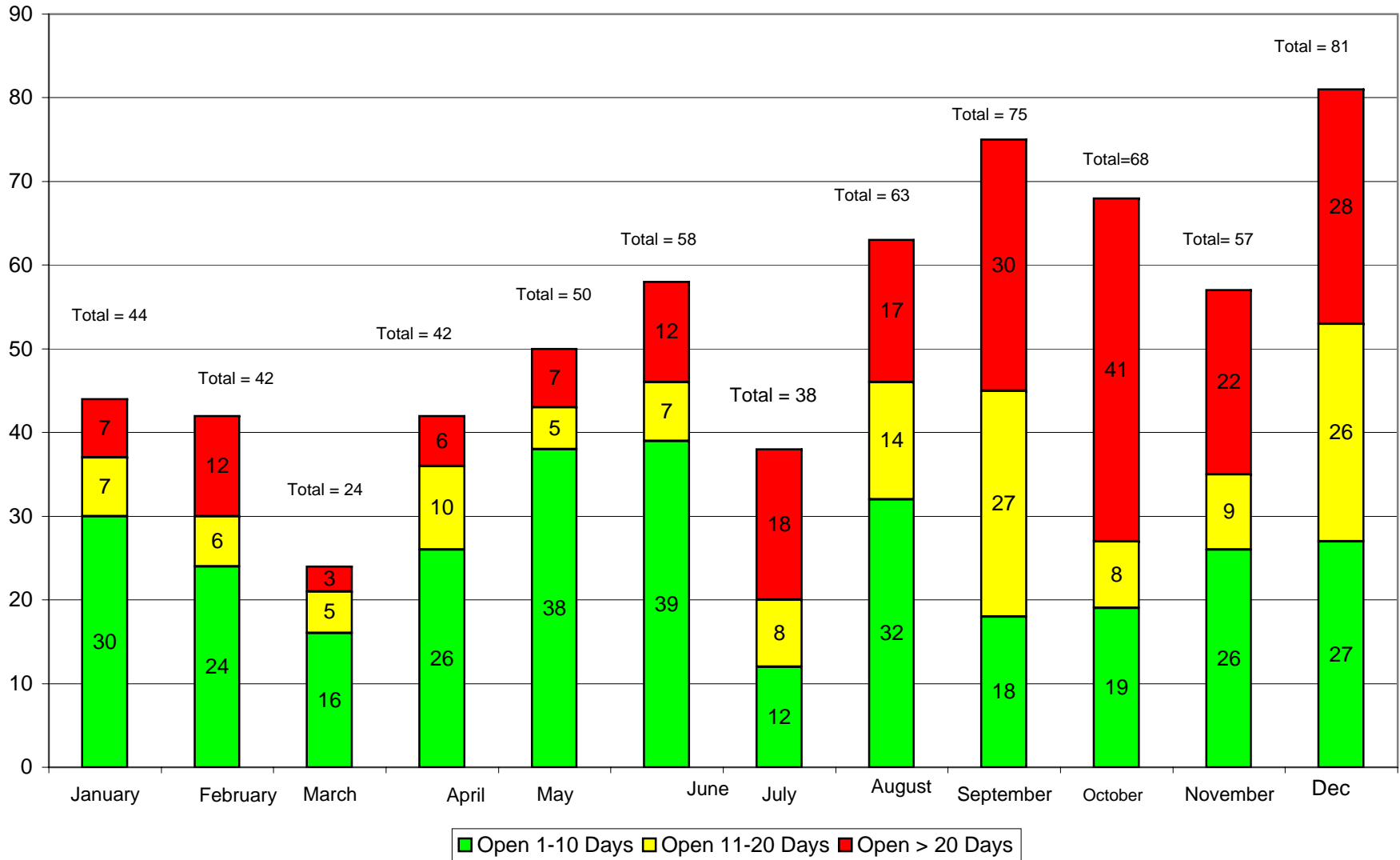


The Customer Resolution Survey Goal for 2004, has been set at 95%. For the month of December, 49 inquiries were sent out. No replies were received that the response was not timely. A 100% (superior) level was achieved for the month. For the period January-December, a total of 916 inquiries were sent out, two (2) customers indicated that the response was not timely. A 99.8% level was achieved.

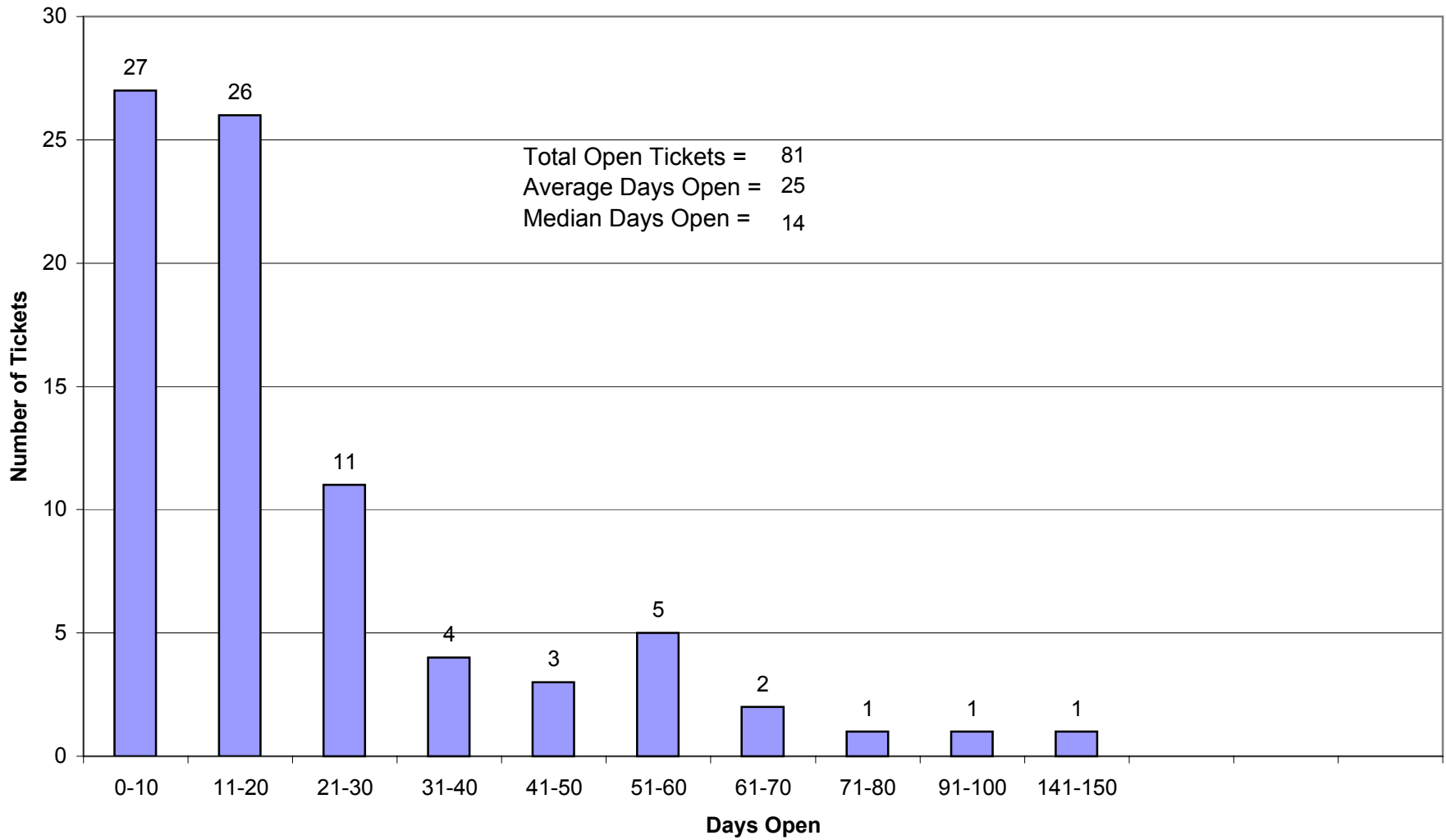
Tickets Open, Tickets Closed as of End of December 2004



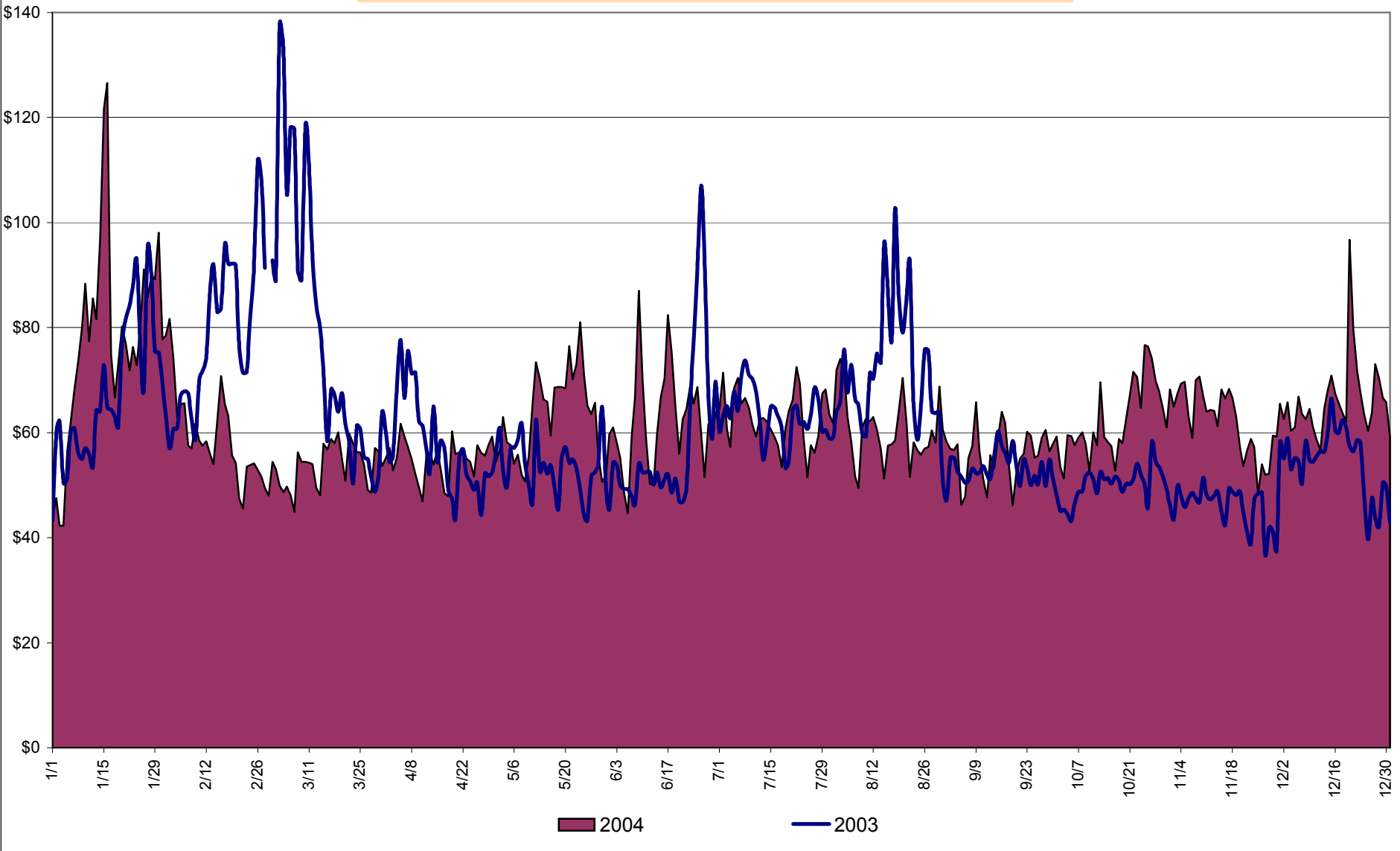
Open Tickets by Month December 2004



**Number of Tickets Open By Days
December 2004**



Daily NYISO Average Cost/MWH (Energy & Ancillary Services)*
2003 Annual Average \$62.42/MWH
December 2003 YTD Average \$62.42/MWH
December 2004 YTD Average \$62.70/MWH



4-A

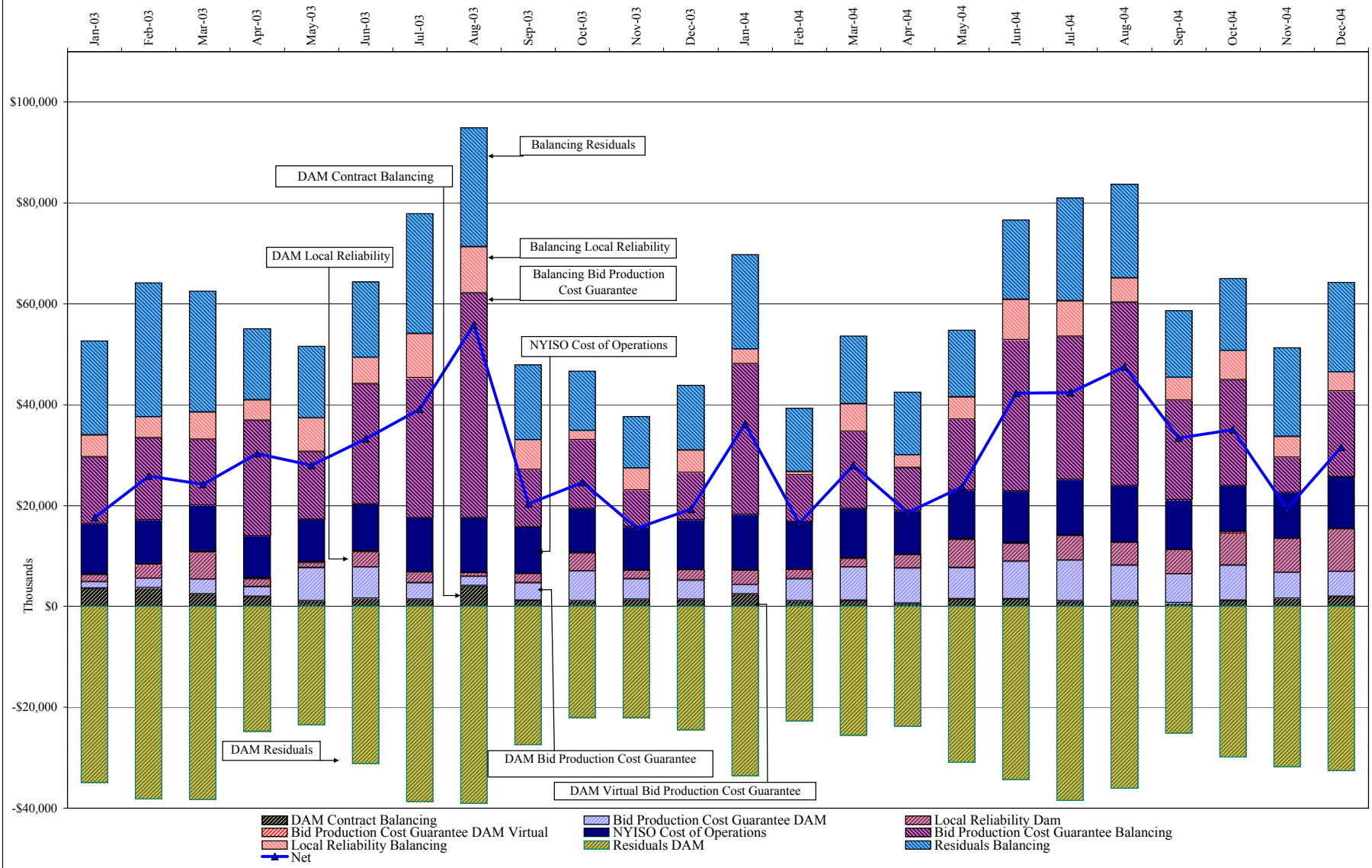
**NYISO Average Cost/MWH (Energy and Ancillary Services)*
from the LBMP Customer point of view**

2004	January	February	March	April	May	June	July	August	September	October	November	December
LBMP	76.13	57.13	50.56	52.48	61.24	59.79	59.59	57.20	53.01	58.66	59.80	62.96
NTAC	0.47	0.42	0.55	0.51	0.42	0.53	0.34	0.43	0.23	0.29	0.46	0.69
Reserve	0.27	0.14	0.20	0.17	0.14	0.09	0.07	0.05	0.06	0.12	0.15	0.21
Regulation	0.18	0.34	0.28	0.15	0.13	0.14	0.13	0.17	0.32	0.43	0.45	0.28
NYISO Cost of Operations	0.73	0.73	0.73	0.72	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73
Uplift	1.57	0.44	1.27	0.76	0.93	2.16	2.00	2.36	1.70	1.92	0.68	1.38
Voltage Support and Black Start	<u>0.36</u>	<u>0.36</u>	<u>0.36</u>	<u>0.36</u>	<u>0.36</u>	<u>0.36</u>	<u>0.36</u>	<u>0.36</u>	<u>0.36</u>	<u>0.36</u>	<u>0.36</u>	<u>0.36</u>
Avg Monthly Cost	79.72	59.56	53.96	55.16	63.94	63.80	63.23	61.31	56.41	62.51	62.62	66.61
Avg YTD Cost	79.72	70.68	65.29	63.02	63.20	63.30	63.29	63.02	62.31	62.33	62.35	62.70

2003	January	February	March	April	May	June	July	August	September	October	November	December
LBMP	66.34	76.59	78.31	54.28	49.77	57.46	60.10	68.23	50.82	47.19	43.40	52.19
NTAC	0.42	0.36	0.67	0.46	0.45	0.40	0.54	0.37	0.25	0.29	0.52	0.37
Reserve	0.47	0.35	0.45	0.40	0.47	0.25	0.15	0.22	0.13	0.10	0.18	0.16
Regulation	0.28	0.31	0.43	0.36	0.67	0.34	0.22	0.21	0.35	0.53	0.46	0.27
NYISO Cost of Operations	0.70	0.69	0.69	0.69	0.69	0.70	0.70	0.70	0.70	0.69	0.69	0.70
Uplift	0.30	1.09	0.94	1.71	1.51	1.67	1.78	2.57	0.77	1.15	0.44	0.58
Voltage Support and Black Start	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>
Avg Monthly Cost	68.84	79.74	81.84	58.24	53.91	61.16	63.83	72.65	53.36	50.29	46.03	54.61
Avg YTD Cost	68.84	74.04	76.60	72.24	68.86	67.49	66.83	67.75	66.21	64.73	63.17	62.42

* Excludes ICAP payments

NYISO Dollar Flows - Uplift - OATT Schedule 1 components



DAM Contract Balancing amounts are for payments made to generating units to make them whole for being dispatched below their Day-Ahead schedule, as a result of out-of-merit dispatches.
 DAM Bid Production Cost Guarantees for Virtual Transactions are included in the chart and are shown from the inception of Virtual Transactions. These values are small and cannot be identified on the chart.
 DAM residuals are revenue charged or returned to customers due to the under or over collection of funds. On this chart, negative values represent funds returned to Transmission Customers (through Transmission Owners' Transmission Service Charges).

NYISO Markets Transactions

Transactions by Market 2004

	January	February	March	April	May	June	July	August	September	October	November	December
Day Ahead Market MWH	14,614,304	12,806,346	12,836,889	11,818,317	13,026,160	13,737,390	15,071,422	14,939,105	13,228,022	12,375,053	12,214,936	13,471,387
DAM LSE Internal LBMP Energy Sales	52%	50%	51%	51%	47%	49%	53%	54%	53%	52%	53%	49%
DAM External TC LBMP Energy Sales	4%	2%	3%	3%	4%	3%	2%	1%	1%	0%	0%	2%
DAM Bilateral - Internal Bilaterals	41%	45%	44%	44%	46%	45%	43%	43%	44%	45%	44%	48%
DAM Bilateral - Import/Non-LBMP Market Bilaterals	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	1%
DAM Bilateral - Export/Non-LBMP Market Bilaterals	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
DAM Bilateral - Wheel Through Bilaterals	1%	1%	1%	1%	1%	1%	1%	1%	1%	0%	0%	0%
Balancing Energy Market MWH	367,460	269,220	508,837	238,876	379,159	424,726	139,472	297,506	322,983	68,554	275,972	574,623
Balancing Energy LSE Internal LBMP Energy Sales	66%	31%	61%	84%	30%	29%	-46%	35%	19%	-9%	24%	70%
Balancing Energy External TC LBMP Energy Sales	57%	78%	41%	38%	77%	74%	170%	73%	50%	125%	69%	30%
Balancing Energy Bilateral - Internal Bilaterals	-20%	0%	0%	-9%	3%	5%	13%	5%	39%	23%	11%	3%
Balancing Energy Bilateral - Import/Non-LBMP Market Bilaterals	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Balancing Energy Bilateral - Export/Non-LBMP Market Bilaterals	0%	0%	0%	1%	1%	0%	1%	0%	0%	0%	0%	0%
Balancing Energy Bilateral - Wheel Through Bilaterals	-4%	-11%	-3%	-14%	-11%	-8%	-39%	-13%	-8%	-40%	-5%	-3%
Transactions Summary												
LBMP	58%	54%	56%	55%	53%	54%	55%	56%	54%	53%	55%	52%
Internal Bilaterals	40%	44%	42%	43%	45%	44%	43%	43%	44%	45%	44%	46%
Import Bilaterals	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Export Bilaterals	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Wheels Through	1%	0%	1%	0%	1%	1%	0%	1%	1%	0%	0%	0%
Market Share of Total Load												
Day Ahead Market	97.5%	97.9%	96.2%	98.0%	97.2%	97.0%	99.1%	98.0%	97.6%	99.4%	97.8%	95.9%
Balancing Energy +	2.5%	2.1%	3.8%	2.0%	2.8%	3.0%	0.9%	2.0%	2.4%	0.6%	2.2%	4.1%
Total MWH	14,981,764	13,075,566	13,345,726	12,057,193	13,405,319	14,162,116	15,210,894	15,236,611	13,551,005	12,443,607	12,490,908	14,046,010
Average Daily Energy Sendout/Month GWh	464	440	416	393	408	451	481	485	447	403	415	447

Transactions by Market 2003

Day Ahead Market MWH	14,187,752	12,695,868	13,126,563	11,997,655	12,029,453	13,341,831	15,444,857	15,759,082	13,003,309	12,507,780	12,332,456	13,973,266
DAM LSE Internal LBMP Energy Sales	46%	48%	46%	49%	46%	48%	55%	57%	49%	48%	47%	48%
DAM External TC LBMP Energy Sales	1%	1%	1%	1%	2%	2%	1%	0%	1%	2%	2%	2%
DAM Bilateral - Internal Bilaterals	50%	49%	50%	46%	49%	46%	43%	40%	48%	47%	48%	46%
DAM Bilateral - Import/Non-LBMP Market Bilaterals	1%	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%
DAM Bilateral - Export/Non-LBMP Market Bilaterals	1%	1%	2%	1%	1%	1%	1%	1%	1%	1%	1%	1%
DAM Bilateral - Wheel Through Bilaterals	1%	1%	1%	2%	2%	2%	1%	1%	1%	1%	1%	2%
Balancing Energy Market MWH	347,539	285,381	376,222	235,800	278,939	291,519	208,142	-55,913	394,363	338,562	319,065	385,707
Balancing Energy LSE Internal LBMP Energy Sales	58%	35%	52%	72%	48%	39%	53%	-146%	65%	53%	26%	43%
Balancing Energy External TC LBMP Energy Sales	58%	80%	95%	73%	69%	78%	79%	242%	44%	61%	77%	68%
Balancing Energy Bilateral - Internal Bilaterals	-6%	-10%	-2%	0%	-5%	5%	-2%	-75%	1%	3%	0%	-2%
Balancing Energy Bilateral - Import/Non-LBMP Market Bilaterals	4%	1%	1%	1%	1%	0%	0%	2%	0%	0%	0%	0%
Balancing Energy Bilateral - Export/Non-LBMP Market Bilaterals	0%	0%	-38%	0%	0%	0%	0%	-14%	0%	0%	0%	0%
Balancing Energy Bilateral - Wheel Through Bilaterals	-14%	-7%	-8%	-46%	-14%	-23%	-31%	-109%	-10%	-16%	-3%	-9%
Transactions Summary												
LBMP	49%	50%	49%	52%	49%	52%	56%	58%	51%	52%	51%	52%
Internal Bilaterals	48%	47%	48%	45%	48%	46%	42%	40%	46%	46%	47%	45%
Import Bilaterals	1%	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%
Export Bilaterals	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Wheels Through	1%	1%	1%	1%	1%	1%	1%	1%	0%	1%	1%	2%
Market Share of Total Load												
Day Ahead Market	97.6%	97.8%	97.2%	98.1%	97.7%	97.9%	98.7%	100.4%	97.1%	97.4%	97.5%	97.3%
Balancing Energy +	2.4%	2.2%	2.8%	1.9%	2.3%	2.1%	1.3%	-0.4% *	2.9%	2.6%	2.5%	2.7%
Total MWH	14,535,291	12,981,249	13,502,785	12,233,455	12,308,392	13,633,350	15,652,999	15,703,169	13,397,672	12,846,342	12,651,521	14,358,973
Average Daily Energy Sendout/Month GWh	458	450	418	393	382	432	497	498	433	397	402	435

+ Balancing Energy: Load(MW) purchased at Real Time LBMP.

