



January 28, 2007

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

**Re: Status Report of the New York Independent System Operator, Inc.  
Docket Nos. ER03-552-011 and ER03-984-009**

Dear Secretary Bose:

In its order issued on February 22, 2006, *New York Independent System Operator, Inc.*, 114 FERC ¶ 61,198 (“February 22 Order”), the Federal Energy Regulatory Commission (“Commission”) directed the New York Independent System Operator, Inc. (“NYISO”) to file within 60 days a “timetable for implementation of the Netting Bilaterals Project (the “Project”) that includes, *inter alia*, specific dates for completion of the COO [*i.e.* Concept of Operation], and realistic dates for completion.<sup>1</sup> In addition, the Commission directed the NYISO to submit “quarterly status reports on its progress with the Commission, within 15 days after the end of each calendar quarter, beginning with the calendar quarter ending June 30, 2006.”<sup>2</sup>

In response to the February 22 Order, the NYISO submitted a compliance filing on April 24, 2006, and quarterly status reports on July 17, 2006, October 16, 2006, January 16, 2007, April 16, 2007, July 16, 2007, and October 16, 2007. In its order issued on October 6, 2006, *New York Independent System Operator, Inc.*, 117 FERC ¶ 61,026 (“October 6 Order”), the Commission referred the matter to the Commission’s Dispute Resolution Service “to see if the parties can reach agreement on the scope of work and on a timetable for implementation of the Project.”<sup>3</sup> The parties reached an understanding which was memorialized in the quarterly status report filed on January 16, 2007. The instant quarterly status report discusses the progress made on the Project from October 16, 2007 to the present.<sup>4</sup>

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<sup>1</sup> February 22 Order at P 14.

<sup>2</sup> *Id.*

<sup>3</sup> October 6 Order at P 16.

<sup>4</sup> The NYISO was unable to file this report by the January 15, 2008 deadline, and respectfully requests that the Commission accept this filing out-of-time.

Since the October 16, 2007 report the project has been approved and funded through the normal NYISO governance process. A core project team has also been assigned that is currently engaged in detailed project planning. The project plan will be completed in the second quarter of 2008 and will lay out the resources required and schedules for the remaining requirements definition, design, development, testing and deployment of the bilateral netting function.

Strategic has authorized the NYISO to state that it concurs with this quarterly status report.

Wherefore, for the foregoing reasons, the NYISO respectfully submits this quarterly progress report as directed in the February 22 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  
Dean Wight  
Lance Hinrichs

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