

March 3, 2008

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

**Status Report of the New York Independent System Operator, Inc.  
in Docket No. ER08-334-000**

Dear Secretary Bose:

On December 14, 2007, the New York Independent System Operator, Inc. (“NYISO”) filed the first of two sets of proposed tariff revisions regarding the credit requirements for Transmission Congestion Contract (“TCC”) auctions.<sup>1</sup> The first step was to revise the amount of credit support a customer is required to provide in order to bid for TCCs (the “bidding requirement”).<sup>2</sup> The second step will be a filing to modify the amount of credit support a customer is required provide in order to hold a TCC (the “holding requirement”). The NYISO’s December 14, 2007 filing described work that has to be accomplished before the new holding requirement could be implemented.

In its order issued on February 12, 2008 (“February 12 Order”), the Commission conditionally accepted the bidding requirement effective January 25, 2008 and directed the NYISO “... to file status reports on its progress every 60 days beginning on March 1, 2008, until the date of filing the proposed holding requirement tariff revisions.”<sup>3</sup> In response to the February 22 Order, the NYISO hereby submits its first status report.

The NYISO is continuing the work necessary to complete the second phase of its TCC automation project, which is a prerequisite for the NYISO to implement the TCC holding requirement. The second phase of the TCC automation project entails the definition of the data requirements and the development of a database to handle the administration and control of TCC inventory. Major functionality to be introduced upon completion of this phase includes the ability to maintain TCC inventory, grandfathered rights, existing transmission agreements, and reassignment; views of inventory by a variety of parameters, including contract dates, contract types, and period of time; and automation of the ETCNL/RCRR nomination process. Implementation of the TCC holding requirements requires software code designed to perform the TCC holding calculation and the automated availability of the data stored in the TCC inventory database.

---

<sup>1</sup> *New York Independent System Operator, Inc.*, NYISO’s Filing of Proposed Tariff Revisions Regarding the Credit Requirements for Transmission Congestion Contract Auctions, ER08-334-000 (December 14, 2007).

<sup>2</sup> The NYISO requested an effective date of January 25, 2008 for changes to the bidding requirement.

<sup>3</sup> *New York Independent System Operator, Inc.*, 122 FERC ¶ 61,124 at P 13 (2008).

The NYISO has made significant progress on both the TCC Phase II Project and the project to implement the TCC holding requirements. The NYISO has completed all of the prerequisite work necessary to define the business requirements for both projects, including all of the detailed use cases and functionality. Once the business requirements are completely defined, both projects will enter the software development stage. The software development stage will be followed by quality assurance testing to eliminate any defects and a round of market trials for Market Participants to test the functionality.

The progress made to date is consistent with the projected deployment schedule communicated to Market Participants to support an implementation date in the third quarter of 2008. The NYISO expects to implement both projects on time in the third quarter of 2008 with a post-implementation priority of continuing to automate and integrate credit requirements across all NYISO markets and further developing and deploying the necessary software code to support an automated TCC market design.

Both the TCC automation project and the Credit Management System project remain high priorities with the NYISO and its Market Participants.

WHEREFORE, the NYISO respectfully submits progress report as directed in the February 12 Order.

Respectfully submitted,

/s/Andrew S. Antinori

Andrew S. Antinori  
Senior Attorney

NEW YORK INDEPENDENT  
SYSTEM OPERATOR, INC.

cc: Shelton Cannon  
Larry Gasteiger  
Michael Bardee  
Connie Caldwell  
Kathleen Nieman  
Lance Hinrichs