



Decision on Post-Five Day Price Correction Process

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Initiative addresses the need for greater price certainty and transparency.

- Tariff provides discretion to make a price correction in limited circumstances
- April 1 – October 31, 2009: only 1.2% of published pricing node prices were corrected
 - From November 1, 2009 – April 1: No post-five day corrections
 - All price corrections were within five days of the trade date
- Processing issues have impact on price certainty
- Management commits to address processing issues

Stakeholders provided feedback that price certainty is extremely important.

- Heard stakeholder's concerns through:
 - 2009 stakeholder symposium
 - Board meetings
 - Multi-month stakeholder process
- Top priorities are price certainty and transparency
 - Price variability beyond five days has greater impact on market participants

Various options were considered.

- Corrections under limited circumstances
 - pre-established criteria
- Correction based on valid dispute
- Republish prices due to technical processing issues
- Limited look back for price correction

Most participants agreed that any price corrections after five days would not provide the price certainty required.

Management's proposal addresses stakeholder concerns for greater price certainty.

- No price corrections outside the five day window unless
 - Related to data processing issue with posting prices
 - Ordered by FERC
- Process if FERC waiver may be warranted
 - Assess whether material impact to ISO market
 - Communicate findings with participants
 - Request FERC waiver if warranted
 - Request limited look-back as appropriate
- Transparency into the ISO decision to undertake analysis will be outlined in the business practice manual

Management recommends the Board approve the proposal.

Benefits...

- Mitigates concerns that prices may change after five days
- Is consistent with practices at other ISOs
- Clarifies the price correction process
 - Tariff provisions
 - Process for FERC waiver
- Provides greater price certainty for market participants
- Has strong stakeholder support

Management will address data processing issues that result in reposting of prices.

- Cross departmental team formed
- Analysis underway to determine root cause
- Additional monitoring will be implemented
- Process will be developed to limit reposting of prices to within 20 business days

Post-five day correction provisions targeted for September, 2010.

- Filing tariff language in early to mid June
- Order expected in September
- Concurrently adapt business practice manual to reflect changes
- Processing issues mitigated