* The signs for the detail section intuitively reflect the direction of power flow eliminating the use of double negatives when Balancing Energy is negative.

Notes: Percent totals may not equal 100% due to rounding.
Virtual Transactions are not reflected in this chart.

NYISO Markets 2004 Energy Statistics

	January	February	March	April	May	June	July	August	September	October	November	December
<u>DAY AHEAD LBMP</u>												
Price *	\$72.12	\$55.31	\$49.08	\$51.01	\$57.25	\$55.03	\$55.33	\$52.59	\$49.03	\$55.32	\$55.89	\$58.70
Standard Deviation	\$25.99	\$14.40	\$10.90	\$11.42	\$16.72	\$17.82	\$12.68	\$12.49	\$11.17	\$12.89	\$14.62	\$14.44
Load Wtg.Price **	\$75.01	\$56.90	\$50.44	\$52.50	\$59.89	\$58.29	\$57.32	\$54.60	\$50.78	\$56.93	\$57.80	\$60.52
<u>BME *** LBMP</u>												
Price *	\$77.51	\$54.41	\$53.01	\$56.94	\$60.98	\$59.15	\$60.43	\$58.27	\$58.01	\$57.59	\$56.91	\$62.28
Standard Deviation	\$37.54	\$15.73	\$16.25	\$18.41	\$23.58	\$24.50	\$20.60	\$19.57	\$25.82	\$16.11	\$19.63	\$21.85
Load Wtg.Price **	\$80.51	\$55.89	\$54.71	\$58.89	\$64.14	\$63.17	\$62.81	\$61.02	\$60.75	\$59.27	\$59.12	\$64.24
<u>REAL TIME LBMP</u>												
Price *	\$73.72	\$52.95	\$49.56	\$50.83	\$56.20	\$54.03	\$55.08	\$52.89	\$51.06	\$54.00	\$55.46	\$61.76
Standard Deviation	\$32.61	\$15.04	\$17.75	\$14.15	\$25.74	\$23.42	\$17.07	\$19.56	\$15.59	\$17.42	\$20.32	\$37.79
Load Wtg.Price **	\$76.85	\$54.33	\$51.27	\$52.36	\$59.61	\$58.01	\$57.44	\$55.75	\$53.06	\$55.57	\$57.67	\$64.65
Average Daily Energy Sendout/Month GWh	464	440	416	393	408	451	481	485	447	403	415	447

NYISO Markets 2003 Energy Statistics

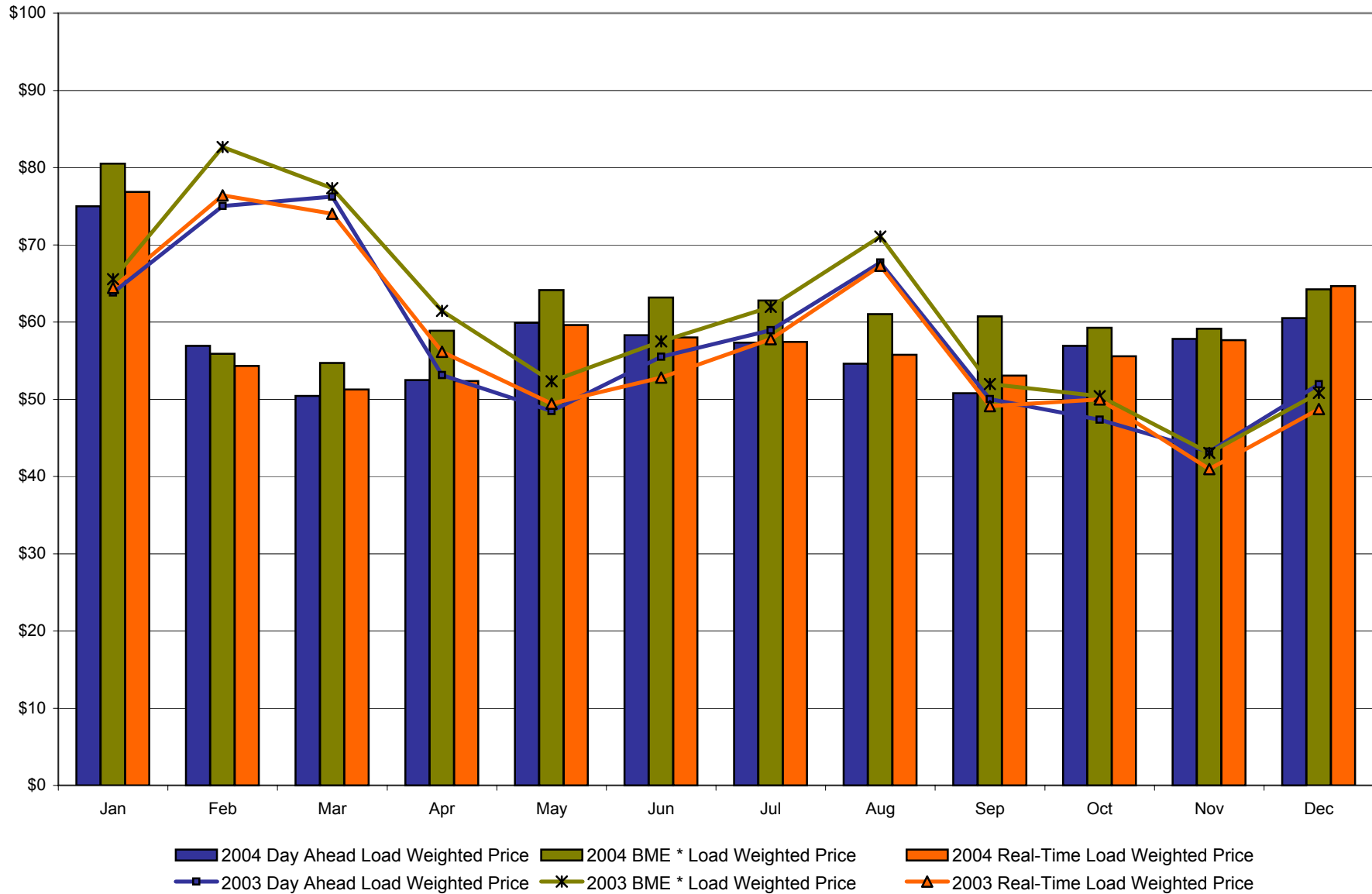
	January	February	March	April	May	June	July	August	September	October	November	December
<u>DAY AHEAD LBMP</u>												
Price *	\$61.33	\$72.81	\$73.18	\$51.58	\$46.43	\$51.45	\$57.10	\$64.94	\$48.29	\$45.81	\$41.58	\$50.07
Standard Deviation	\$20.09	\$21.12	\$29.70	\$12.47	\$14.03	\$21.27	\$11.88	\$18.06	\$11.04	\$10.91	\$12.06	\$14.92
Load Wtg.Price **	\$63.81	\$75.03	\$76.25	\$53.14	\$48.47	\$55.52	\$58.93	\$67.71	\$50.02	\$47.34	\$43.21	\$51.95
<u>BME *** LBMP</u>												
Price *	\$63.19	\$80.25	\$74.27	\$59.22	\$50.27	\$53.84	\$59.99	\$67.63	\$50.34	\$48.74	\$41.01	\$48.73
Standard Deviation	\$25.43	\$41.53	\$32.77	\$25.00	\$16.37	\$22.27	\$14.82	\$72.20	\$14.01	\$15.35	\$18.51	\$18.89
Load Wtg.Price **	\$65.54	\$82.65	\$77.33	\$61.45	\$52.31	\$57.49	\$61.94	\$71.07	\$51.96	\$50.39	\$43.05	\$50.81
<u>REAL TIME LBMP</u>												
Price *	\$61.53	\$74.03	\$70.54	\$53.94	\$46.74	\$48.96	\$55.94	\$64.32	\$47.24	\$48.57	\$38.72	\$46.45
Standard Deviation	\$30.16	\$37.46	\$37.97	\$28.70	\$23.03	\$21.57	\$13.68	\$34.91	\$15.52	\$25.74	\$22.35	\$20.55
Load Wtg.Price **	\$64.43	\$76.41	\$74.02	\$56.14	\$49.44	\$52.82	\$57.79	\$67.27	\$49.12	\$49.98	\$40.96	\$48.73
Average Daily Energy Sendout/Month GWh	458	450	418	393	382	432	497	498	433	397	402	435

* Average zonal load weighted prices

** Average zonal load weighted prices, load weighted in each hour

*** Commonly referred to as Hour Ahead Market (HAM)

**NYISO Monthly Average Internal LBMPs
2003 - 2004**



* Commonly referred to as Hour Ahead Market (HAM)

4-F

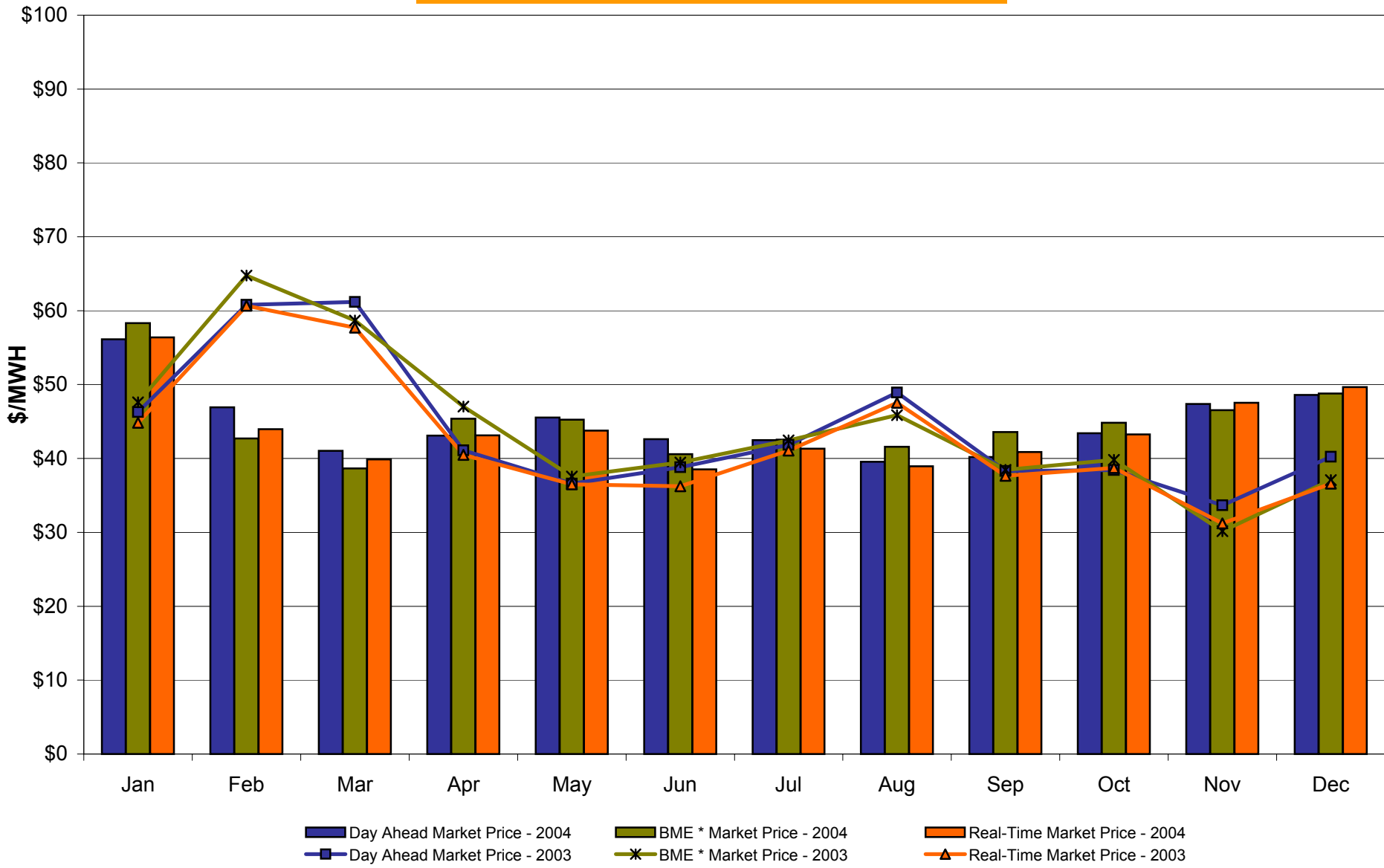
December 2004 Zonal Statistics for NYISO (\$/MWH)

	WEST Zone A	GENESEE Zone B	NORTH Zone D	CENTRAL Zone C	MOHAWK VALLEY Zone E	CAPITAL Zone F	HUDSON VALLEY Zone G	MILLWOOD Zone H	DUNWOODIE Zone I	NEW YORK CITY Zone J	LONG ISLAND Zone K
<u>DAY AHEAD LBMP</u>											
Unweighted Price *	48.60	51.59	52.96	52.21	54.05	56.39	56.49	56.17	56.75	64.10	68.69
Standard Deviation	12.21	12.70	12.63	12.75	13.14	13.56	14.12	14.45	14.75	16.32	19.19
<u>BME ** LBMP</u>											
Unweighted Price *	48.80	51.59	54.99	54.73	56.19	57.82	59.28	58.86	59.63	70.13	74.77
Standard Deviation	20.73	20.67	20.74	21.15	21.54	21.77	22.16	21.91	22.22	25.81	26.71
<u>REAL TIME LBMP</u>											
Unweighted Price *	49.65	53.26	53.69	53.07	54.81	54.81	57.03	57.21	58.07	68.84	76.27
Standard Deviation	34.58	36.87	36.68	36.21	37.50	39.06	38.13	38.19	38.82	39.93	44.40
	ONTARIO IMO Zone O	HYDRO QUEBEC Zone M	PJM Zone P	NEW ENGLAND Zone N							
<u>DAY AHEAD LBMP</u>											
Unweighted Price *	47.56	53.02	50.82	56.44							
Standard Deviation	11.82	12.61	13.09	13.73							
<u>BME ** LBMP</u>											
Unweighted Price *	46.73	54.99	53.10	58.26							
Standard Deviation	20.45	20.68	19.42	21.83							
<u>REAL TIME LBMP</u>											
Unweighted Price *	49.05	53.73	51.33	56.70							
Standard Deviation	33.42	34.98	34.10	36.26							

* Straight zonal LBMP averages

** Commonly referred to as Hour Ahead Market (HAM)

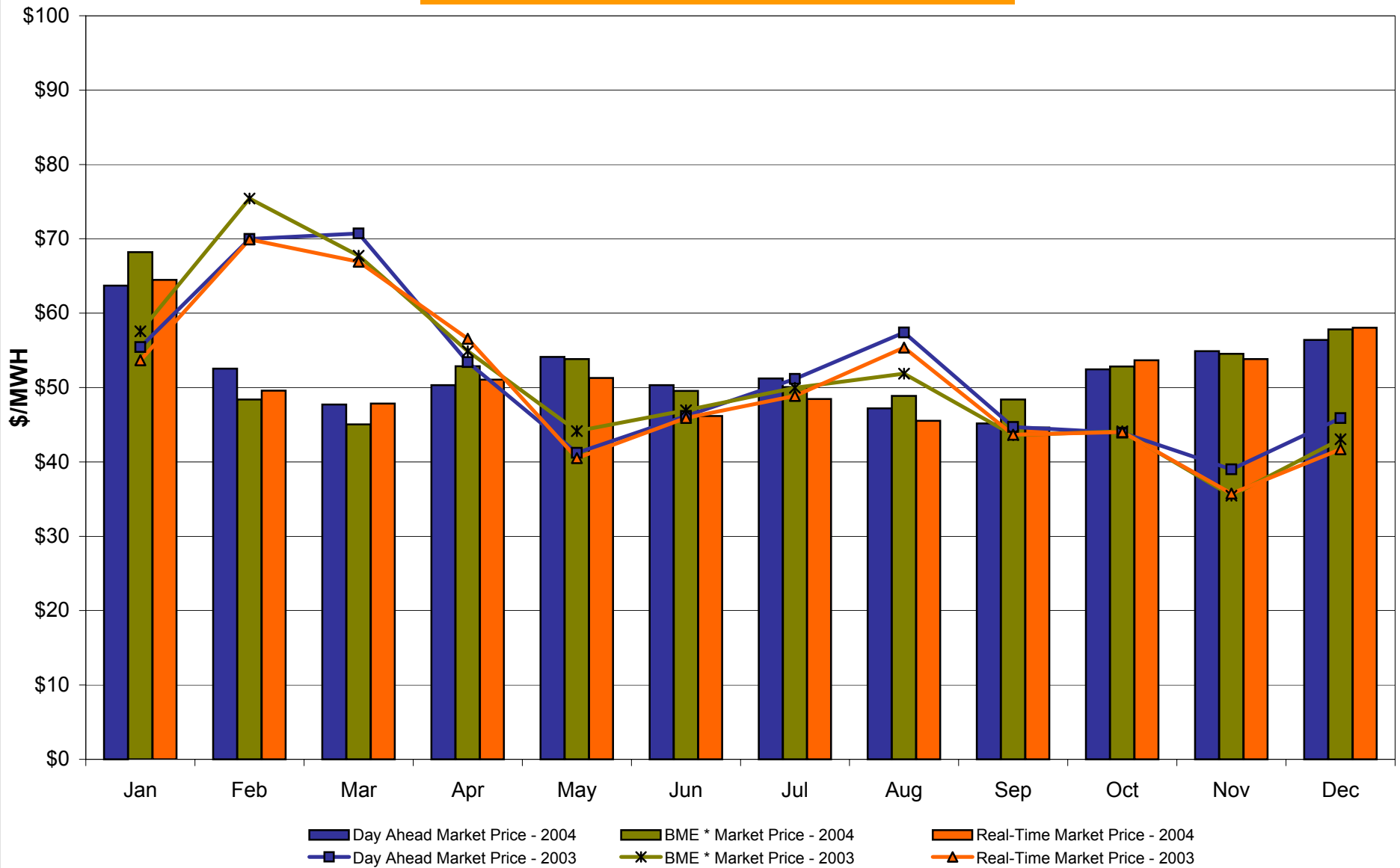
West Zone A Monthly Average LBMP Prices 2003 - 2004



4-H

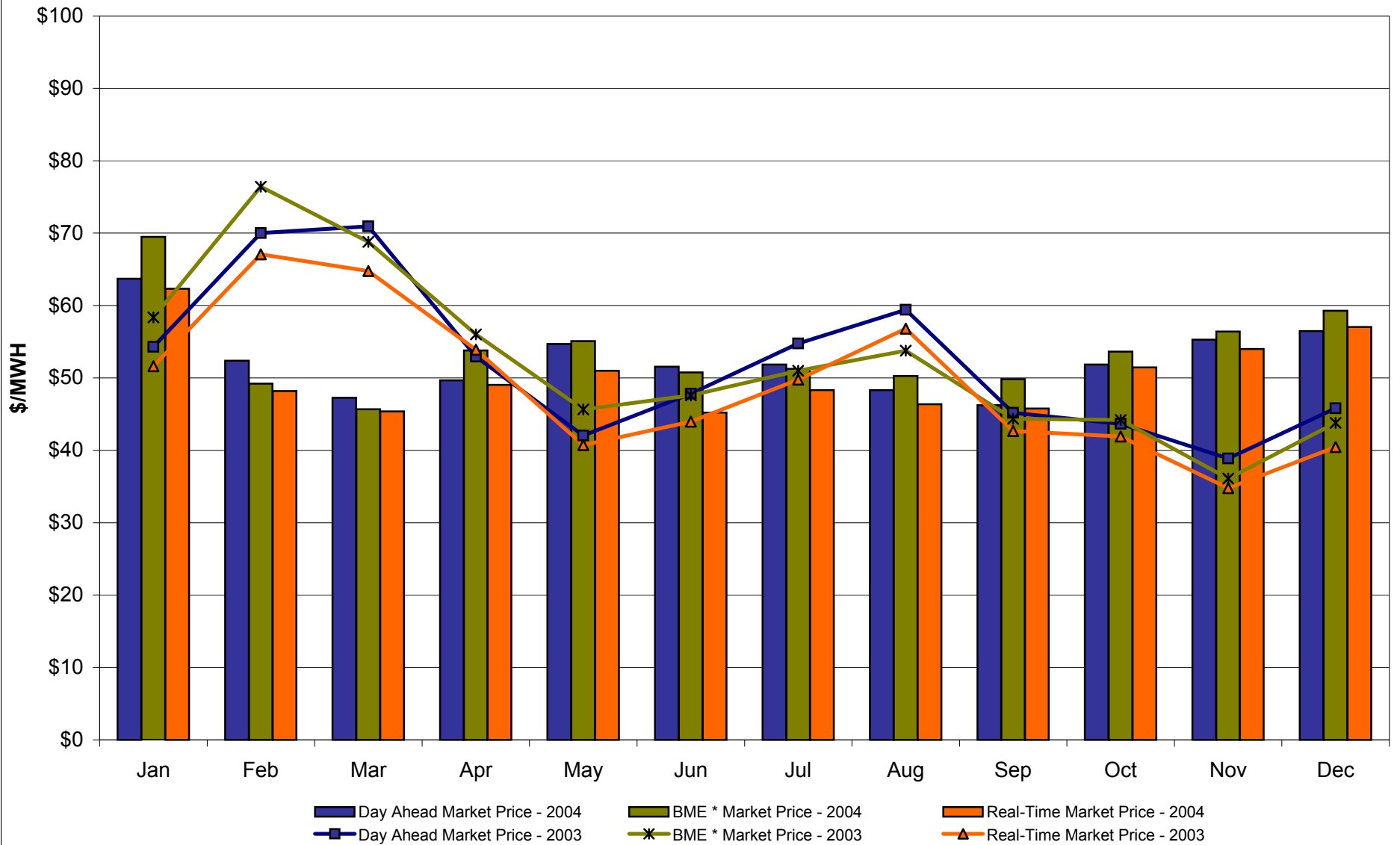
* Commonly referred to as Hour Ahead Market (HAM)

