



10 Krey Boulevard • Rensselaer, NY 12144

November 20, 2006

**E-FILING**

Honorable Magalie R. Salas  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Compliance Report on the Status of Settlement Discussions Regarding the Netting  
Bilaterals Project in Docket Nos. ER03-552-012 and ER03-984-010**

Dear Ms. Salas:

In its Order issued on October 6, 2006, the Commission referred the parties concerned with the Netting Bilaterals Project to the Commission's Dispute Resolution Service ("DRS") to facilitate a consensual resolution.<sup>1</sup> The October 6 Order directed the New York Independent System Operator, Inc. ("NYISO") "to file, on behalf of all involved parties, a report on the status of negotiations being facilitated by the Commission's DRS, within 45 days of the date of issuance of this order."<sup>2</sup> In response to the October 6 Order, the NYISO respectfully submits this compliance report and has been authorized by Strategic Energy LLC ("Strategic"), the other party involved in the DRS-facilitated discussions, to state that it concurs with this compliance report.

Representatives of Strategic, DRS Staff, and the NYISO had an introductory meeting by teleconference on October 18, 2006 where DRS Staff provided background as to the dispute resolution process. On November 1, 2006, the parties met in-person at the Commission to continue discussions. In addition to those meetings, ADR Staff has had separate discussions with NYISO and Strategic. The parties are making progress in their discussions and are scheduled to meet in-person at the NYISO's facility in Rensselaer, NY on December 5, 2006.

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<sup>1</sup> *New York Independent System Operator, Inc.*, 117 FERC ¶ 61,026 at P 3 (2006).

<sup>2</sup> *Id.*, at P 16(B).

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WHEREFORE, for the foregoing reasons, the NYISO respectfully requests that the Commission accept this report in compliance with the October 6 Order.

Respectfully Submitted,

/s/ Andrew S. Antinori  
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**CERTIFICATE OF SERVICE**

I hereby certify that the foregoing document has been served this day upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Rensselaer, N.Y., this 20<sup>th</sup> day of November, 2006.

/s/ Andrew S. Antinori  
Andrew S. Antinori

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