

July 15, 2009

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 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 implementation.”<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, October 16, 2007, January 28, 2008, April 15, 2008, July 15, 2008, October 15, 2008, January 15, 2009 and April 15, 2009. 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 report discusses the progress made on the Project from April 15, 2009 to the present.

Since the April 15, 2009 status report, the NYISO has continued advancing the Project’s required tariff changes through the governance process, receiving approval from the Business Issues Committee on June 10, 2009, and subsequently the Management Committee on June 24, 2009. NYISO Board approval is expected by the end of July 2009.

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<sup>1</sup> *New York Independent System Operator, Inc.*, 114 FERC ¶ 61,189 at P 14 (2006).

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

<sup>3</sup> *New York Independent System Operator, Inc.*, 117 FERC ¶ 61,026 at P 16 (2006).

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Additionally, the NYISO has continued the software development work required to support the project. The software changes are expected to be deployed in September, 2009.

Direct Energy Services, LLC, the successor company that purchased Strategic Energy, LLC, 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  
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