Capital Zone F Monthly Average LBMP Prices 2003 - 2004



* Commonly referred to as Hour Ahead Market (HAM)

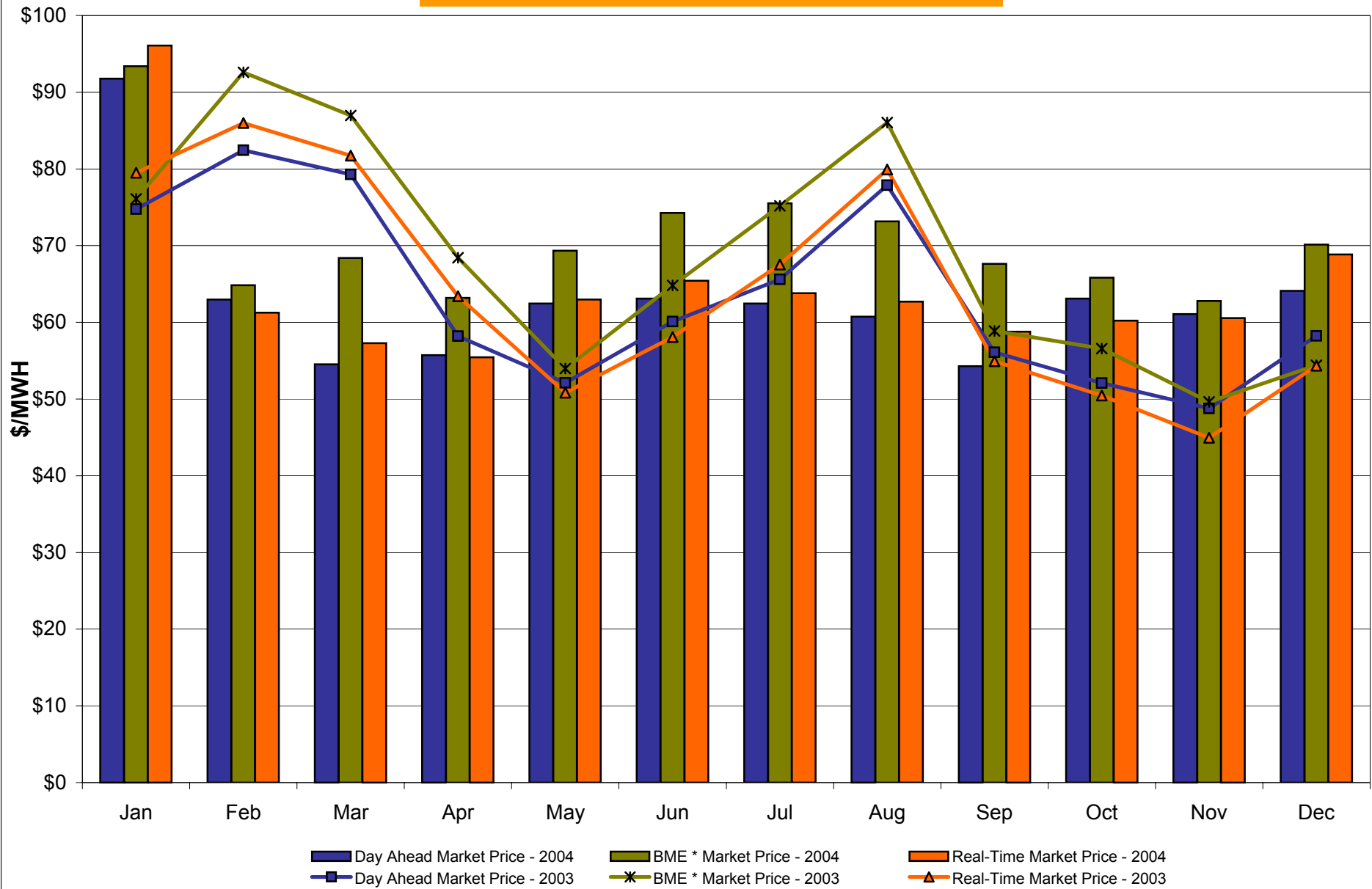
Hudson Valley Zone G Monthly Average LBMP Prices 2003 - 2004



* Commonly referred to as Hour Ahead Market (HAM)

4-J

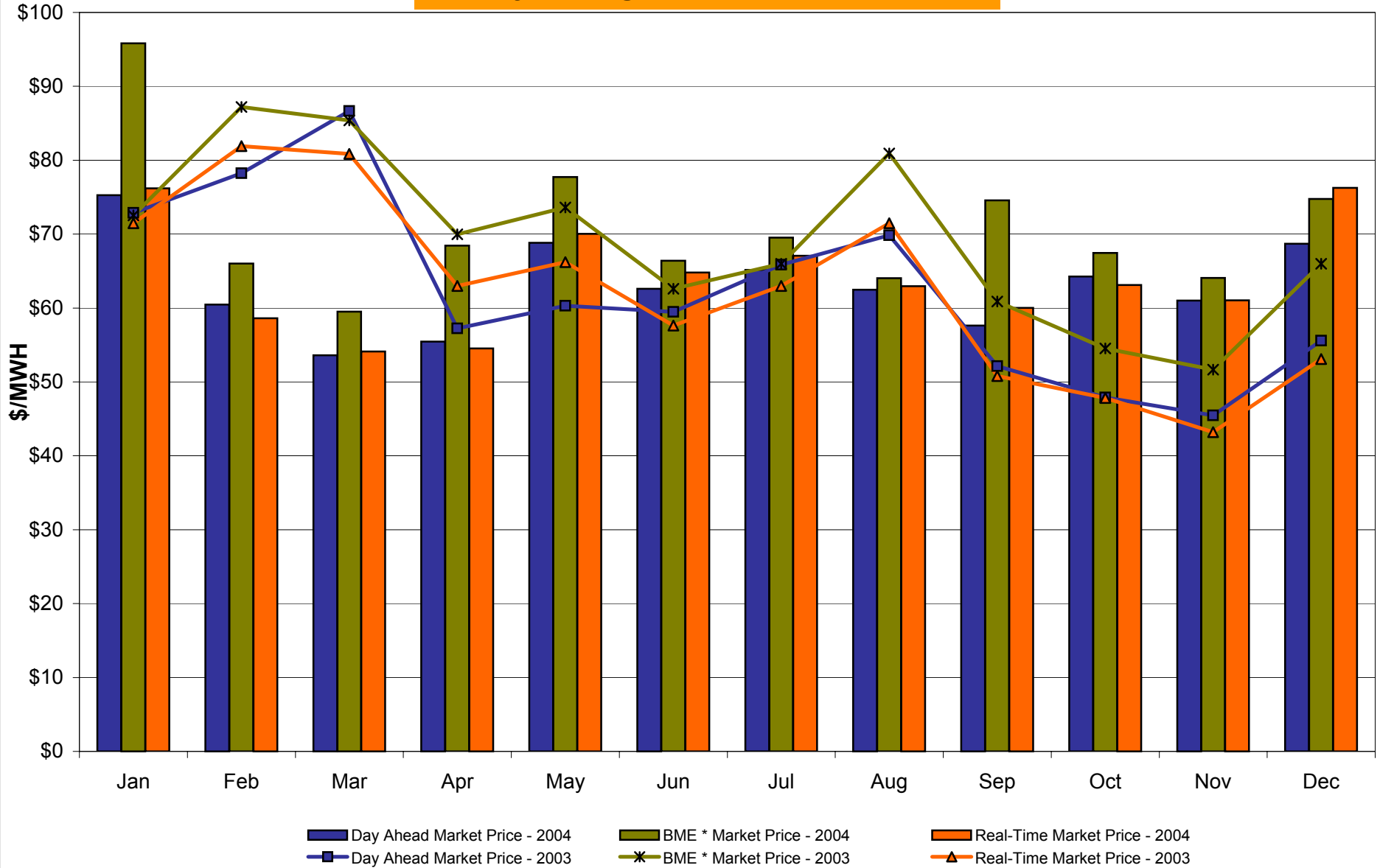
NYC Zone J Monthly Average LBMP Prices 2003 - 2004



* Commonly referred to as Hour Ahead Market (HAM)

4-K

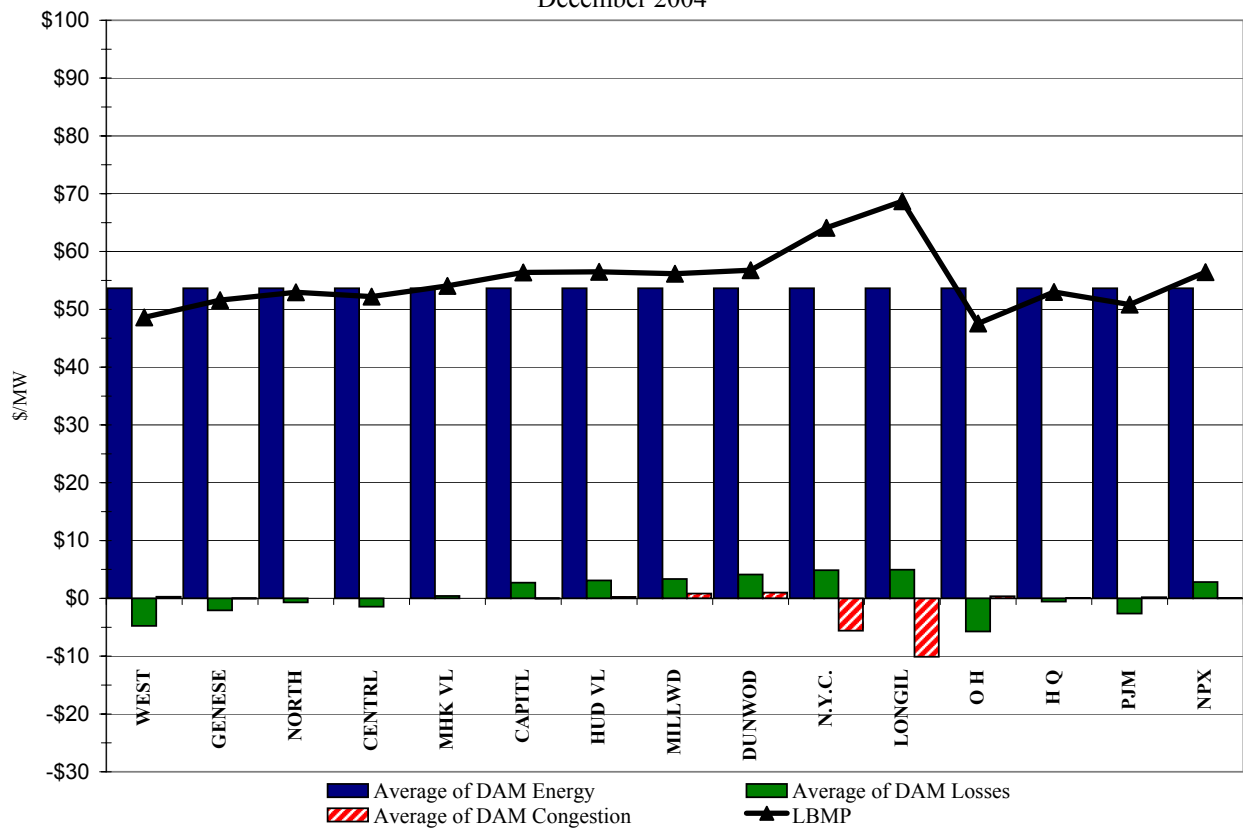
Long Island Zone K Monthly Average LBMP Prices 2003 - 2004



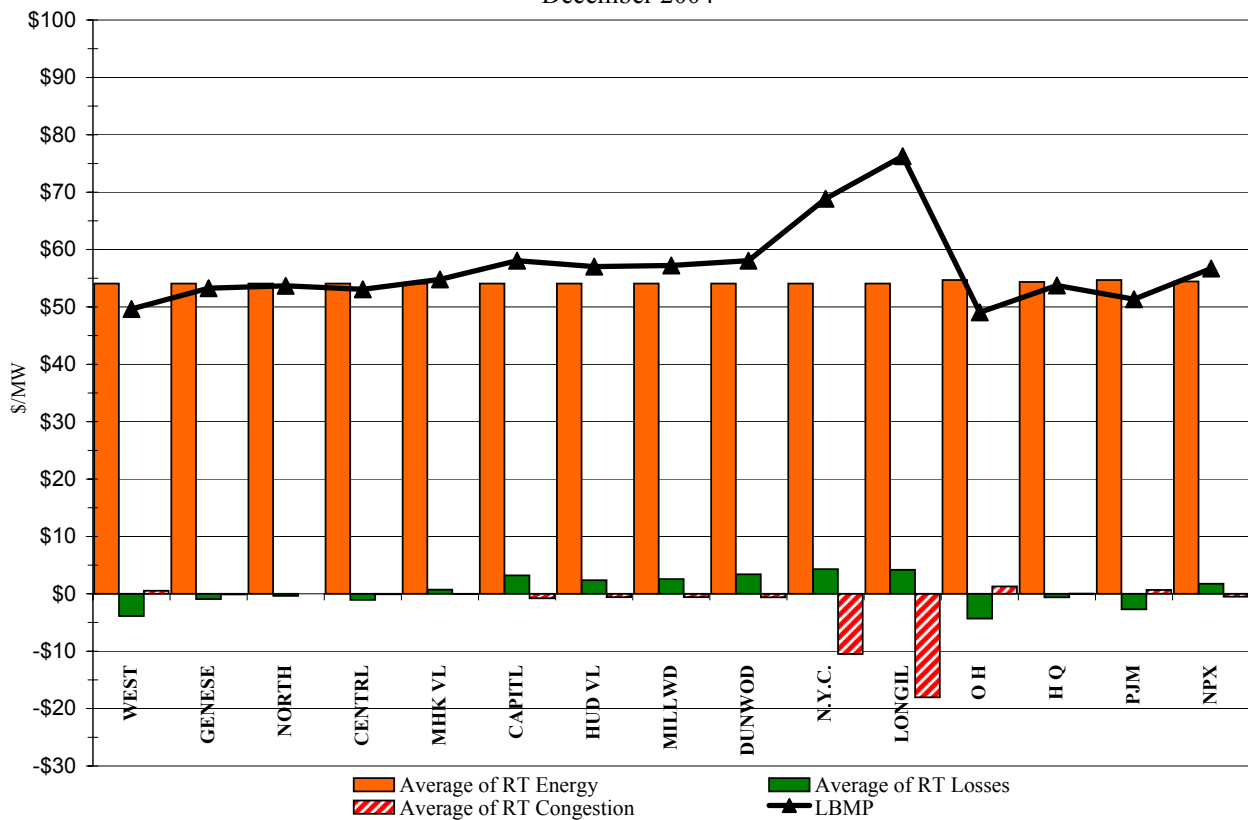
4-L

* Commonly referred to as Hour Ahead Market (HAM)

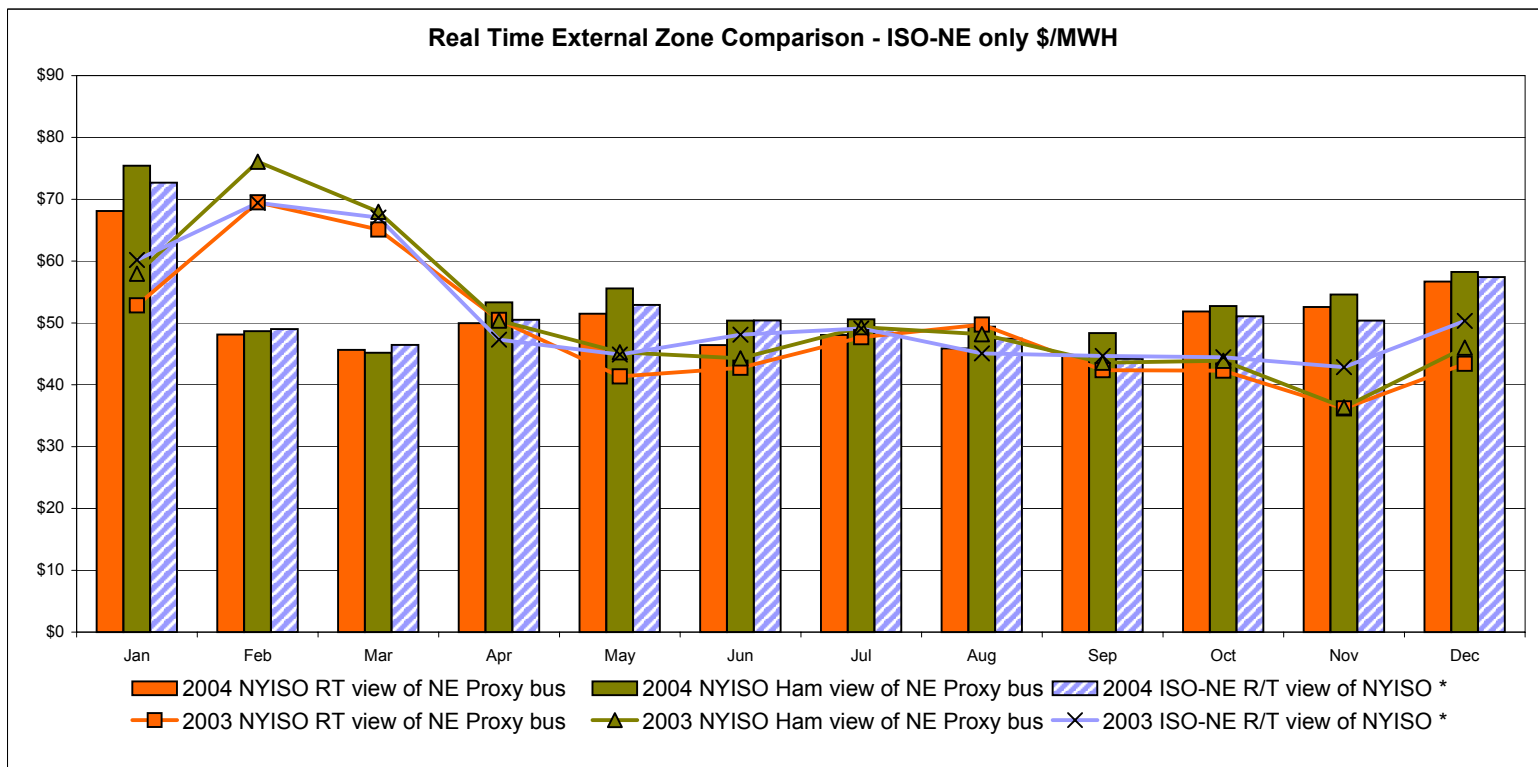
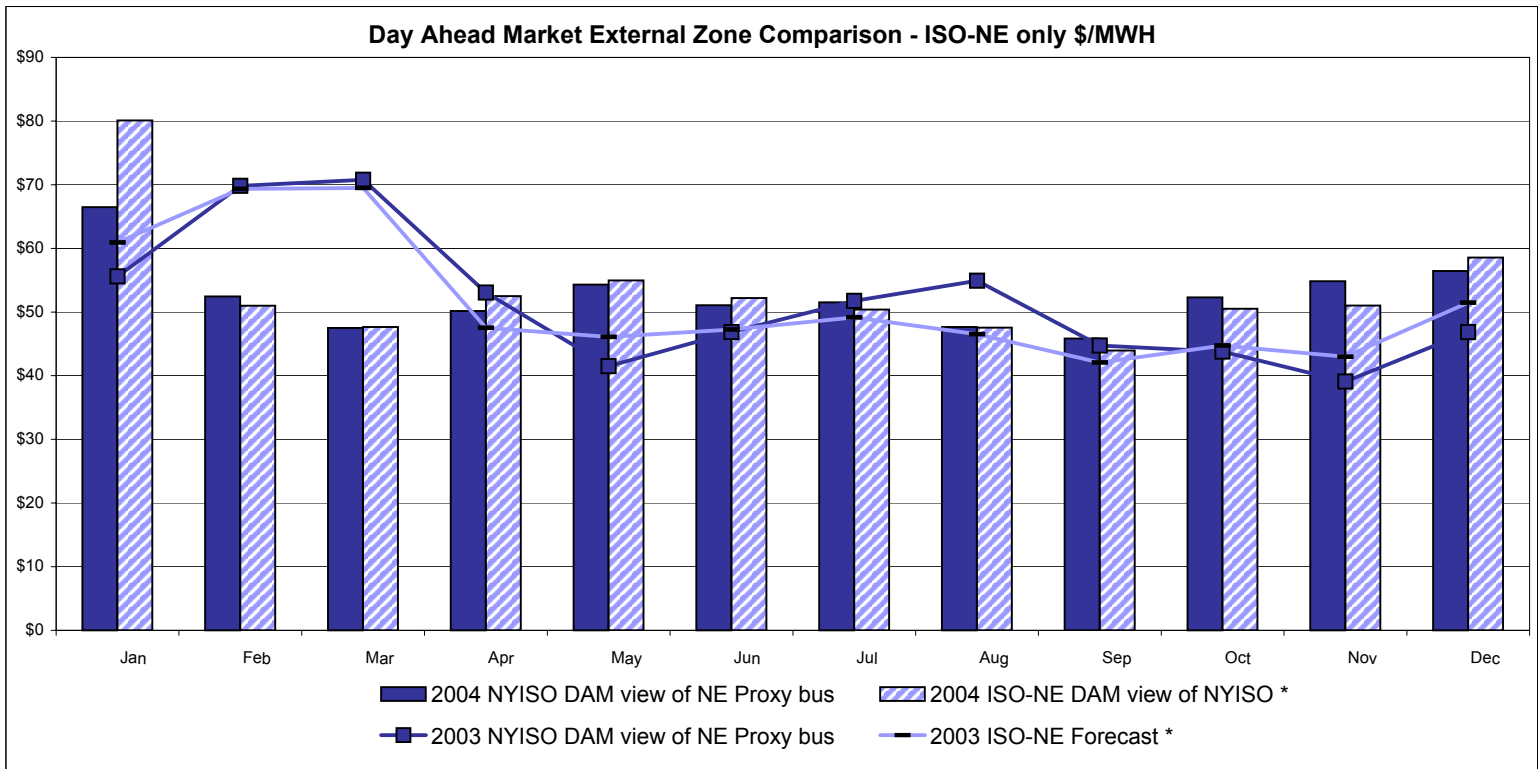
DAM Zonal Unweighted Monthly Average LBMP Components
December 2004



