

December 1, 2010

Submitted Electronically

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

Re: New York Independent System Operator, Inc., Compliance Implementation Plan, Docket No. ER07-521-____

Dear Ms. Bose:

In compliance with Paragraphs 12 and 18 and Ordering Paragraph B of the Commission's July 15, 2010 order ("July, 2010 Order") in the above-captioned proceeding,¹ the New York Independent System Operator, Inc. ("NYISO") respectfully submits this status report indicating the progress it has made since filing its detailed implementation plan on August 16, 2010.²

The NYISO has successfully pursued the fourth quarter 2010 activities indicated in its August 16, 2010 implementation plan. It remains on track for filing proposed tariff revisions early in 2012 to describe the requirements for purchasing and holding non-historic fixed price TCCs. As the Commission recognized, the NYISO intends to offer non-historic fixed price TCCs as part of its Autumn 2012 Multi-Duration Centralized TCC Auction. Once these non-historic fixed price TCCs are offered, the NYISO will be in full compliance with the Commission's long term firm transmission right policies as set forth in Order Nos. 681 and 681-A.³

¹ *New York Independent System Operator, Inc.*, 132 FERC ¶ 61,030 (2010).

² *See: Letter to Secretary Bose from Mollie Lampi*, filed on August 16, 2010.

³ *Long-Term Firm Transmission Rights in Organized Electricity Markets*, Order No. 681, FERC Stats. & Regs. ¶ 31,226 (July 20, 2006), *reh'g denied*, Order No. 681-A, 117 FERC ¶ 61,201 (November 16, 2006) (Final Rule)

The NYISO has discussed the Multi-Duration Centralized TCC Auction design and functionality with its stakeholders at two Market Issues Working Group meetings in the fourth quarter of 2010. At the September 20, 2010 Market Issues Working Group, the NYISO presented further details on how non-historic fixed price TCCs fit within the multi-duration auction structure.⁴ The presentation and discussion reviewed details on: i) the allocation of capacity for the 2012 Autumn Multi-Duration Centralized TCC Auction and for auctions conducted after the autumn of 2012; ii) the interval between Multi-Duration Centralized TCC Auctions in which non-historic fixed price TCCs will be available; iii) pricing for new and renewed non-historic fixed price TCCs; and iv) options for renewal of non-historic fixed price TCCs. At the October 13, 2010 meeting, the NYISO described LSE registration and certification requirements and the non-historic fixed price TCC nomination process. The NYISO also presented a potential Autumn 2012 Multi-Duration Centralized TCC Auction time line.⁵ The NYISO intends to continue these discussions with stakeholders through 2011.

The NYISO also began discussions with stakeholders in the Credit Policy Working Group on the credit policies that would be necessary to support changes being made to the design of the Centralized and monthly TCC Auctions. At the October 26, 2010 Credit Policy Working Group, the NYISO reviewed the Multi-Duration TCC Auction market design including the TCC products that would be available in the new process and presented proposed revisions to the NYISO TCC Credit Policy, focused on TCC holding requirements.⁶ These discussions will continue through 2011.

During the fourth quarter of 2010, the NYISO also held a series of technical conference calls with Nexant, the software vendor providing the TCC auction solution engine, on the changes to Nexant's software that are necessary to support Multi-Duration Centralized TCC Auction functionality. Nexant personnel will be visiting the NYISO for face-to-face meetings in early December, 2010 to develop technical specifications for changes to Nexant's software. This software development effort is being conducted in parallel with the NYISO's TCC Automated Market System ("AMS") development.

The NYISO has also neared completion of the internal Functional Requirements Specification ("FRS") describing the changes needed to its TCC AMS. A working draft of the FRS has been completed and is undergoing internal review. Any remaining issues will either be resolved by year-end 2010 or in early 2011 after the NYISO holds further

⁴ See MIWG presentation at http://www.nyiso.com/public/webdocs/committees/bic_miwg/meeting_materials/2010-09-20/MIWG_Agenda_092010.pdf

⁵ See MIWG presentation at http://www.nyiso.com/public/webdocs/committees/bic_miwg/meeting_materials/2010-10-13/MIWG_Agenda_101310.pdf

⁶ See CPWG presentation at http://www.nyiso.com/public/webdocs/committees/bic_spwg_cptf/meeting_materials/2010-10-26/CPWG_Agenda_102710.pdf

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market design discussions with its stakeholders. The NYISO remains on schedule for starting software requirements, or “Use Case” development in the First Quarter 2011.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. §385.2010.

Dated at Rensselaer, NY this 1st day of December, 2010

/s/ Joy A. Zimmerlin

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