

September 12, 2008

## Electronically Filed

Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: New York Independent System Operator, Inc. Status Report on Stakeholder Ratification of Temporary Tariff Revisions; Docket No. ER08-1281-000.

Dear Secretary Bose:

In accordance with ordering paragraph (D) of the Commission's August 21, 2008 Order in the above-captioned docket (the "Order"), the New York Independent System Operator, Inc. ("NYISO") submits this Status Report on its discussions with stakeholders regarding ratification of the tariff revisions that the Federal Energy Regulatory Commission ("Commission") permitted to become effective on a temporary basis in its Order.

The NYISO discussed ratification of its proposed tariff revisions with its stakeholders at the July 31, 2008 Management Committee ("MC") and August 13, 2008 Market Issues Working Group ("MIWG") meetings. In addition, at the August 27, 2008 MC meeting the NYISO presented new measures that it is implementing to permit it to more quickly identify and react to market issues. Votes on the ratification of the NYISO's proposed tariff revisions are scheduled for the September 17, 2008 Business Issues Committee ("BIC") and September 25, 2008 MC. If the NYISO is not able to obtain the requisite stakeholder approval from either the BIC or the MC, it will submit an update to this Status Report.

To date, the NYISO is not aware of any stakeholder concerns regarding the continued implementation of the prohibition against scheduling External Transactions<sup>1</sup> over the eight prohibited Scheduling Paths,<sup>2</sup> at least until a long-term remedy can be agreed to, designed and implemented.<sup>3</sup> Several stakeholders have suggested other remedies including (i) better conforming the External Transaction pricing and scheduling rules used by the Control Areas around Lake Erie, and (ii) changes to the method that the NYISO uses to schedule External Transactions. However, the breadth of support for these measures is not yet clear and the recommendations propose long-term remedies that will require significant time and resources to agree on, design and implement. The NYISO has begun the process of discussing some of these long-term proposals with its stakeholders.

<sup>1</sup> Capitalized terms that are not defined herein have the meaning ascribed to them in the NYISO's Market Administration and Control Area Services Tariff.

<sup>2</sup> A "Scheduling Path" is the transmission service arrangements reserved by the purchasing or selling entity (as appropriate) for an External Transaction.

<sup>3</sup> Some stakeholders have questioned whether or not the eight-path prohibition should be permitted to become "permanently" effective.

A few stakeholders have requested changes to the language of Section 15.1 of the OATT. The proposed changes would not affect the substance of the remedy that the NYISO implemented on July 22, 2008, but they would change the Tariff language that the NYISO filed. The NYISO is working with these stakeholders to try to arrive at a mutually acceptable solution, but has not been able to reach agreement yet.

Finally, many stakeholders have proposed remedies in addition to, or that would complement, the prohibition on scheduling over eight Scheduling Paths that the NYISO implemented on July 22, 2008. In response to stakeholder input, the NYISO is developing a proposal for its stakeholders to consider and is proposing to discuss possible additional remedies at its November 3, 2008 MIWG meeting.

Please contact the undersigned with any questions regarding this Status Report.

Respectfully submitted,

/s/ Alex M. Schnell  
Alex M. Schnell  
New York Independent System Operator, Inc.

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service lists compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. § 385.2010.

Dated at Rensselaer, New York this 12<sup>th</sup> day of September, 2008.

*/s/ Alex M. Schnell* \_\_\_\_\_  
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