RT Zonal Unweighted Monthly Average LBMP Components
December 2004



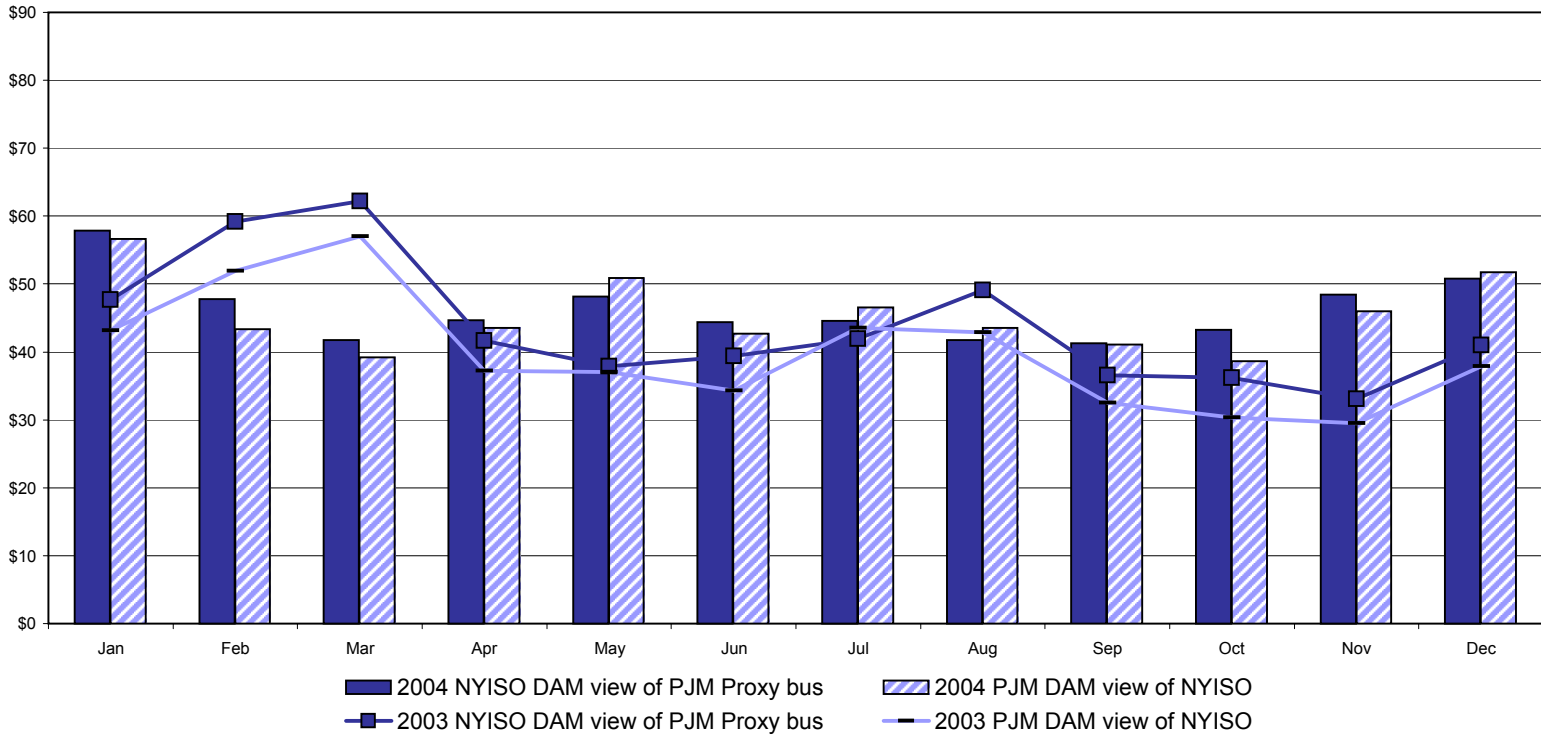
External Comparison ISO-NE



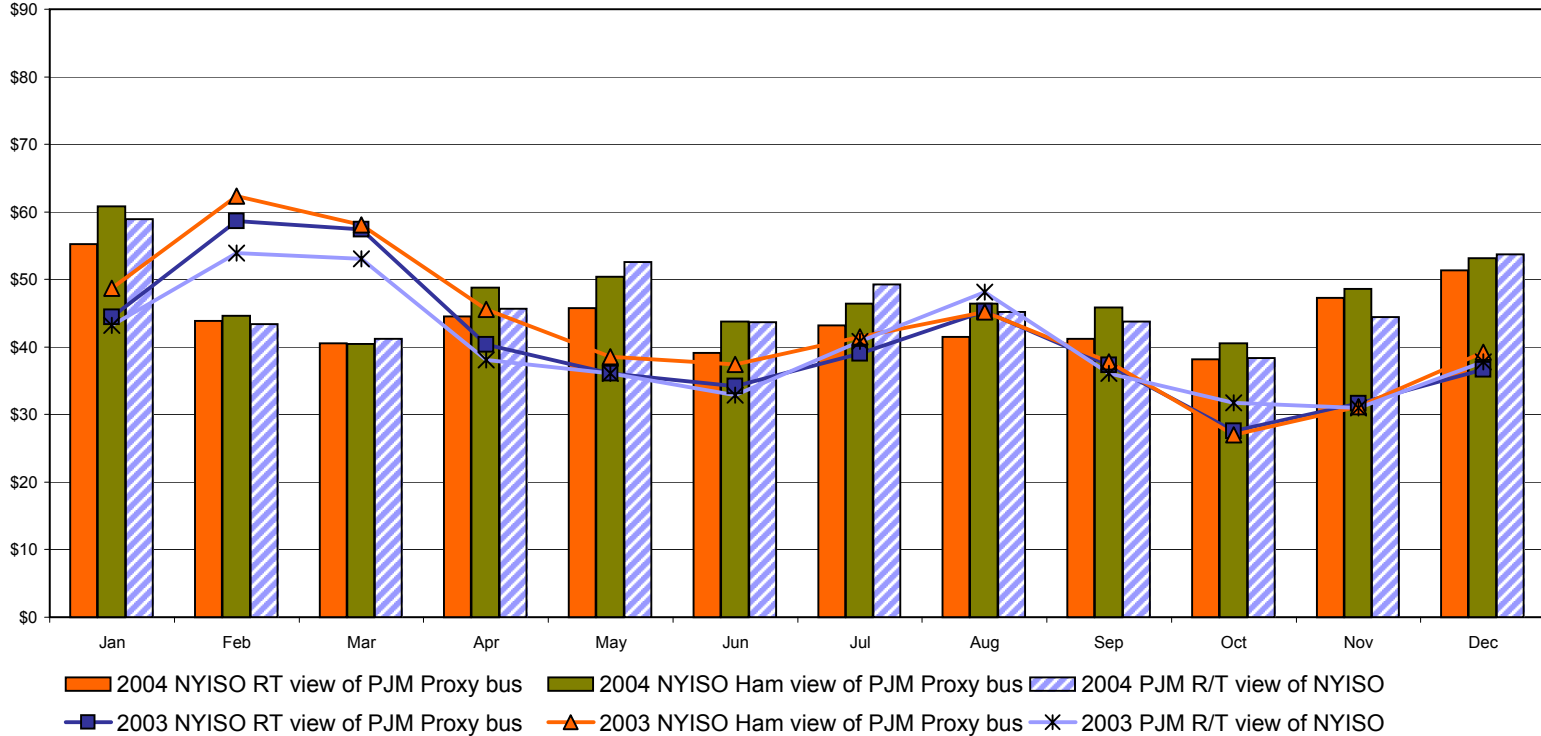
Note:
 ISO-NE Forecast is an advisory posting @ 18:00 day before
 * Effective 3/1/2003 SMD implemented by ISO-NE. The DAM and R/T prices at the Roseton interface are now used.

External Comparison PJM

Day Ahead Market External Zone Comparison - PJM only \$/MWH

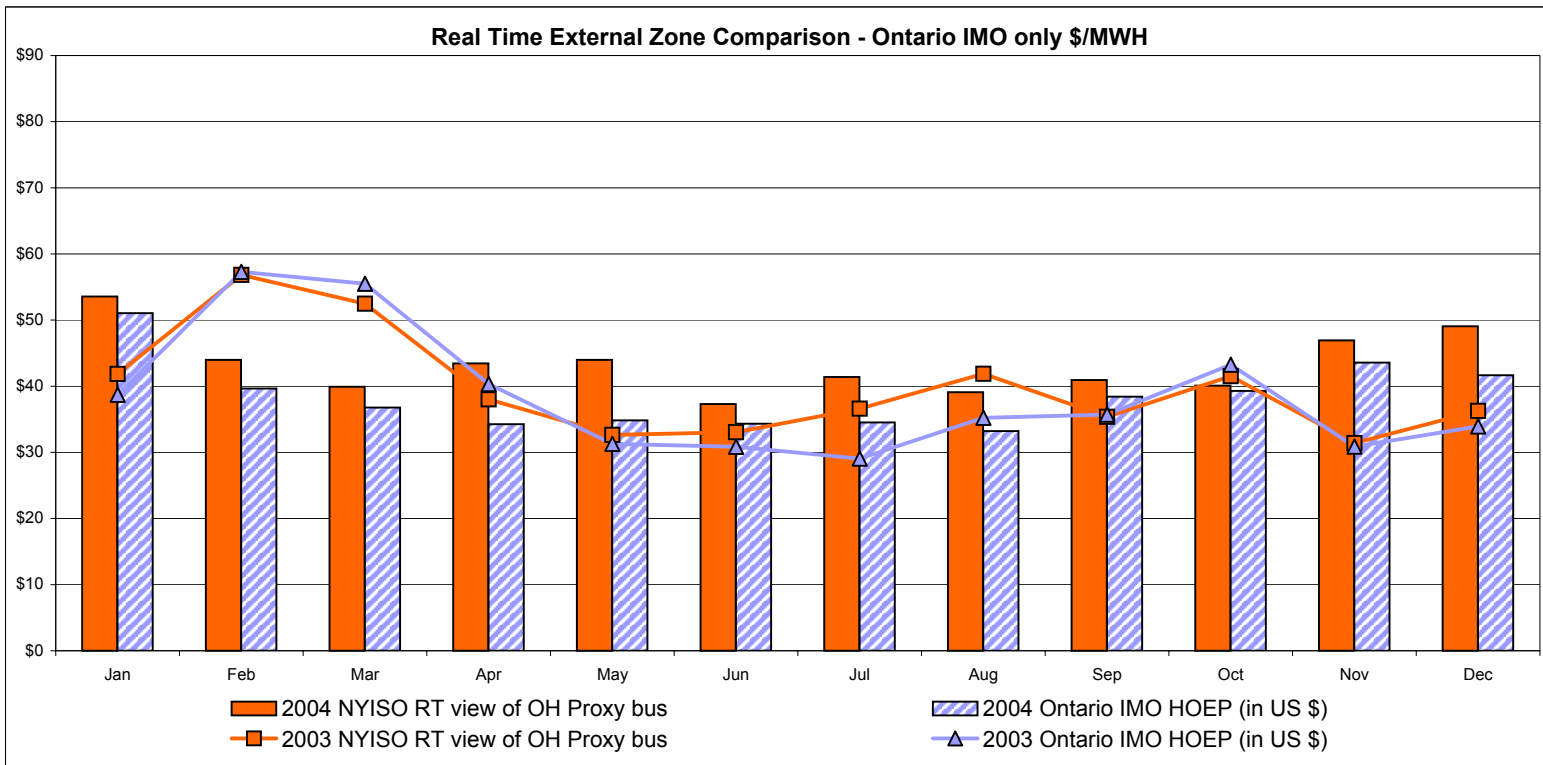
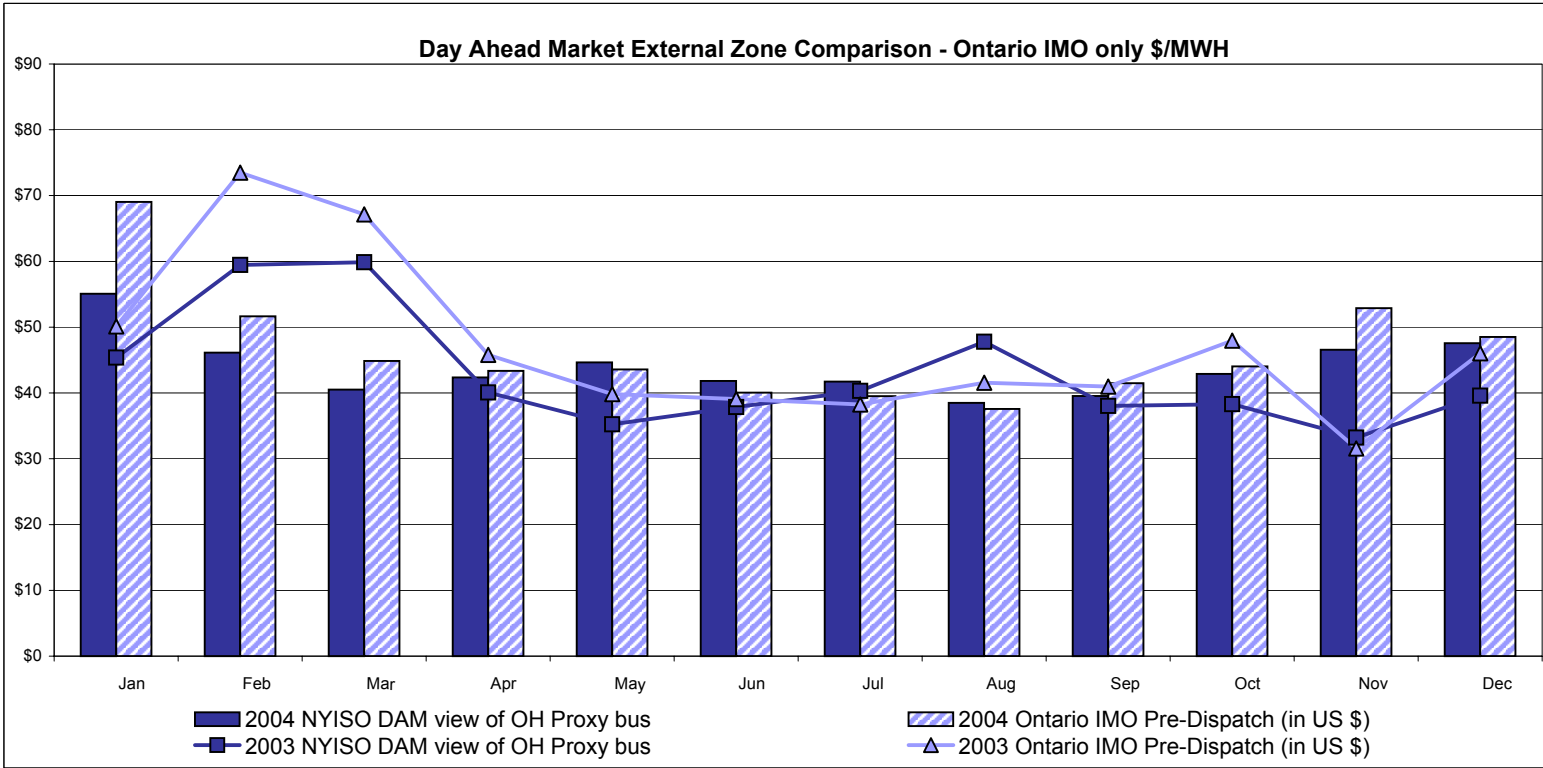


Real Time External Zone Comparison - PJM only \$/MWH



Note:
After 5/1/02 PJM lists only one interface as NYIS

External Comparison Ontario IMO



Notes: Exchange factor used for December 2004 was .82 to US \$
 HOEP: Hourly Ontario Energy Price
 Pre-Dispatch: Projected Energy Price
 Pre-Dispatch data from 8/14/03 Hr 15 thru 8/21/03 not included

NYISO Price Correction Statistics

NYISO Price Corrections 2004

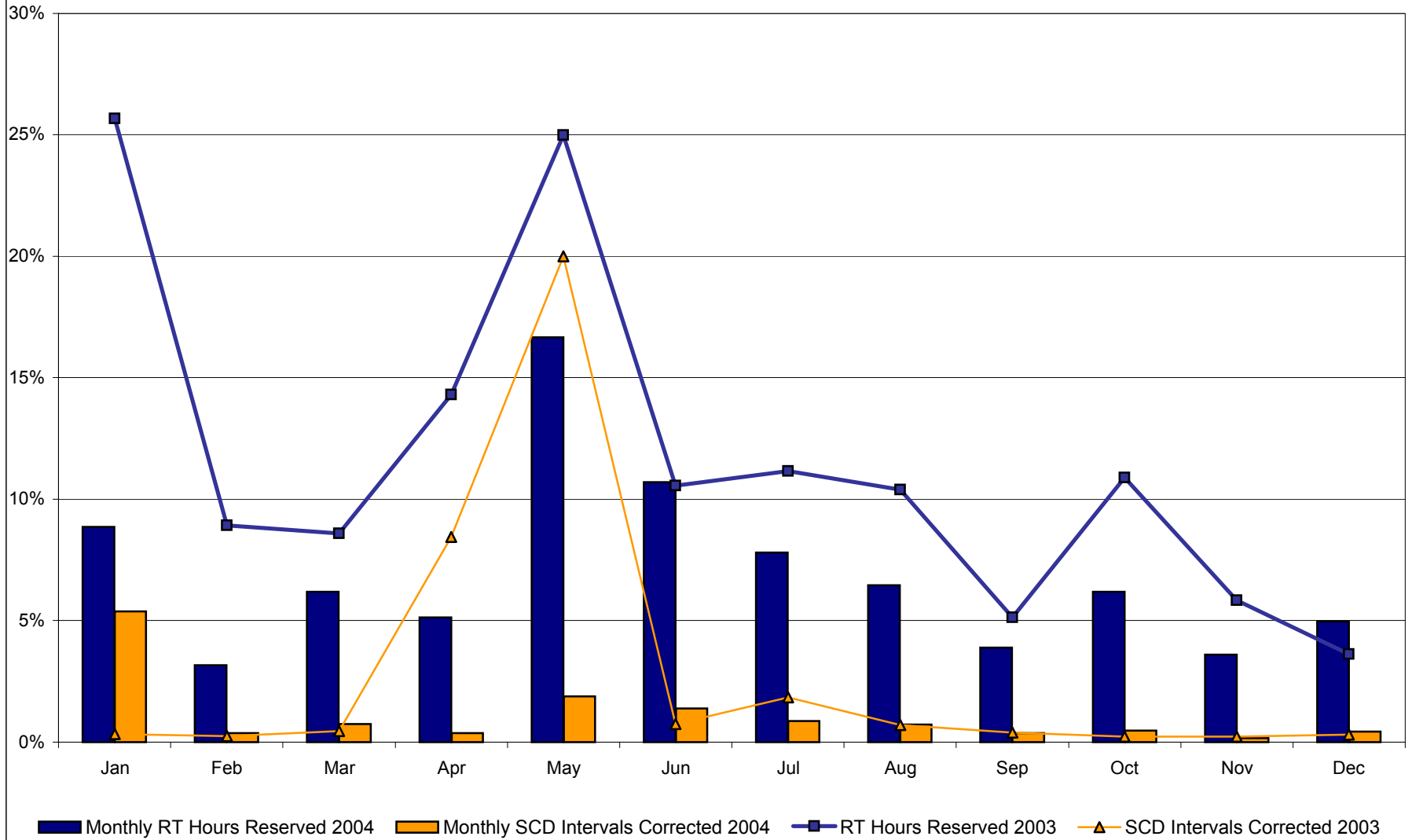
<u>Interval Corrections</u>	January	February	March	April	May	June	July	August	September	October	November	December
Number of Intervals corrected in the month	597	40	83	40	220	156	100	84	42	56	19	52
Number of Intervals in the month	11,089	10,495	11,085	10,805	11,740	11,234	11,467	11,552	11,178	11,515	11,217	11,790
Percentage of intervals corrected in the month	5.38%	0.38%	0.75%	0.37%	1.87%	1.39%	0.87%	0.73%	0.38%	0.49%	0.17%	0.44%
Number of Intervals corrected Year-to-date	597	637	720	760	980	1,136	1,236	1,320	1,362	1,418	1,437	1,489
Number of Intervals Year-to-date	11,089	21,584	32,669	43,474	55,214	66,448	77,915	89,467	100,645	112,160	123,377	135,167
Percentage of intervals corrected Year-to-date	5.38%	2.95%	2.20%	1.75%	1.77%	1.71%	1.59%	1.48%	1.35%	1.26%	1.16%	1.10%
<u>Hours Reserved</u>												
Number of hours reserved in the month	66	22	46	37	124	77	58	48	28	46	26	37
Number of hours in the month	744	696	744	720	744	720	744	744	720	744	720	744
Percentage of hours reserved in the month	8.87%	3.16%	6.18%	5.14%	16.67%	10.69%	7.80%	6.45%	3.89%	6.18%	3.61%	4.97%
Number of hours reserved Year-to-date	66	88	134	171	295	372	430	478	506	552	578	615
Number of hours Year-to-date	744	1,440	2,184	2,904	3,648	4,368	5,112	5,856	6,576	7,320	8,040	8,784
Percentage of hours reserved Year-to-date	8.87%	6.11%	6.14%	5.89%	8.09%	8.52%	8.41%	8.16%	7.69%	7.54%	7.19%	7.00%
<u>Days Without Corrections</u>												
Days without price corrections in the month	14	20	11	9	8	6	9	12	12	14	19	15
Days without price corrections Year-to-date	14	34	45	54	62	68	77	89	101	115	134	149

NYISO Price Corrections 2003

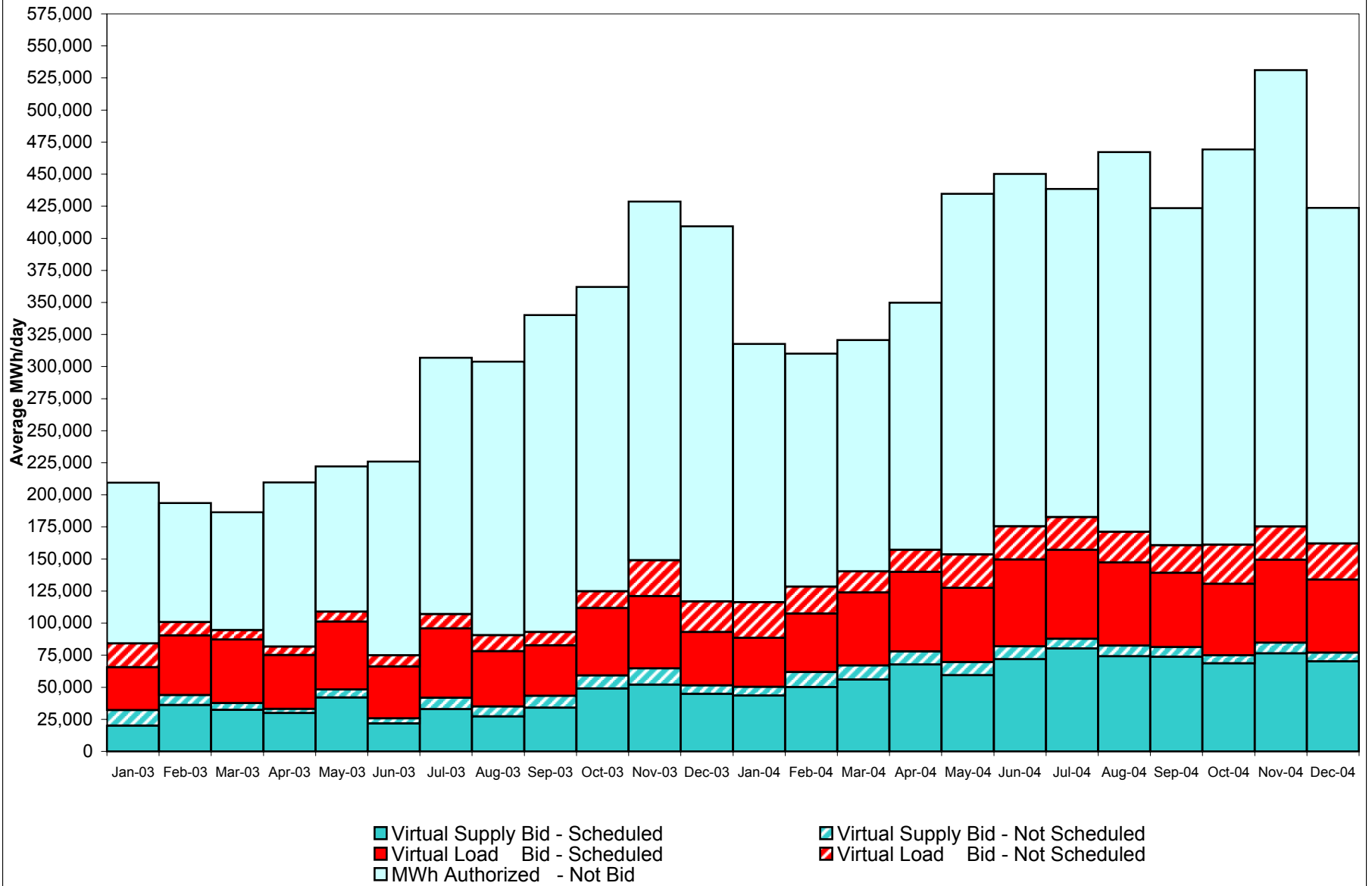
<u>Interval Corrections</u>	January	February	March	April	May	June	July	August	September	October	November	December
Number of Intervals corrected in the month	36	25	49	891	2,254	79	202	71	41	25	25	34
Number of Intervals in the month	10,986	10,197	10,918	10,554	11,274	10,729	10,998	9,973	10,620	11,248	10,629	11,175
Percentage of intervals corrected in the month	0.32%	0.25%	0.45%	8.44%	19.99%	0.74%	1.84%	0.71%	0.39%	0.22%	0.24%	0.30%
Number of Intervals corrected Year-to-date	36	61	110	1,001	3,255	3,334	3,536	3,607	3,648	3,673	3,698	3,732
Number of Intervals Year-to-date	10,986	21,183	32,101	42,655	53,929	64,658	75,656	85,629	96,249	107,497	118,126	129,301
Percentage of intervals corrected Year-to-date	0.32%	0.28%	0.34%	2.35%	6.04%	5.16%	4.67%	4.21%	3.79%	3.42%	3.13%	2.89%
<u>Hours Reserved</u>												
Number of hours reserved in the month	191	60	64	103	186	76	83	69	37	81	42	27
Number of hours in the month	744	672	744	720	744	720	744	664 *	720	744	720	744
Percentage of hours reserved in the month	25.67%	8.93%	8.60%	14.31%	25.00%	10.56%	11.16%	10.39%	5.14%	10.89%	5.83%	3.63%
Number of hours reserved Year-to-date	191	251	315	418	604	680	763	832	869	950	992	1,019
Number of hours Year-to-date	744	1,416	2,160	2,880	3,624	4,344	5,088	5,752	6,472	7,216	7,936	8,680
Percentage of hours reserved Year-to-date	25.67%	17.73%	14.58%	14.51%	16.67%	15.65%	15.00%	14.46%	13.43%	13.17%	12.50%	11.74%
<u>Days Without Corrections</u>												
Days without price corrections in the month	17	15	14	9	8	8	7	5	9	17	15	14
Days without price corrections Year-to-date	17	32	46	55	63	71	78	83	92	109	124	138

