

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

Office of Energy Markets and Reliability

In Reply Refer To:  
New York Independent System Operator, Inc.,  
Docket No. ER06-710-000  
Issued: 4/28/06

Andrew S. Antinori, Esq.  
Senior Regulatory Counsel  
New York Independent System Operator, Inc.  
10 Krey Boulevard  
Rensselaer, NY 12144

Re: Tariff Revisions To Allow Three Additional Forms of Credit Support As  
Acceptable To Satisfy the Virtual Transactions Credit Requirements

Dear Mr. Antinori:

By letter dated March 8, 2006, you submitted revisions to the New York Independent System Operator, Inc (NYISO) Open Access Transmission Tariff (OATT) and Market Administration and Control Area Services Tariff (Services Tariff) to allow three additional forms of credit support as acceptable to satisfy the credit requirements in the Virtual Transactions market. Please be advised that your submittal is deficient, and additional information from NYISO is necessary in order to assist the Commission in rendering a decision on your submittal.

In its limited protest in this proceeding, Epic Merchant Energy, LP alleges that most participants in the Virtual Transactions market are unrated and that the application of the same credit policy to that market as is applied to other markets thus would be inappropriate. With respect to these allegations, please provide the following information.

1. Please state whether the Virtual Transactions market has a larger proportion of unrated participants than other NYISO markets. Please provide: (1) the percentage of unrated participants in the Virtual Transactions market, compared to other NYISO markets; and (2) the percentage of transactions in the Virtual Transactions market undertaken by unrated participants, compared to other NYISO markets.

2. Please provide a narrative description of why NYISO believes that it is appropriate to apply the same credit requirements for unrated participants seeking to use Unsecured Credit in the Virtual Transactions market as in other NYISO markets.

The action requested in this letter will constitute an amendment to your filing. A notice of amendment will be issued upon receipt of your response.

This letter is issued pursuant to 18 CFR § 375.307(n)(2) and is interlocutory. This letter is not subject to rehearing pursuant to 18 CFR § 385.713, and a response to this letter must be filed within fifteen business days of the date of this letter. Submit seven copies of your response. Six copies of your response should be sent to:

Federal Energy Regulatory Commission  
Office of the Secretary  
888 First Street, NE  
Washington, DC 20426

The seventh copy of your response should be sent to:

Federal Energy Regulatory Commission  
Attention: Aneesha Aggarwal, Energy Industry Analyst  
Office of Energy Markets and Reliability East, Room 82-38  
888 First Street, NE  
Washington, DC 20426

Pending receipt of the above information, a filing date will not be assigned to your submittal.

Sincerely,

Anna V. Cochrane, Director  
OEMR/Tariffs and Market Development – East

cc: Robert E Fernandez, General Counsel and Secretary  
Elaine D. Robinson, Director of Regulatory Affairs  
New York Independent System Operator, Inc  
10 Krey Boulevard  
Rensselaer, NY 12144