* 80 hours not included due to suspended market during system disruption

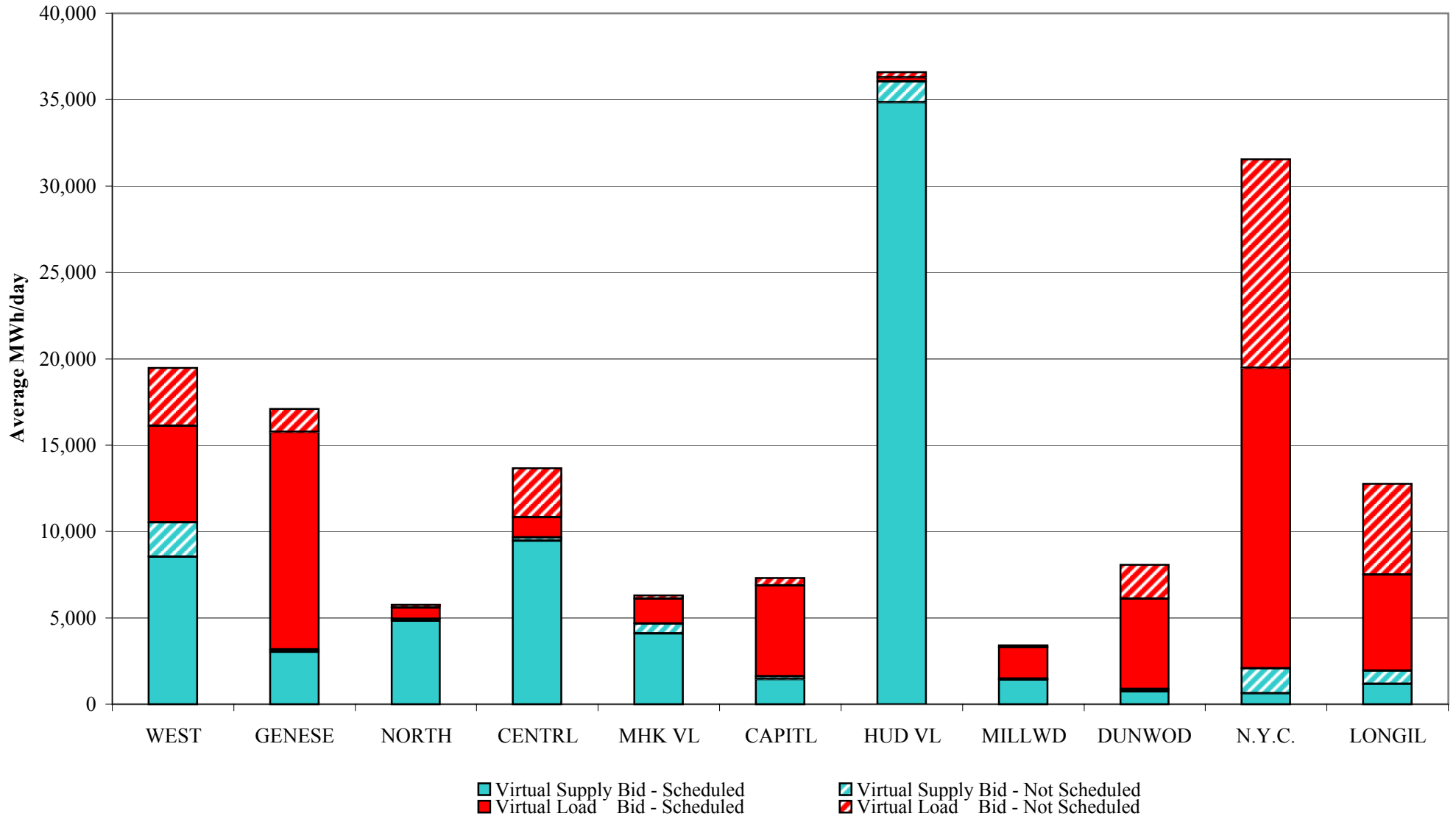
Percentage of Real-Time Corrections



**NYISO Virtual Trading
Average MWh per day**

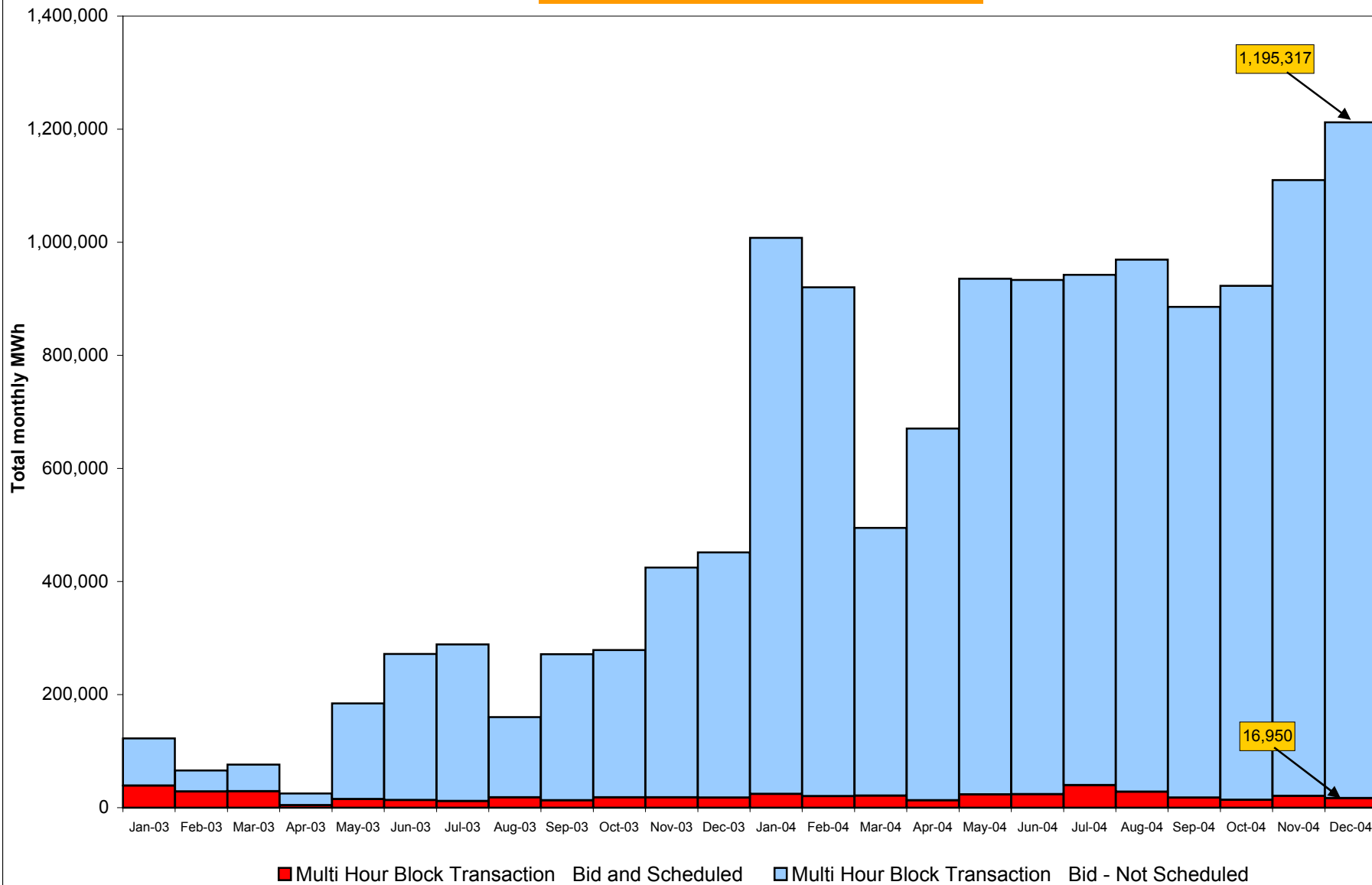


Virtual Load and Supply Zonal Statistics December 2004

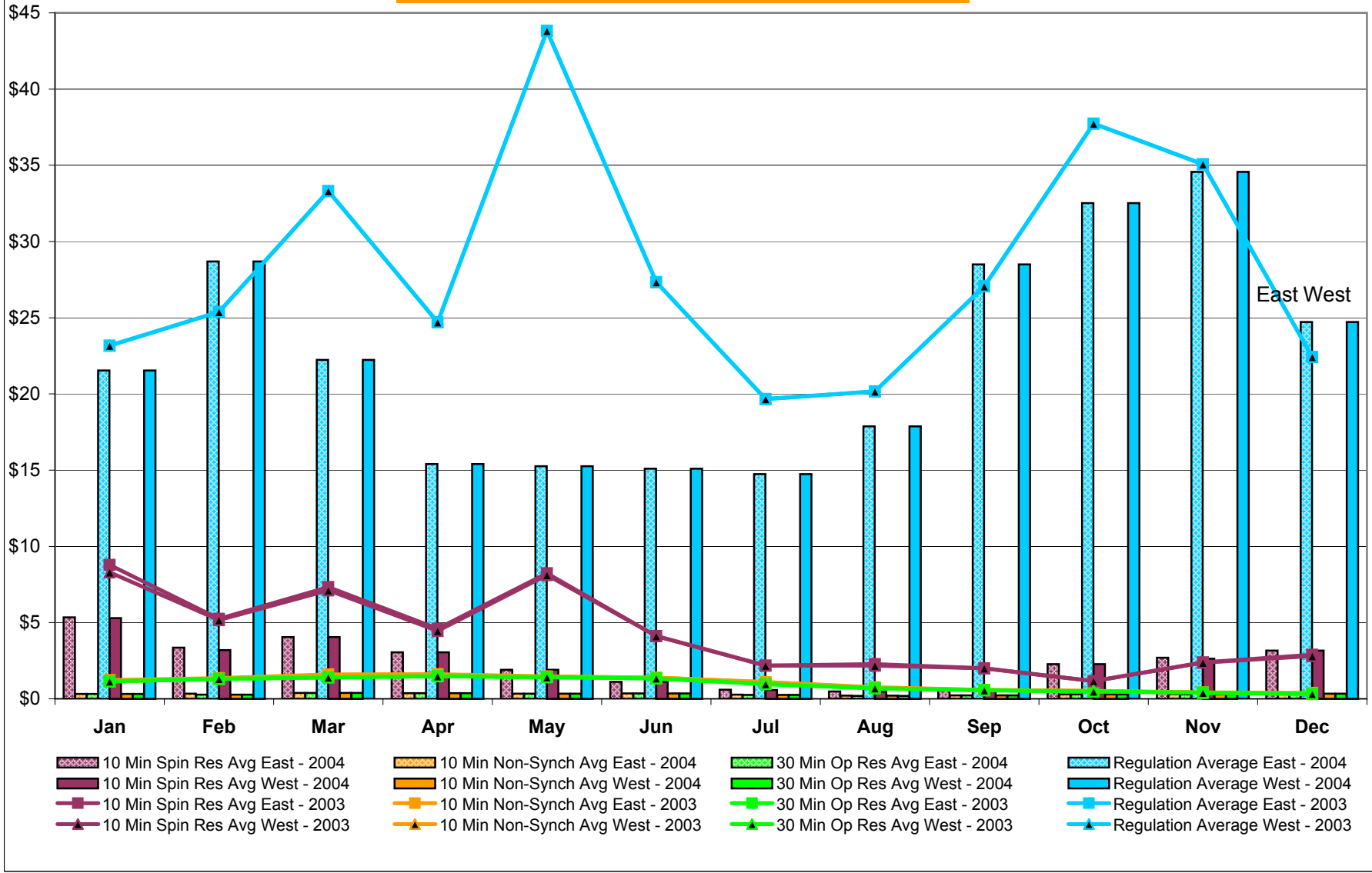


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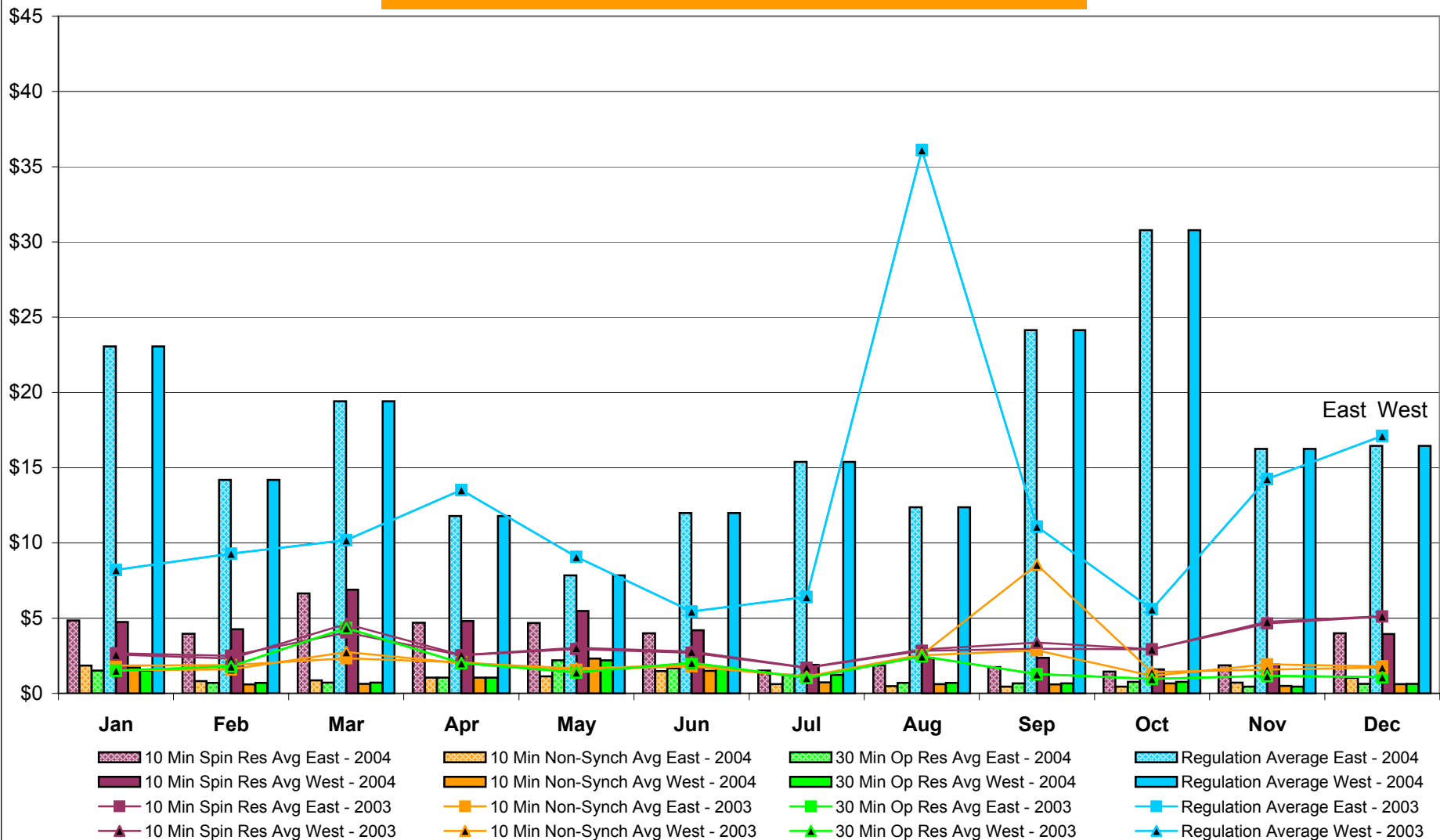
NYISO Multi Hour Block Transactions Monthly Total MWh



**NYISO Monthly Average Ancillary Service Prices
Day Ahead Market 2003 - 2004**



NYISO Monthly Average Ancillary Service Prices BME * 2003 - 2004



* Commonly referred to as Hour Ahead Market (HAM)

NYISO Markets Ancillary Services Statistics

January February March April May June July August September October November December

ANCILLARY SERVICES Unweighted Price (\$/MWH) 2004

Day Ahead Market

10 Min Spin East	5.35	3.36	4.05	3.04	1.91	1.11	0.60	0.49	0.55	2.28	2.69	3.17
10 Min Spin West	5.29	3.20	4.05	3.04	1.90	1.11	0.58	0.47	0.54	2.27	2.63	3.16
10 Min Non Synch East	0.33	0.33	0.39	0.38	0.34	0.35	0.27	0.21	0.23	0.30	0.30	0.35
10 Min Non Synch West	0.32	0.27	0.39	0.38	0.33	0.35	0.26	0.20	0.22	0.29	0.29	0.34
30 Min East	0.32	0.27	0.39	0.38	0.33	0.35	0.26	0.20	0.22	0.29	0.29	0.34
30 Min West	0.32	0.27	0.39	0.38	0.33	0.35	0.26	0.20	0.22	0.29	0.29	0.34
Regulation East	21.54	28.69	22.23	15.41	15.26	15.10	14.74	17.88	28.50	32.51	34.56	24.71
Regulation West	21.54	28.69	22.23	15.41	15.26	15.10	14.74	17.88	28.50	32.51	34.56	24.71

BME* Market

10 Min Spin East	4.84	3.96	6.65	4.69	4.67	3.99	1.51	1.87	1.75	1.45	1.86	3.99
10 Min Spin West	4.75	4.27	6.89	4.82	5.48	4.20	1.90	2.36	2.36	1.60	1.92	3.95
10 Min Non Synch East	1.85	0.81	0.87	1.05	1.14	1.49	0.62	0.49	0.45	0.45	0.71	1.03
10 Min Non Synch West	1.71	0.60	0.64	1.06	2.31	1.49	0.73	0.61	0.60	0.66	0.50	0.62
30 Min East	1.51	0.70	0.72	1.06	2.20	1.67	1.23	0.71	0.67	0.76	0.45	0.63
30 Min West	1.51	0.70	0.72	1.06	2.20	1.67	1.23	0.71	0.67	0.76	0.45	0.63
Regulation East	23.07	14.18	19.41	11.78	7.85	11.98	15.38	12.36	24.14	30.79	16.24	16.45
Regulation West	23.07	14.18	19.41	11.78	7.85	11.98	15.38	12.36	24.14	30.79	16.24	16.45

ANCILLARY SERVICES Unweighted Price (\$/MWH) 2003

Day Ahead Market

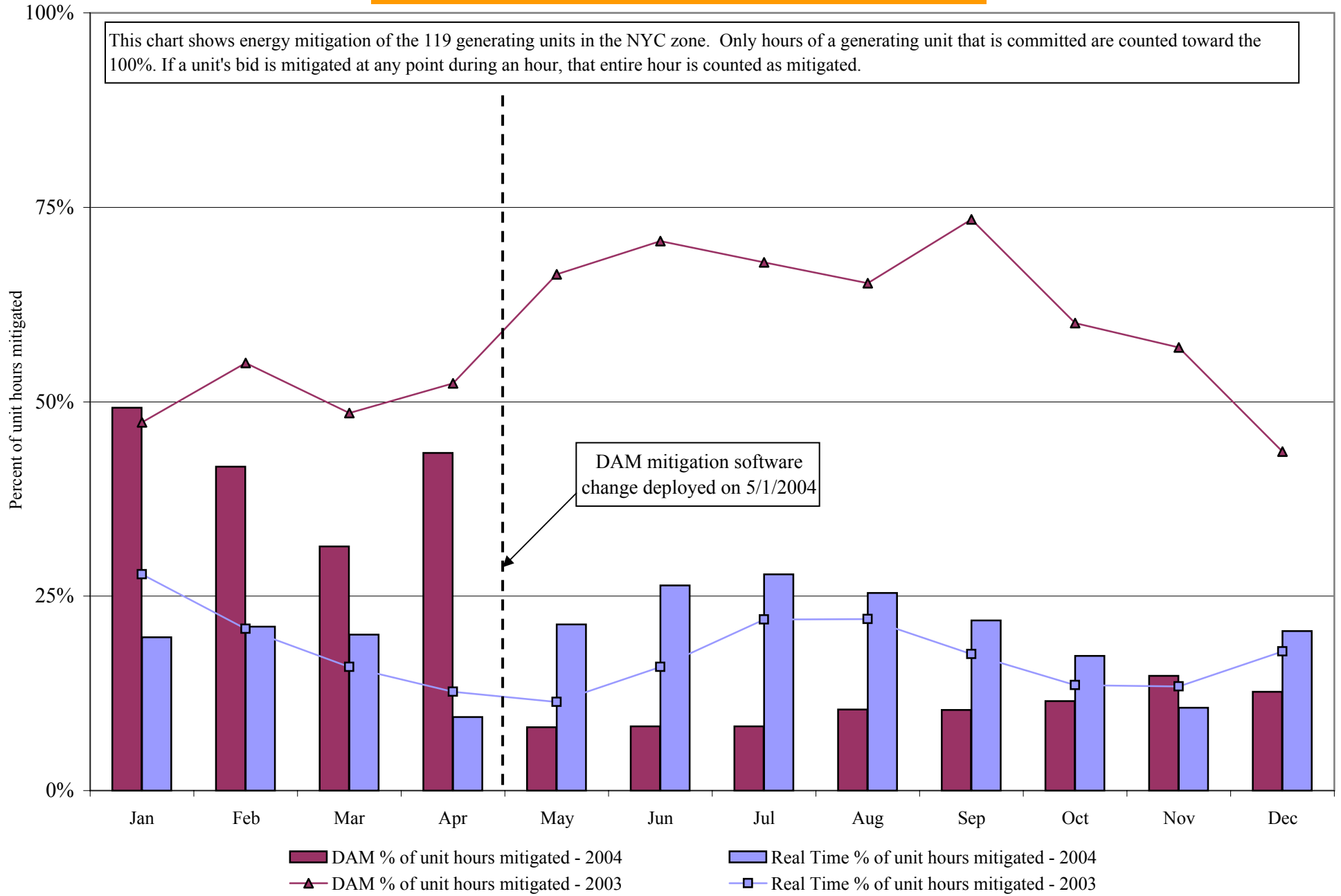
10 Min Spin East	8.78	5.24	7.33	4.60	8.24	4.12	2.18	2.28	2.01	1.17	2.39	2.89
10 Min Spin West	8.30	5.17	7.12	4.45	8.12	4.11	2.18	2.18	2.00	1.17	2.37	2.81
10 Min Non Synch East	1.22	1.36	1.60	1.61	1.48	1.40	1.09	0.76	0.58	0.52	0.41	0.38
10 Min Non Synch West	1.15	1.32	1.45	1.54	1.45	1.39	1.09	0.72	0.58	0.52	0.40	0.32
30 Min East	1.14	1.30	1.41	1.48	1.42	1.35	0.97	0.69	0.56	0.48	0.40	0.32
30 Min West	1.14	1.30	1.41	1.48	1.42	1.35	0.97	0.69	0.56	0.48	0.40	0.32
Regulation East	23.17	25.39	33.31	24.70	43.82	27.33	19.67	20.17	27.06	37.74	35.07	22.43
Regulation West	23.17	25.39	33.31	24.70	43.82	27.33	19.67	20.17	27.06	37.74	35.07	22.43

BME* Market

10 Min Spin East	2.67	2.50	4.05	2.54	2.95	2.69	1.69	2.82	2.96	2.92	4.65	5.11
10 Min Spin West	2.59	2.32	4.61	2.55	3.04	2.78	1.72	2.91	3.38	2.94	4.76	5.13
10 Min Non Synch East	1.85	1.89	2.34	2.07	1.57	1.80	1.09	2.53	2.87	1.17	1.92	1.80
10 Min Non Synch West	1.53	1.59	2.75	2.02	1.67	1.88	1.11	2.58	8.55	1.41	1.57	1.71
30 Min East	1.52	1.80	4.34	2.02	1.40	2.03	1.04	2.46	1.28	0.97	1.17	1.07
30 Min West	1.52	1.80	4.34	2.02	1.40	2.03	1.04	2.46	1.28	0.97	1.17	1.07
Regulation East	8.21	9.28	10.19	13.52	9.08	5.44	6.41	36.11	11.09	5.60	14.24	17.12
Regulation West	8.21	9.28	10.19	13.52	9.08	5.44	6.41	36.11	11.09	5.60	14.24	17.12

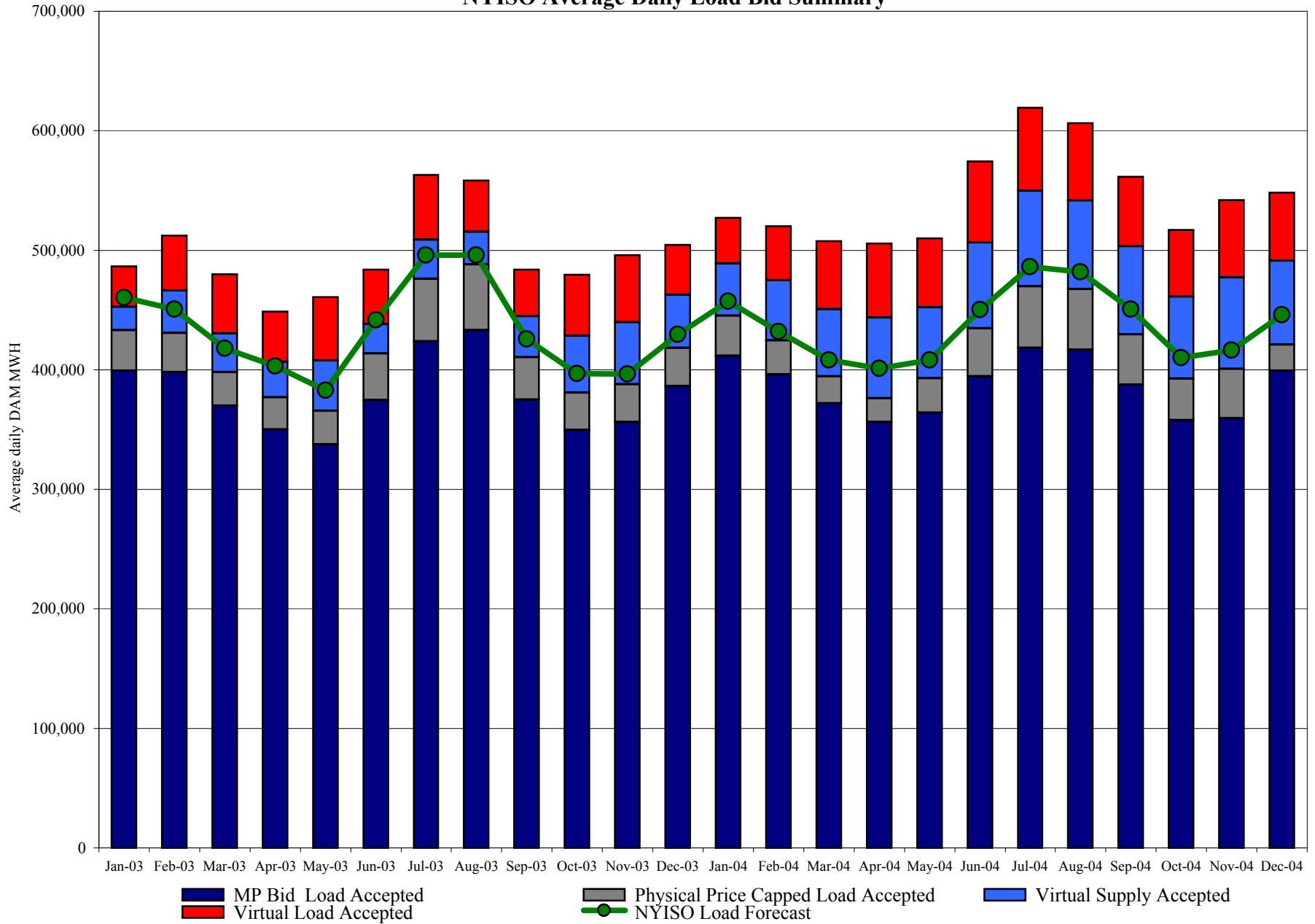
* Commonly Referred to as Hour Ahead Market (HAM)

NYISO In City Energy Mitigation (NYC Zone) 2003-2004 Percentage of committed unit-hours mitigated

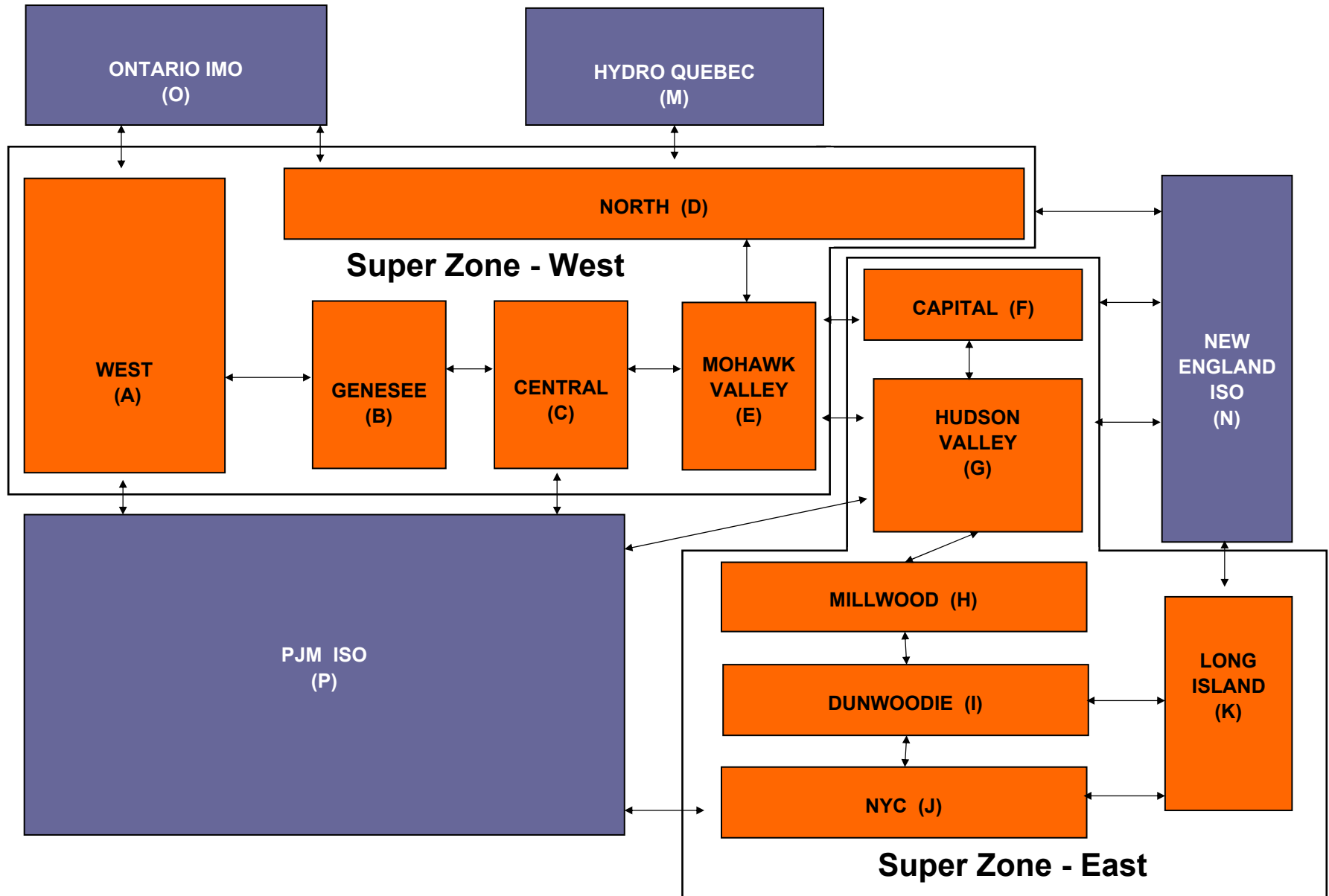


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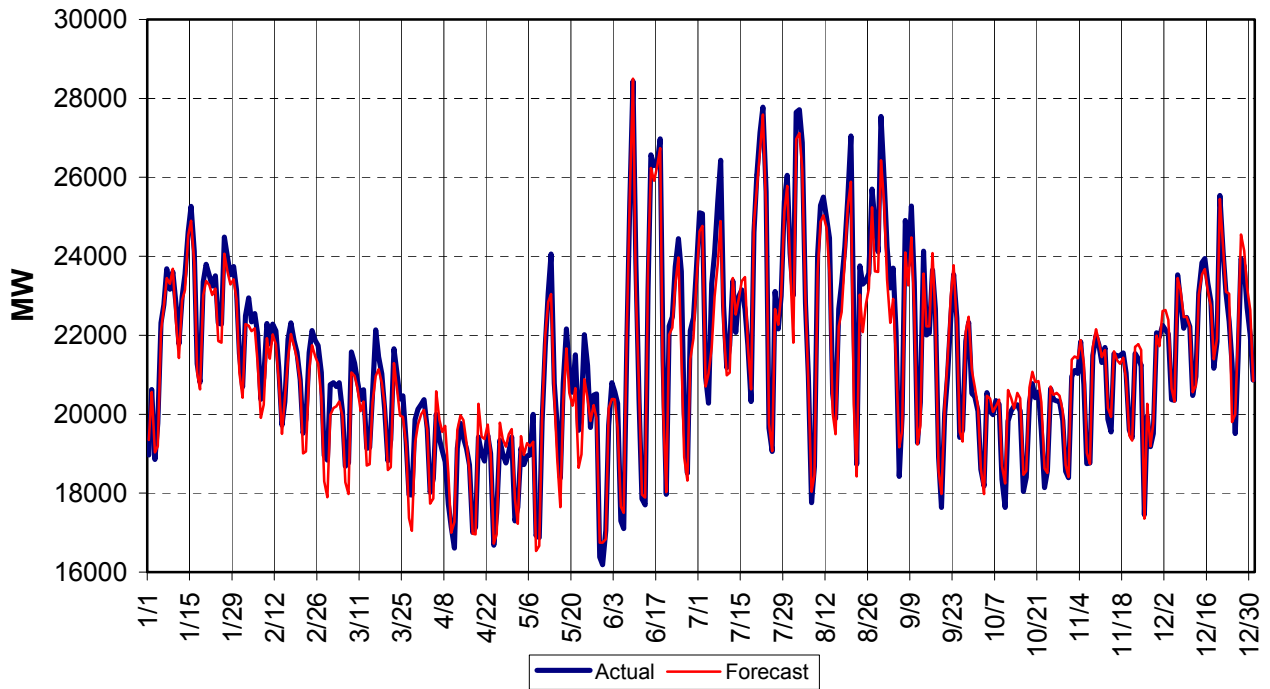
NYISO Average Daily Load Bid Summary



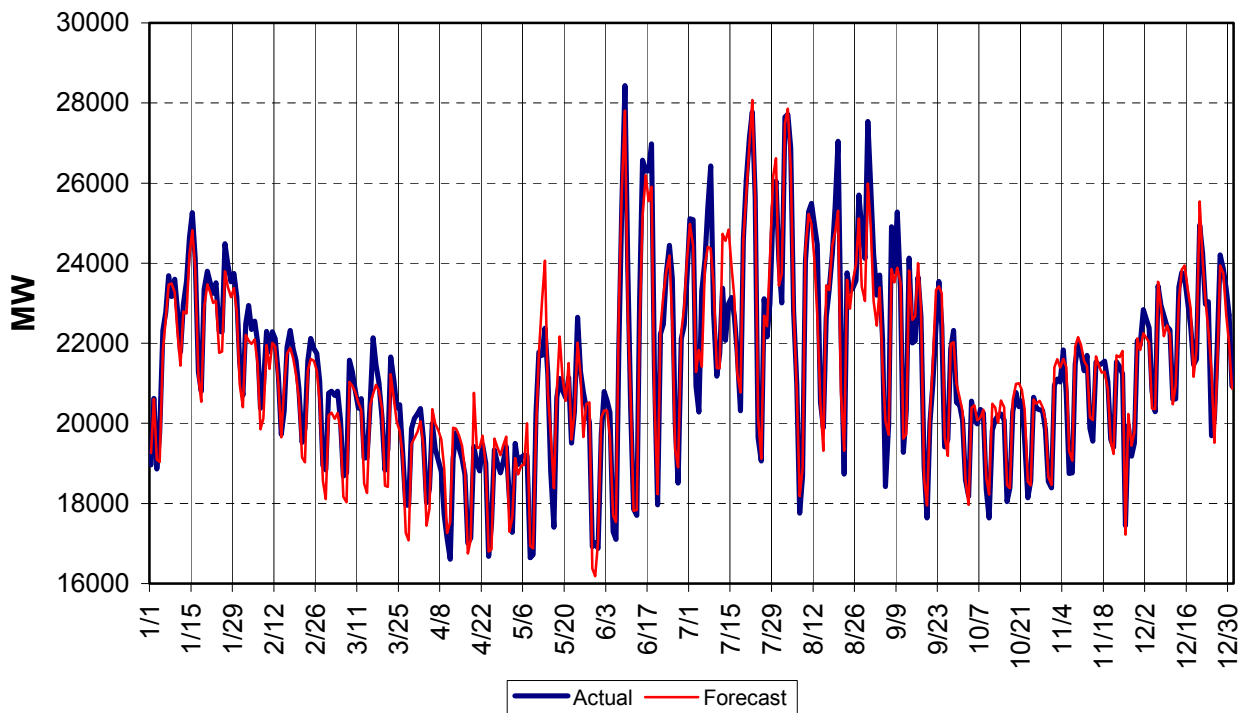
NYISO LBMP ZONES



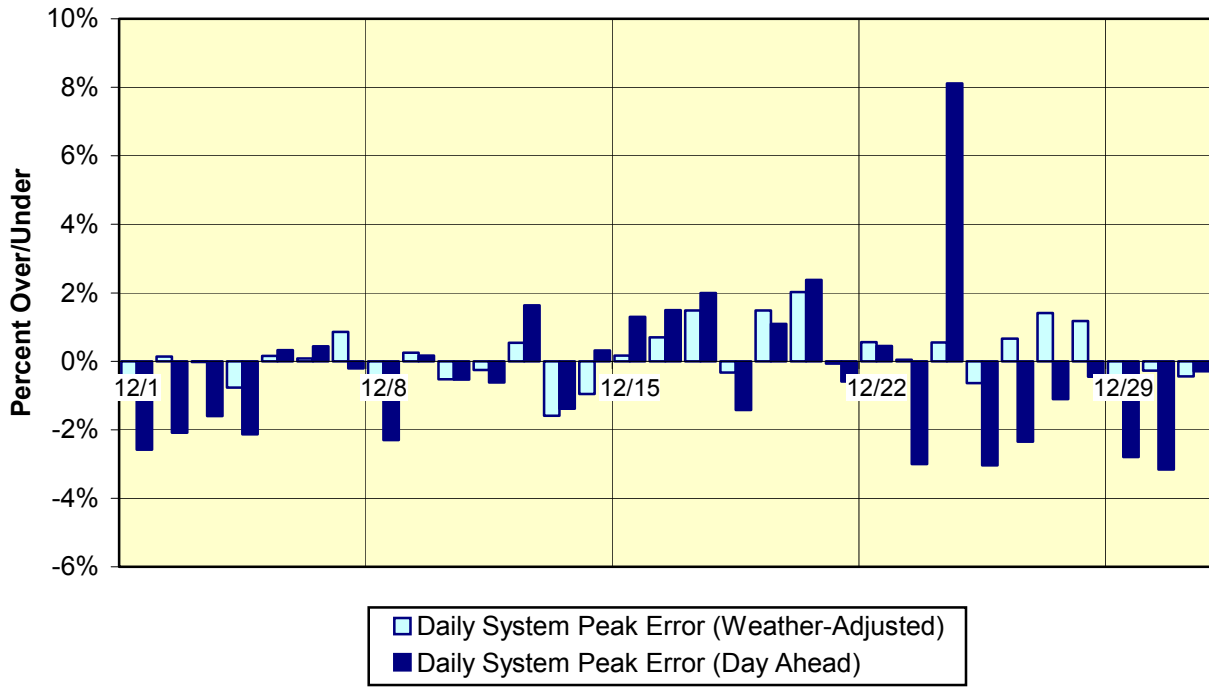
**NYISO Daily Peak Load
Actual vs. Weather-Adjusted Forecast**



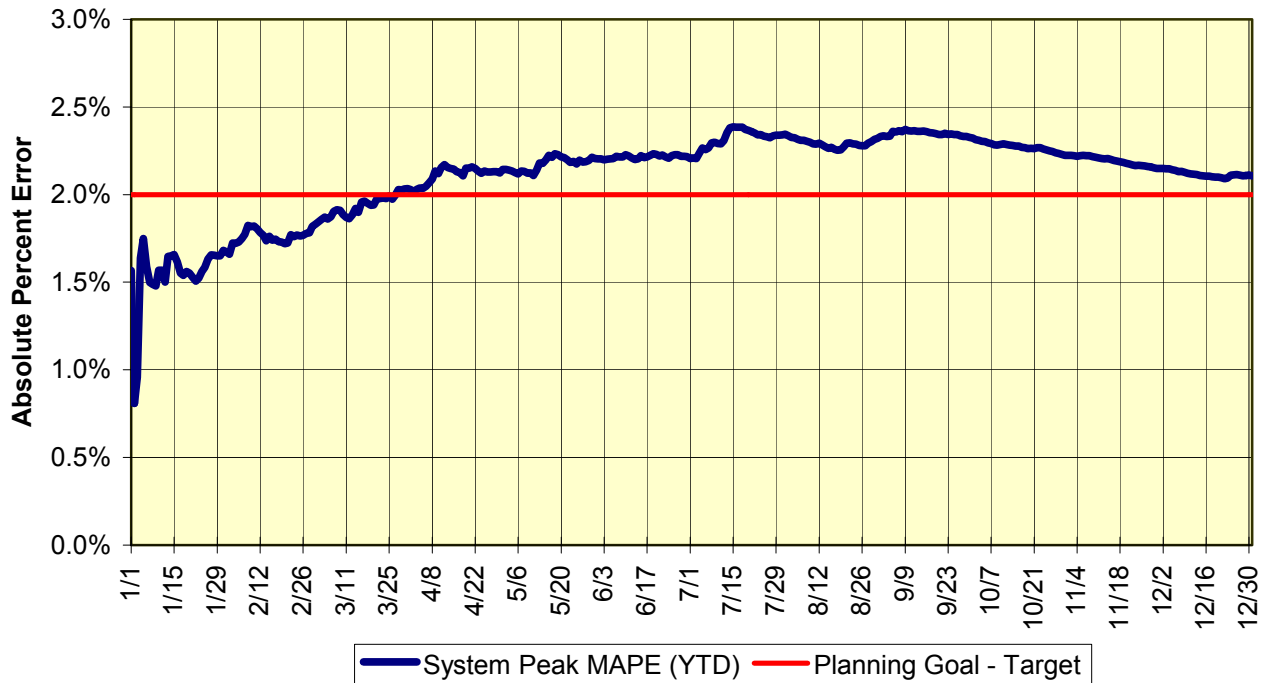
**NYISO Daily Peak Load
Actual vs. Forecast**



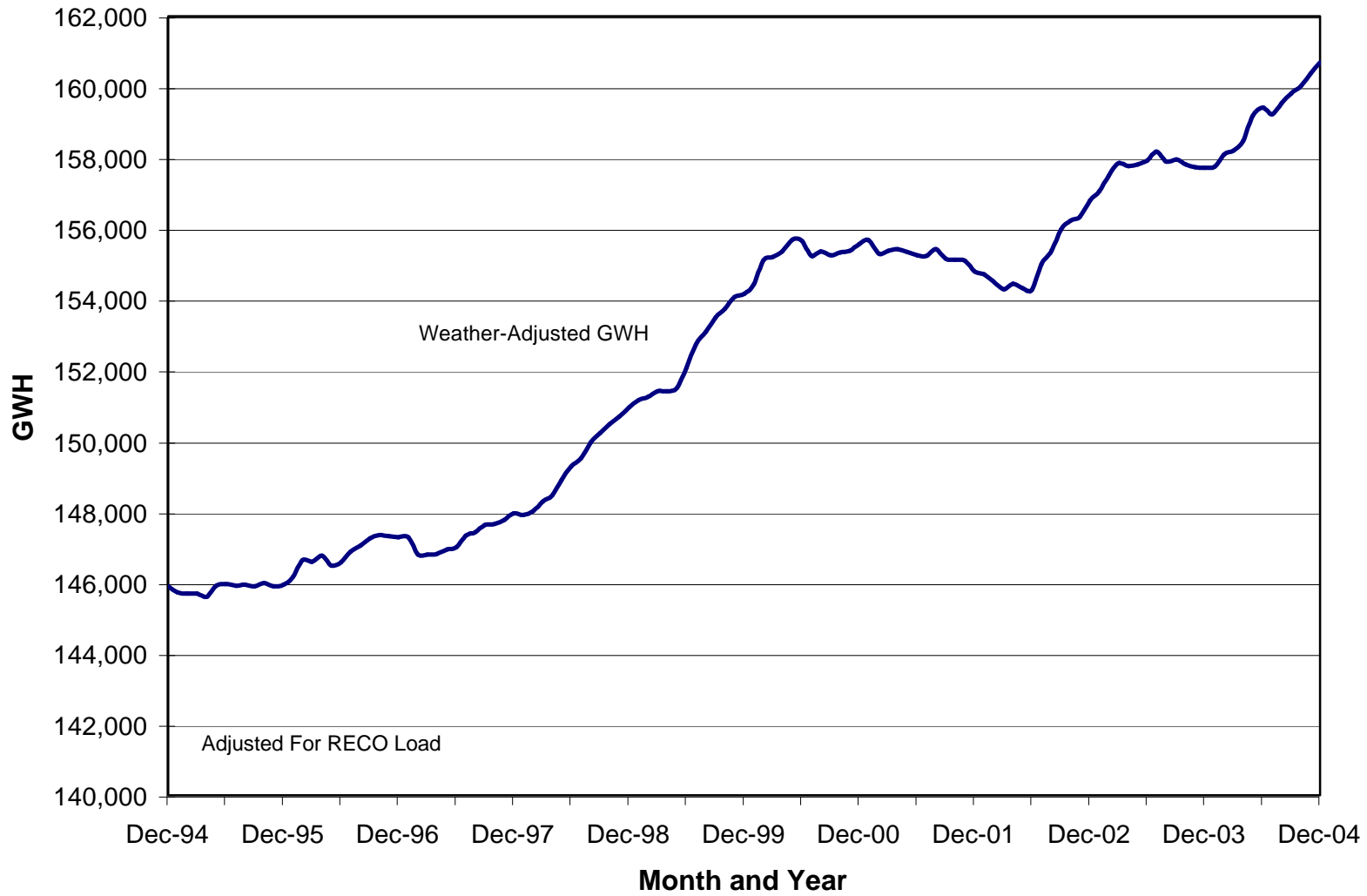
Day-Ahead Forecast Daily Forecast Errors of System Peak December, 2004



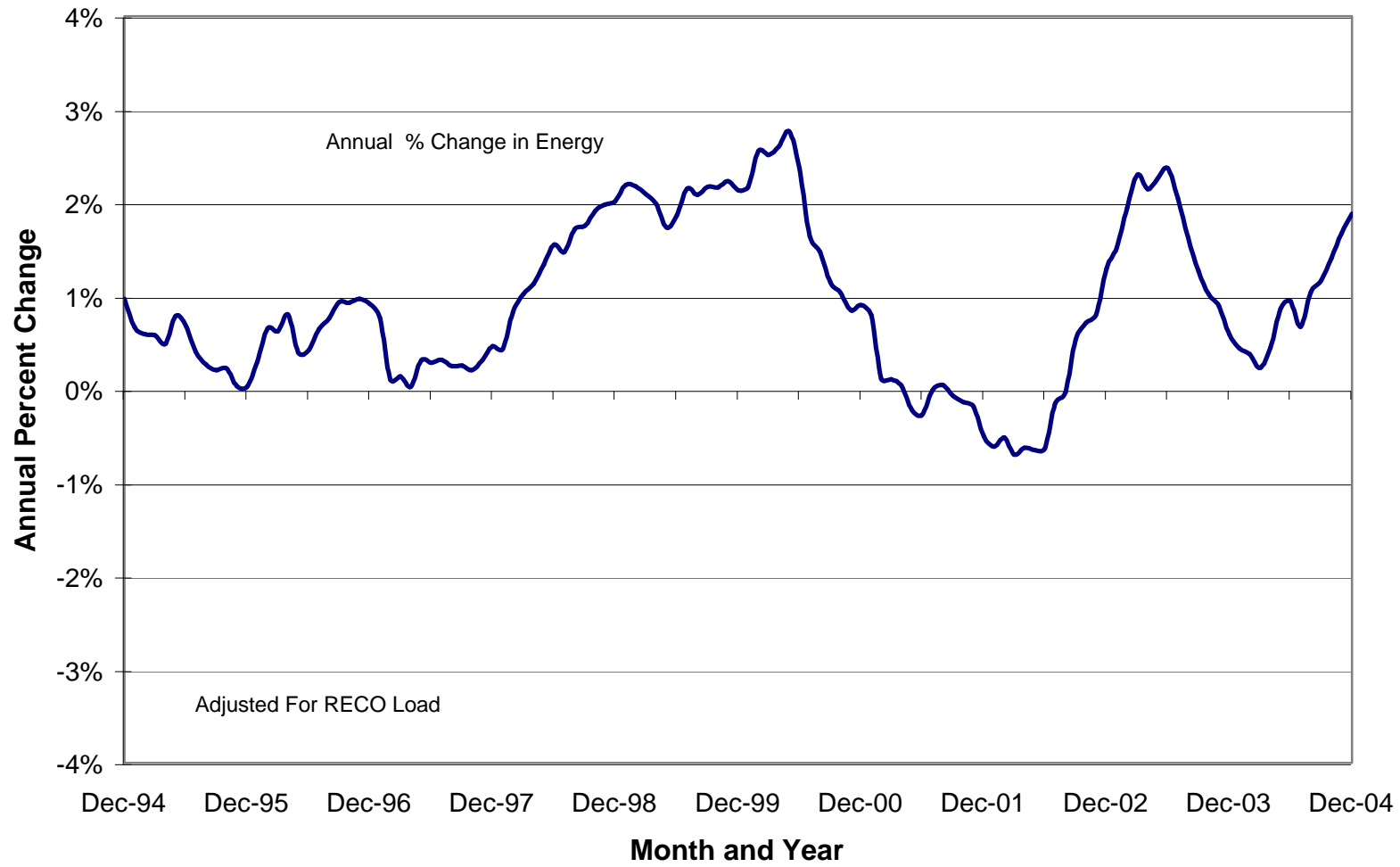
Day-Ahead Forecast Cumulative Performance - Daily System Peak 2004 Year-to-Date



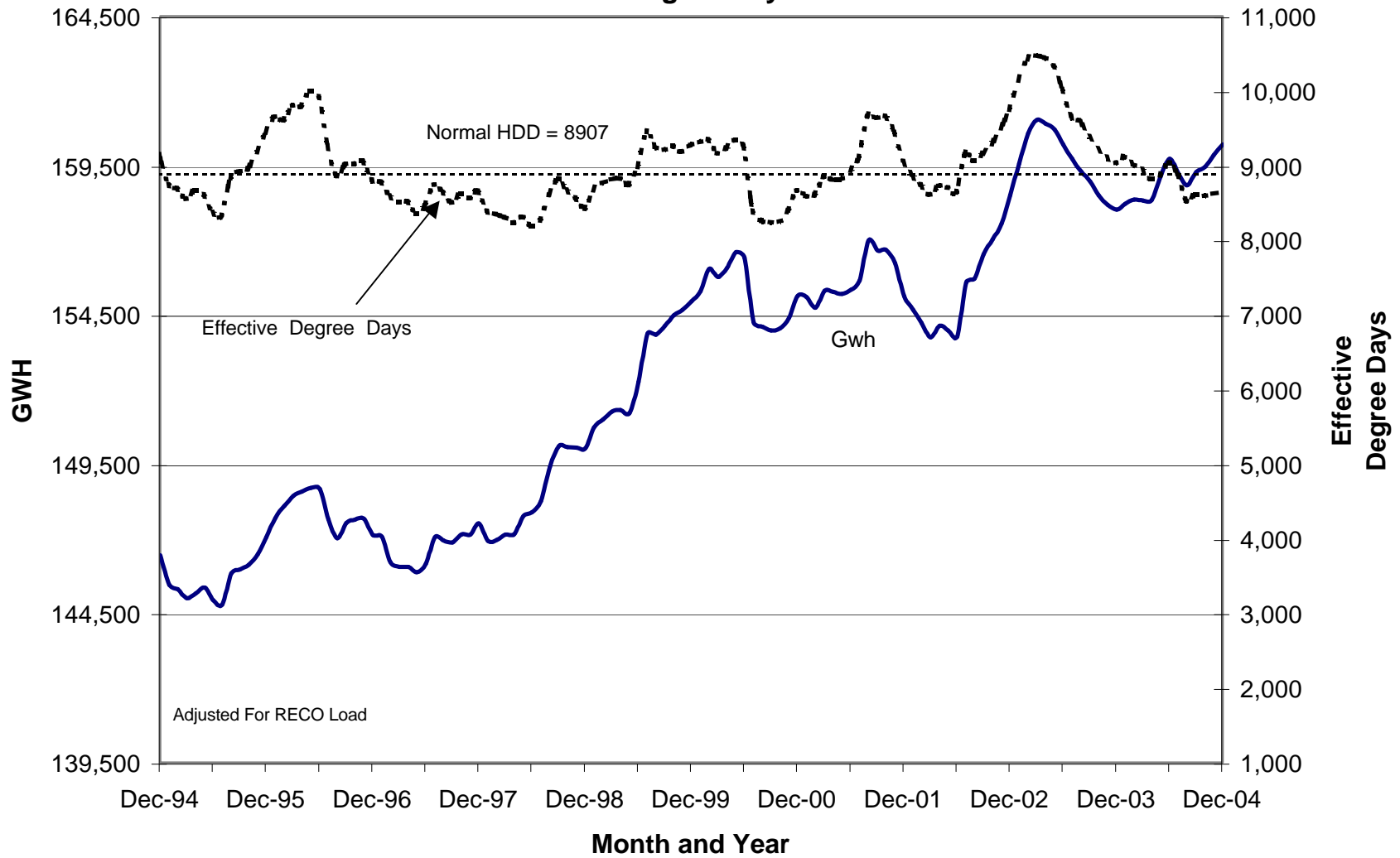
Plot Of 12 Month Moving Total Of NYCA Weather Adjusted Energy Sendout



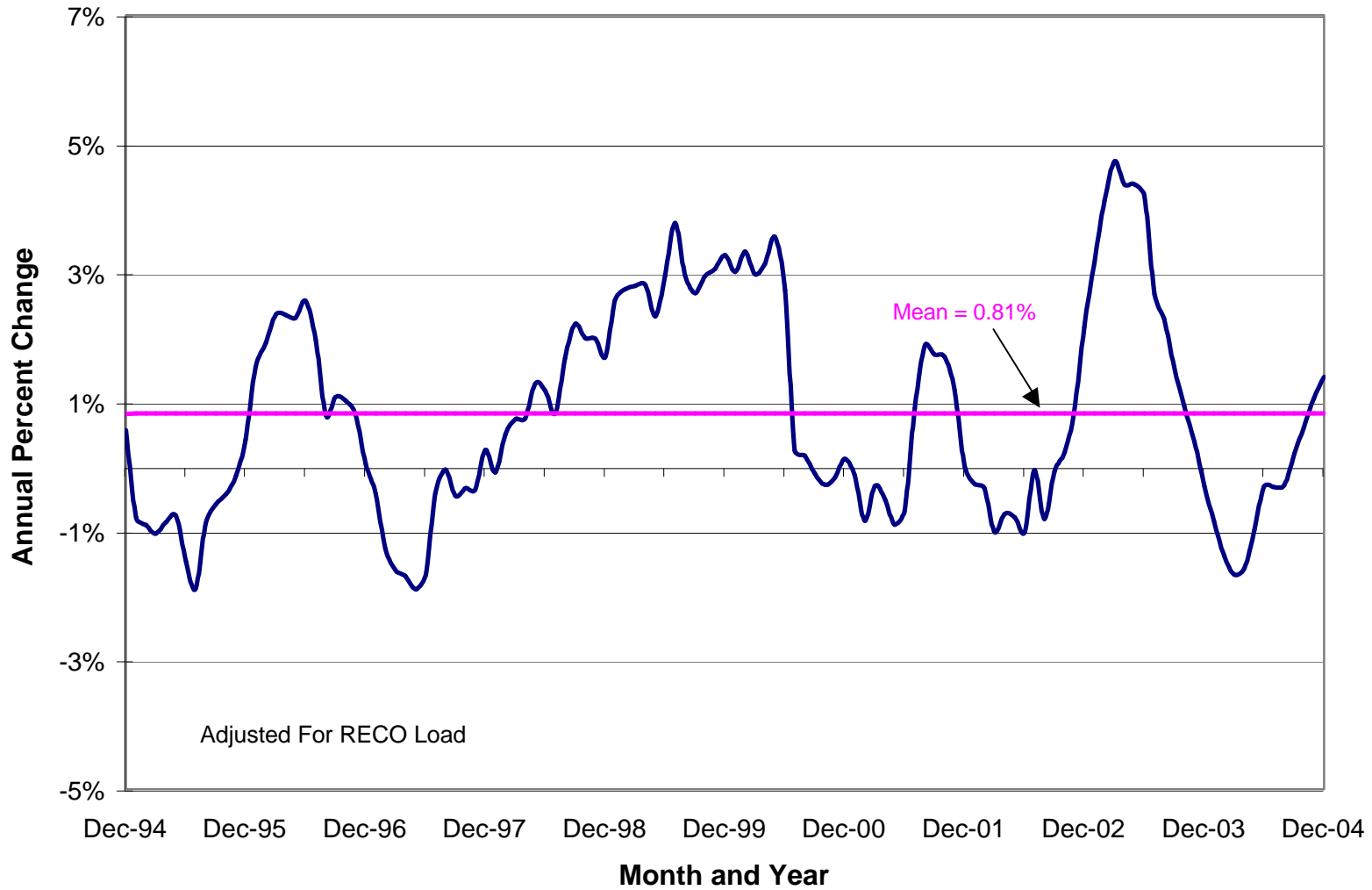
Plot Of Weather Adjusted 12 Month Moving Total Energy Sendout Annual Percent Change



**Plot Of 12 Month Moving Total Of NYCA Energy Sendout
And Effective Degree Days For 10 Years**



**Plot Of 12 Month Moving Total Energy Sendout
Annual Percent Change For 10 Years**



NYISO Regulatory Filings December 2004

- Dec. 1, 2004 Third party filing of a late motion to intervene regarding the NYISO filing of a request to extend the voltage support service charge for 2005 (ER05-119-000)
- Dec. 1, 2004 NYISO compliance report filing regarding the mandatory resale of transmission congestion contracts for existing transmission capacity for native load and residual capacity reservation rights (ER04-294-003)
- Dec. 2, 2004 NYISO compliance filing of an evaluation of market monitoring and mitigation procedures (ER01-3155-003, ER01-1385-012, EL01-45-011)
- Dec 2, 2004 NYISO filing of a refund report with a recalculation of the amount due Dynegy regarding an erroneous bid mitigation of Dynegy's Roseton Units 1 & 2 (EL03-26-000/001/002)
- Dec. 2, 2004 Third party filing of a request for rehearing regarding a FERC order accepting revisions to NYISO's OATT tariff involving the elimination of through and out charges between New York and New England (ER04-943-001)
- Dec. 2, 2004 NYISO compliance filing of a demand response report including its analyses of the effects on wholesale prices on a dollars per megawatt-hour basis resulting from the operations of each of the demand response programs in summer 2004 (ER01-3001-011)
- Dec. 2, 2004 NYISO filing of a motion to file one day out of time its biannual demand response and new generation compliance report and the filing of this report (ER01-3001-011)
- Dec. 2, 2004 NYISO filing compliance report filing on the implementation of the demand curve and an evaluation of withholding in the NYISO markets (ER03-647-006)
- Dec. 2, 2004 NYISO filing of motion to file one day out of time its compliance report regarding the implementation of the demand curve and an evaluation of withholding in the NYISO markets and the filing of this report (ER03-647-006)
- Dec. 3, 2004 Third party filing of a request to appoint a settlement judge regarding various complaints v NYISO concerning reserves, energy and capacity pricing (EL00-57-000/002, EL00-60-000/002, EL00-63-000/002, EL00-64-000/002, EL01-19-000/001, EL02-16-000/001, ER01-1969-000/002/003/004/011, EL05-17-000)
- Dec. 6, 2004 NYISO filing of an answer to a third party protest regarding NYISO's 10/29/04 filing of a response to a FERC deficiency letter (ER04-1144-000)
- Dec. 9, 2004 Third party filing of a motion to leave to intervene and comment on the 10/27/04 Keyspan complaint against the NYISO regarding ICAP/UCAP translations (EL05-17-000)
- Dec. 10, 2004 NYISO compliance filing regarding the extension of the demand reduction incentive payments to 10/31/05 (ER04-1188-000/001)

NYISO Regulatory Filings December 2004

- Dec. 13, 2004 NYISO joint filing of a request for additional time to prepare and submit a list of outstanding issues regarding Con Ed v NYISO, PJM, PSEG proceeding (EL02-23-003)
- Dec. 17, 2004 NYISO answer to a third party request for appointment of a settlement judge regarding various complaints v NYISO concerning reserves, energy and capacity pricing (ER00-1969-000/002/003/004/011, EL01-19-000/001, EL02-16-000/001, EL05-17-000)
- Dec. 17, 2004 NYISO filing of request for expedited action and waivers pertaining to the issuance of Close-out settlements for prior service months (EL05-47-000)
- Dec. 17, 2004 NYISO compliance tariff filing incorporating the compensation methodology reflected in Technical Bulletin 67 into its Market Mitigation Measures (EL03-26-004)
- Dec. 22, 2004 NYISO filing of an answer opposing the Keyspan filing of reply comments regarding its complaint against the NYISO concerning ICAP/UCAP translations (EL05-17-000)
- Dec. 22, 2004 NYISO joint filing of a list of outstanding issues and a request for assistance to resolve disputes regarding the Con Ed complaint v PSE&G, PJM and NYISO concerning certain transmission service arrangements (EL02-23-003)
- Dec. 23, 2004 Third party filing of a motion to intervene and comment regarding the NYISO's filing of a demand curve implementation report (ER03-647-006)
- Dec. 30, 2004 Third party filing of a motion to intervene regarding the NYISO filing requesting an extension of the demand reduction incentive payments to 10/31/05 (ER04-1188-001)

NYISO Related FERC Orders December 2004

- Dec. 22, 2004 FERC letter order accepting revised compliance tariff language regarding the review of the feasibility of segmenting Class Year developer projects for use as generic units in the cost allocation process
(EL02-125-002)
- Dec. 28, 2004 FERC letter order accepting the rate schedule and tariff revisions regarding a one year extension of the current methodology and rate used to calculate annual payments for Voltage Support Service
(ER05-119-000)
- Dec. 28, 2004 FERC order accepting in part the NYISO's comprehensive reliability planning process tariff filing
(ER04-1144-000/001)
- Dec. 30, 2004 FERC Commissioner Kelliher issues dissenting opinion regarding the FERC order accepting in part the NYISO's comprehensive reliability planning process tariff filing
(ER04-1144-000/001)

NYISO Management Committee Meeting

January 5, 2005

Teleconference

MOTIONS FROM THE MEETING

Motion #1:

Motion to approve the Minutes from the December 2, 2004 MC meeting.

(Motion passed unanimously)

Motion #2:

The Management Committee ("MC") approves the implementation of a "generic" Scheduled Line scheduling solution, and a Cross-Sound Scheduled Line specific scheduling solution, as more fully discussed in the January 5th presentation to the Management Committee, and recommends that the Board concur and authorize a filing to be made pursuant to Section 205 of the Federal Power Act. The MC further requests that the NYISO circulate specific tariff language to all market participants for review and approval by the Chairs and Vice Chairs of the MC and the BIC, with the advice of the members of the MSWG, prior to filing with FERC.

(Motion passed unanimously)

Motion #3:

The Management Committee ("MC") recommends that the NYISO proceed with the purchase of "Building A" as outlined in the presentation at the January 5, 2005 meeting in order to:

- Relocate the Alternate Control Center in a facility that meets the current siting and security guidelines and can manage electric system and market operations for an extended period of time.
- Consolidate the majority of NYISO staff and supporting contractors in one facility; and
- Accommodate training sessions and Market Participant meetings.

The Management Committee also recommends that the NYISO Board of Directors incorporate in the Executive's Long Term Incentive Plan meeting the budget targets for the years 2005 to 2008.

(Motion passed unanimously)

Motion #4a:

Motion challenging the procedural ruling of the Chair to permit a vote on unfriendly changes to the original motion on the grounds that the changes were not germane to the issue noticed for action, and therefore do not provide sufficient notice in accordance with the requirements of the bylaws.

(Motion failed with 51.18% affirmative votes.)

Motion #4b:

Motion to include modified tariff language as follows:

- II. Notwithstanding the above any supplier to the NYISO market including but not limited to divested in city generation may request that it not participate in retail sales.

to the NYISO's tariff proposal.

(Motion failed with 17.92% affirmative votes.)

Motion #4:

The Management Committee ("MC") approves the NYISO proposal, as presented and discussed today, January 5, 2005, to address the NYISO's legal obligations under the New York State sales tax laws and requests that the Board authorize a filing to the FERC pursuant to Section 205 of the Federal Power Act in substantially the form attached. The MC also requests that the NYISO include on the agenda of the January 21, 2005 Scheduling and Pricing Working Group a proposal developed by Market Participants with the assistance of the NYISO to address concerns about the possible imposition of Gross Receipts Taxes ("GRTs") arising from sales to customers and in response to final input from Market Participants will develop tariff language to address these concerns for action at a February, 2005 meeting of the Management Committee. A vote on this motion in no way prejudices any party's position with respect to the resolution of the GRT issue. The tariff that is the subject of this motion is not contemplated to change Suppliers' obligations under Section 8.4, and the tariff amendments will be modified to reflect this intent and presented to the MC for approval.

(Motion passed by majority)

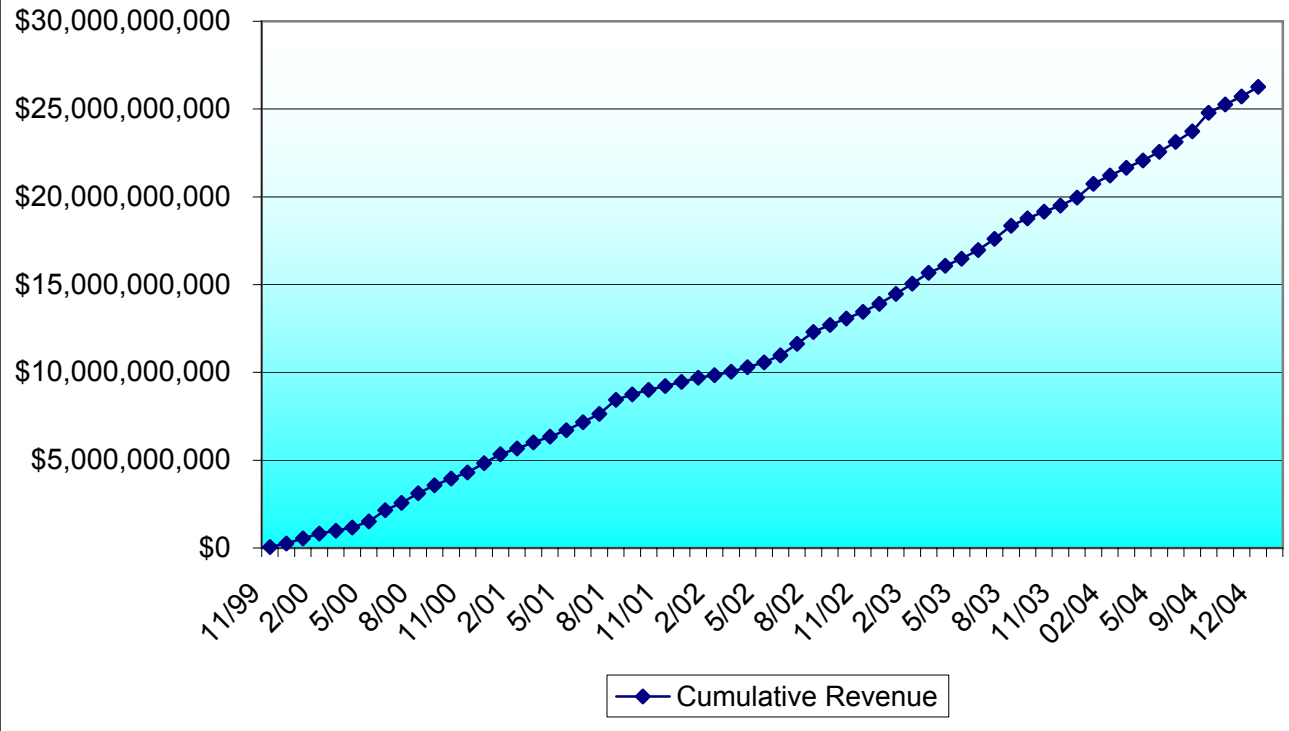


2004 BUDGET VS. ACTUAL VARIANCES

(dollar amounts in thousands)

	YTD through November 2004			
	Budget	Actuals	\$ Var.	% Var.
Capital Assets	\$ 16,642	\$ 9,451	\$ (7,191)	-43%
Salaries & Benefits	40,183	38,130	(2,053)	-5%
Consultants	23,069	21,934	(1,135)	-5%
Legal	5,500	5,300	(200)	-4%
Building Services	3,220	3,695	475	15%
Computer Services	18,260	25,443	7,183	39%
Insurance	7,070	5,950	(1,120)	-16%
Telecommunications	2,635	4,111	1,476	56%
Board of Directors	848	734	(114)	-13%
Meetings, Travel, Training	2,660	2,416	(244)	-9%
NPCC Fees	1,398	1,381	(17)	-1%
FERC Fees	7,333	4,869	(2,464)	-34%
Debt Service & Bank Fees	25,240	24,304	(936)	-4%
TOTAL BUDGET SPENDING	\$ 154,059	\$ 147,718	\$ (6,341)	-4%
Less: Miscellaneous Revenues	(976)	(986)	(10)	1%
Less: Net Proceeds from Bank Financing	(42,000)	(42,000)	0	0%
Plus: Interest on 2004 Bank Financing	1,004	365	(639)	64%
EQUALS: Funds Needed via RS#1	\$ 112,087	\$ 105,097	\$ (6,990)	-6%
COMPARED TO: Funds Received via RS#1			(1,730)	
EQUALS: Total Due (to)/from Market Participants			\$ (8,720)	

Cumulative Gross Revenue of all Monthly Components



**NYISO
MARKET PARTICIPANT ENERGY BILLINGS
SUMMARY OF NET RECEIVABLES**

****RECEIVABLES****

	ORIGINAL INVOICE	4 MO TU	12 MO TU	24 MO TU	REBILL	Final Bill Challenge	TU TOTAL	% OF TU			
Nov-99	\$ 41,914,277	\$ -	\$ 4,601,583	11%	\$ 1,653,001	4%	\$ 435,491	1%	\$ 6,690,076	16%	
Dec-99	\$ 133,158,638	\$ -	\$ 9,535,988	7%	\$ 1,707,927	1%	\$ 3,510,999	3%	\$ 14,754,914	11%	
Jan-00	\$ 217,994,281	\$ -	\$ 13,514,891	6%	\$ 6,139,030	3%	\$ 3,934,882	2%	\$ 23,588,803	11%	
Feb-00	\$ 186,799,918	\$ -	\$ 13,029,978	7%	\$ 1,518,328	1%	\$ 3,133,700	2%	\$ 17,682,007	9%	
Mar-00	\$ 124,028,665	\$ -	\$ -	0%	\$ 889,309	1%	\$ 24,987,775		\$ 25,877,084	21%	
Apr-00	\$ 135,512,224	\$ -	\$ -	0%	\$ 1,287,032	1%			\$ 1,287,032	1%	
May-00	\$ 222,997,916	\$ -	\$ 19,374,704	9%	\$ 7,788,534	3%			\$ 27,163,238	12%	
Jun-00	\$ 415,492,540	\$ -	\$ 27,121,792	7%	\$ 12,457,711	3%			\$ 39,579,503	10%	
Jul-00	\$ 252,252,351	\$ -	\$ 19,489,697	8%	\$ 2,724,735	1%			\$ 22,214,432	9%	
Aug-00	\$ 361,947,692	\$ -	\$ 35,775,647	10%	\$ 5,508,600	2%			\$ 41,284,247	11%	
Sep-00	\$ 319,094,875	\$ -	\$ 31,071,138	10%	\$ 6,605,678	2%			\$ 37,676,816	12%	
Oct-00	\$ 274,787,453	\$ 15,496,075	6%	\$ 3,205,891	1%	\$ 3,745,905	1%		\$ 22,447,871	8%	
Nov-00	\$ 256,009,720	\$ 16,262,668	6%	\$ 2,052,169	1%	\$ 1,784,229	1%		\$ 20,099,066	8%	
Dec-00	\$ 396,610,564	\$ 19,537,029	5%	\$ 4,026,996	1%	\$ 4,066,092	1%		\$ 27,630,117	7%	
Jan-01	\$ 344,295,355	\$ 12,571,017	4%	\$ 2,521,671	1%	\$ 1,474,285	0%		\$ 16,566,973	5%	
Feb-01	\$ 234,382,099	\$ 9,148,844	4%	\$ 1,699,302	1%	\$ 1,263,189	1%		\$ 12,111,335	5%	
Mar-01	\$ 245,443,896	\$ 9,390,961	4%	\$ 1,698,249	1%	\$ 743,656	0%	\$ 796,426	0%	\$ 12,629,292	5%
Apr-01	\$ 231,563,601	\$ 11,382,682	5%	\$ 2,133,766	1%	\$ 890,456	0%	\$ 658,768	0%	\$ 15,065,671	7%
May-01	\$ 258,524,171	\$ 16,241,860	6%	\$ 9,994,318	4%	\$ 1,825,702	1%	\$ 1,368,697	1%	\$ 29,430,577	11%
Jun-01	\$ 295,777,209	\$ 15,607,316	5%	\$ 4,491,251	2%	\$ 1,542,666	1%	\$ 1,187,881	0%	\$ 22,829,115	8%
Jul-01	\$ 331,328,591	\$ 12,637,804	4%	\$ 1,772,024	1%	\$ 1,625,857	0%	\$ 1,603,042	0%	\$ 17,638,727	5%
Aug-01	\$ 569,513,449	\$ 15,344,918	3%	\$ 3,305,630	1%	\$ 4,545,234	1%	\$ 4,801,994	1%	\$ 27,997,775	5%
Sep-01	\$ 193,119,838	\$ 6,492,345	3%	\$ 1,089,635	1%	\$ 2,225,022	1%	\$ 689,003	0%	\$ 10,496,005	5%
Oct-01	\$ 167,598,022	\$ 7,307,617	4%	\$ 1,514,234	1%	\$ 5,582,048	3%		\$ 14,403,899	9%	
Nov-01	\$ 152,726,458	\$ 5,896,866	4%	\$ 1,932,100	1%	\$ 891,443	1%		\$ 8,720,410	6%	
Dec-01	\$ 162,617,275	\$ 4,249,430	3%	\$ 995,912	1%	\$ 1,795,660	1%		\$ 7,041,002	4%	
Jan-02	\$ 169,114,538	\$ 4,603,989	3%	\$ 1,328,924	1%	\$ 999,869	1%		\$ 6,932,782	4%	
Feb-02	\$ 128,174,423	\$ 4,949,637	4%	\$ 988,313	1%	\$ 760,711	1%		\$ 6,698,661	5%	
Mar-02	\$ 173,757,055	\$ 7,871,772	5%	\$ 1,361,075	1%	\$ 1,070,136	1%	\$ 591,897	0%	\$ 10,894,880	6%
Apr-02	\$ 227,372,883	\$ 8,763,681	4%	\$ 799,348	0%	\$ 1,412,591	1%	\$ 3,012,033	1%	\$ 13,987,653	6%
May-02	\$ 193,153,839	\$ 4,859,821	3%	\$ 1,976,821	1%	\$ 1,470,091	1%		\$ 8,306,733	4%	
Jun-02	\$ 243,510,171	\$ 10,447,096	4%	\$ 2,158,556	1%	\$ 1,668,758	1%		\$ 14,274,410	6%	
Jul-02	\$ 423,363,985	\$ 14,296,715	3%	\$ 3,381,899	1%	\$ 2,954,088	1%		\$ 20,632,701	5%	
Aug-02	\$ 417,275,164	\$ 10,037,896	2%	\$ 2,592,885	1%	\$ 2,379,757	1%		\$ 15,010,539	4%	
Sep-02	\$ 254,643,037	\$ 8,336,608	3%	\$ 3,209,330	1%	\$ 634,667	0%		\$ 12,180,605	5%	
Oct-02	\$ 259,006,539	\$ 5,948,283	2%	\$ 2,087,459	1%		\$ 2,139,799	1%	\$ 10,175,540	4%	
Nov-02	\$ 253,526,260	\$ 5,452,407	2%	\$ 1,839,940	1%		\$ 2,351,205	1%	\$ 9,643,551	4%	
Dec-02	\$ 299,517,867	\$ 8,205,366	3%	\$ 1,386,782	0%		\$ 2,029,395	1%	\$ 11,621,543	4%	
Jan-03	\$ 399,263,104	\$ 9,844,614	2%	\$ 2,098,338	1%		\$ 1,191,493	0%	\$ 13,134,445	3%	
Feb-03	\$ 418,175,564	\$ 11,981,141	3%	\$ 2,458,047	1%		\$ 1,187,456	0%	\$ 15,626,644	4%	
Mar-03	\$ 426,467,140	\$ 9,873,309	2%	\$ 1,267,254	0%		\$ 1,773,369	0%	\$ 12,913,933	3%	
Apr-03	\$ 288,946,161	\$ 7,395,252	3%	\$ 1,494,349	1%				\$ 8,889,601	3%	
May-03	\$ 248,638,313	\$ 5,874,403	2%	\$ 1,274,495	1%				\$ 7,148,897	3%	
Jun-03	\$ 300,747,684	\$ 7,396,478	2%	\$ 1,361,206	0%				\$ 8,757,684	3%	
Jul-03	\$ 418,581,237	\$ 13,132,010	3%	\$ 2,180,703	1%				\$ 15,312,713	4%	
Aug-03	\$ 514,126,607	\$ 13,977,562	3%	\$ 5,647,468	1%				\$ 19,625,030	4%	
Sep-03	\$ 283,123,546	\$ 6,445,812	2%	\$ 2,557,996	1%				\$ 9,003,809	3%	
Oct-03	\$ 245,463,938	\$ 5,837,631	2%	\$ 3,752,128	2%				\$ 9,589,759	4%	
Nov-03	\$ 216,846,601	\$ 9,096,310	4%	\$ 2,203,489	1%				\$ 11,299,799	5%	
Dec-03	\$ 287,418,382	\$ 11,239,879	4%	\$ 2,414,143	1%				\$ 13,654,022	5%	
Jan-04	\$ 505,153,722	\$ 27,322,738	5%						\$ 27,322,738	5%	
Feb-04	\$ 312,550,760	\$ 13,321,219	4%						\$ 13,321,219	4%	
Mar-04	\$ 300,111,357	\$ 8,890,522	3%						\$ 8,890,522	3%	
Apr-04	\$ 275,622,576	\$ 8,934,404	3%						\$ 8,934,404	3%	
May-04	\$ 325,883,910	\$ 16,064,781	5%						\$ 16,064,781	5%	
Jun-04	\$ 352,125,882	\$ 12,814,776	4%						\$ 12,814,776	4%	
Jul-04	\$ 381,996,419	\$ 12,171,310	3%						\$ 12,171,310	3%	
Aug-04	\$ 376,111,219										
SUBTOTAL	\$ 16,445,260,961	\$ 482,954,853	\$ 267,769,515	\$ 95,631,994	\$ 50,370,235		\$ 907,741,673	6%			
Sep-04	\$ 308,607,881										
Oct-04	\$ 339,657,358										
Nov-04	\$ 334,355,479										
Dec-04	\$ 366,115,001										
GRAND TOTAL	\$ 17,793,996,679	\$ 482,954,853	\$ 267,769,515	\$ 95,631,994	\$ 50,370,235		\$ 907,741,673	5%			

**24 month True ups for May 2000 & June 2000 were fairly high due to significant adjustments to two customers' congestion rent. (\$5M in May 2000 & \$11M in June 2000)

**NYISO
MARKET PARTICIPANT ENERGY BILLINGS
SUMMARY OF NET PAYABLES**

****PAYABLES****

	ORIGINAL INVOICE	4 MO TU	12 MO TU	24 MO TU	REBILL	Final Bill Challenge	TU TOTAL	% OF TU			
Nov-99	\$ 35,518,827	\$ -	\$ 4,367,509	12%	\$ 1,679,571	5%	\$ 490,908.55	1% \$ 7,385,458 21%			
Dec-99	\$ 102,079,272	\$ -	\$ 8,340,216	8%	\$ 1,696,026	2%	\$ 3,616,444.38	4% \$ 22,876,134 22%			
Jan-00	\$ 183,037,026	\$ -	\$ 12,925,858	7%	\$ 6,158,187	3%	\$ 3,940,531.33	2% \$ 32,697,224 18%			
Feb-00	\$ 185,282,663	\$ -	\$ 12,448,203	7%	\$ 1,547,338	1%	\$ 3,133,334.38	2% \$ 25,036,185 14%			
Mar-00	\$ 122,503,213	\$ -	\$ -	0%	\$ 1,160,468	1%	\$ 25,013,672	\$ 31,123,571 25%			
Apr-00	\$ 124,848,119	\$ -	\$ 9,564,586	8%	\$ 1,593,548	1%	\$ 11,158,134	9%			
May-00	\$ 232,582,089	\$ -	\$ 18,902,475	8%	\$ 7,780,529	3%	\$ 26,683,004	11%			
Jun-00	\$ 406,914,315	\$ -	\$ 26,020,673	6%	\$ 12,146,262	3%	\$ 38,166,935	9%			
Jul-00	\$ 243,016,054	\$ -	\$ 18,485,919	8%	\$ 2,720,323	1%	\$ 21,206,242	9%			
Aug-00	\$ 361,347,651	\$ -	\$ 35,133,640	10%	\$ 5,522,743	2%	\$ 40,656,383	11%			
Sep-00	\$ 294,082,367	\$ -	\$ 30,486,502	10%	\$ 6,594,252	2%	\$ 37,080,754	13%			
Oct-00	\$ 266,390,264	\$ -	\$ 2,714,042	1%	\$ 3,747,010	1%	\$ 21,819,570	8%			
Nov-00	\$ 246,642,946	\$ -	\$ 1,641,605	1%	\$ 1,788,082	1%	\$ 15,630,189	6%			
Dec-00	\$ 385,457,152	\$ -	\$ 3,608,151	1%	\$ 4,070,768	1%	\$ 27,238,727	7%			
Jan-01	\$ 334,775,998	\$ 12,164,291	4%	\$ 2,555,817	1%	\$ 1,505,088	0%	\$ 20,149,851	6%		
Feb-01	\$ 227,544,273	\$ 8,654,168	4%	\$ 1,776,808	1%	\$ 1,256,091	1%	\$ 14,800,320	7%		
Mar-01	\$ 234,105,528	\$ 7,955,548	3%	\$ 1,720,487	1%	\$ 748,584	0%	\$ 796,715	0%		
Apr-01	\$ 223,148,288	\$ 11,261,833	5%	\$ 2,545,748	1%	\$ 891,614	0%	\$ 658,557	0%		
May-01	\$ 250,351,122	\$ 16,266,662	6%	\$ 10,011,715	4%	\$ 1,839,840	1%	\$ 1,380,341	1%		
Jun-01	\$ 283,165,040	\$ 15,595,541	6%	\$ 4,128,716	1%	\$ 1,542,154	1%	\$ 1,311,283	0%		
Jul-01	\$ 319,423,484	\$ 13,300,599	4%	\$ 2,091,582	1%	\$ 1,642,515	1%	\$ 1,592,304	0%		
Aug-01	\$ 554,917,297	\$ 15,292,776	3%	\$ 3,690,366	1%	\$ 4,308,889	1%	\$ 4,797,469	1%		
Sep-01	\$ 182,063,076	\$ 6,493,353	4%	\$ 1,429,526	1%	\$ 2,218,595	1%	\$ 688,997	0%		
Oct-01	\$ 157,220,616	\$ 7,283,603	5%	\$ 1,830,221	1%	\$ 2,087,459	1%	\$ 11,201,283	7%		
Nov-01	\$ 143,420,554	\$ 5,970,571	4%	\$ 1,932,886	1%	\$ 870,293	1%	\$ 8,773,751	6%		
Dec-01	\$ 154,098,810	\$ 4,286,144	3%	\$ 999,872	1%	\$ 1,765,734	1%	\$ 7,051,750	5%		
Jan-02	\$ 160,819,725	\$ 4,626,721	3%	\$ 1,299,584	1%	\$ 1,005,172	1%	\$ 6,931,478	4%		
Feb-02	\$ 120,848,588	\$ 4,931,677	4%	\$ 989,372	1%	\$ 743,028	1%	\$ 6,664,077	6%		
Mar-02	\$ 165,725,539	\$ 7,827,174	5%	\$ 1,411,595	1%	\$ 1,045,083	1%	\$ 592,554	0%		
Apr-02	\$ 222,151,382	\$ 8,779,909	4%	\$ 832,067	0%	\$ 1,398,781	1%	\$ 2,982,051	1%		
May-02	\$ 183,815,292	\$ 4,546,883	2%	\$ 1,976,201	1%	\$ 1,460,993	1%	\$ 7,984,076	4%		
Jun-02	\$ 246,221,592	\$ 10,434,484	4%	\$ 2,155,248	1%	\$ 1,657,710	1%	\$ 14,247,443	6%		
Jul-02	\$ 409,240,558	\$ 14,528,756	4%	\$ 3,375,870	1%	\$ 2,925,935	1%	\$ 20,830,561	5%		
Aug-02	\$ 404,158,825	\$ 10,211,707	3%	\$ 2,426,894	1%	\$ 2,366,605	1%	\$ 15,005,205	4%		
Sep-02	\$ 243,973,745	\$ 8,363,796	3%	\$ 3,174,497	1%	\$ 639,930	0%	\$ 12,178,222	5%		
Oct-02	\$ 248,659,897	\$ 5,971,255	2%	\$ 1,740,455	1%	\$ 2,130,811	1%	\$ 9,842,521	4%		
Nov-02	\$ 243,580,981	\$ 5,477,164	2%	\$ 1,818,673	1%	\$ 2,336,086	1%	\$ 9,631,923	4%		
Dec-02	\$ 288,570,651	\$ 8,221,256	3%	\$ 1,368,392	0%	\$ 2,029,091	1%	\$ 11,618,739	4%		
Jan-03	\$ 386,692,211	\$ 9,867,267	3%	\$ 2,071,685	1%	\$ 1,195,113	0%	\$ 13,134,066	3%		
Feb-03	\$ 407,240,054	\$ 12,015,097	3%	\$ 2,443,568	1%	\$ 1,185,813	0%	\$ 15,644,478	4%		
Mar-03	\$ 415,026,752	\$ 9,888,707	2%	\$ 1,259,304	0%	\$ 1,773,369	0%	\$ 12,921,381	3%		
Apr-03	\$ 278,826,241	\$ 7,393,788	3%	\$ 1,500,815	1%	\$ 894,603	3%	\$ 8,894,603	3%		
May-03	\$ 238,359,528	\$ 5,856,019	2%	\$ 1,306,262	1%	\$ 7,162,280	3%	\$ 7,162,280	3%		
Jun-03	\$ 289,166,413	\$ 7,355,535	3%	\$ 1,414,076	0%	\$ 8,769,611	3%	\$ 8,769,611	3%		
Jul-03	\$ 404,807,368	\$ 13,029,763	3%	\$ 2,317,535	1%	\$ 15,347,298	4%	\$ 15,347,298	4%		
Aug-03	\$ 494,075,742	\$ 14,065,141	3%	\$ 5,660,852	1%	\$ 19,725,993	4%	\$ 19,725,993	4%		
Sep-03	\$ 271,779,605	\$ 6,246,294	2%	\$ 2,794,469	1%	\$ 9,040,763	3%	\$ 9,040,763	3%		
Oct-03	\$ 234,334,309	\$ 5,816,672	2%	\$ 4,098,476	2%	\$ 9,915,148	4%	\$ 9,915,148	4%		
Nov-03	\$ 206,281,555	\$ 9,061,998	4%	\$ 2,232,300	1%	\$ 11,294,298	5%	\$ 11,294,298	5%		
Dec-03	\$ 275,110,914	\$ 11,168,245	4%	\$ 2,433,123	1%	\$ 13,601,368	5%	\$ 13,601,368	5%		
Jan-04	\$ 491,534,651	\$ 27,111,865	6%			\$ 27,111,865	6%	\$ 27,111,865	6%		
Feb-04	\$ 300,622,192	\$ 13,327,763	4%			\$ 13,327,763	4%	\$ 13,327,763	4%		
Mar-04	\$ 287,880,497	\$ 8,899,159	3%			\$ 8,899,159	3%	\$ 8,899,159	3%		
Apr-04	\$ 264,840,195	\$ 8,937,893	3%			\$ 8,937,893	3%	\$ 8,937,893	3%		
May-04	\$ 313,585,273	\$ 16,100,585	5%			\$ 16,100,585	5%	\$ 16,100,585	5%		
Jun-04	\$ 338,972,977	\$ 12,836,727	4%			\$ 12,836,727	4%	\$ 12,836,727	4%		
Jul-04	\$ 367,658,032	\$ 13,335,550	4%			\$ 13,335,550	4%	\$ 13,335,550	4%		
Aug-04	\$ 362,031,970	\$ 12,165,157	3%			\$ 12,165,157	3%	\$ 12,165,157	3%		
SUBTOTAL	\$ 15,820,529,297	\$ 442,925,098	3%	\$ 271,454,434	2%	\$ 92,125,202	1%	\$ 50,464,227	0%	\$ 958,175,432	6%
Sep-04	\$ 296,158,297										
Oct-04	\$ 328,459,749										
Nov-04	\$ 323,103,189										
Dec-04	\$ 353,095,708										
GRAND TOTAL	\$ 17,121,346,241	\$ 442,925,098		\$ 271,454,434		\$ 92,125,202		\$ 50,464,227		\$ 958,175,432	