



RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE

For Quadrant:

Requesters:

Request No.:

Request Title:

1. RECOMMENDED ACTION:

- Accept as requested
- Accept as modified below
- Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

- Change to Existing Practice
- Status Quo

2. TYPE OF DEVELOPMENT/MAINTENANCE

Per Request:

- Initiation
- Modification
- Interpretation
- Withdrawal

- Principle
- Definition
- Business Practice Standard
- Document
- Data Element
- Code Value
- X12 Implementation Guide
- Business Process Documentation

Per Recommendation:

- Initiation
- Modification
- Interpretation
- Withdrawal

- Principle
- Definition
- Business Practice Standard
- Document
- Data Element
- Code Value
- X12 Implementation Guide
- Business Process Documentation

3. RECOMMENDATION

SUMMARY:

This standard addresses a clarification and interpretation of use of the REDIRECT request on OASIS as it applies to resales of transmission services on the secondary market. Clarifying language on use of REDIRECT to reflect the recommended standard should be added to the OASIS S&CP Section 4.2.13.9.

RECOMMENDED STANDARDS:

Application Requirements:

All transmission service requests of type REDIRECT must be submitted to the Primary Transmission Provider regardless of whether the transmission rights were acquired on the primary or secondary transmission market. Only the holders of valid transmission



RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE

For Quadrant:

Requesters:

Request No.:

Request Title:

service reservation(s) that are entitled under the Provider's Open Access Transmission Tariff (OATT) to apply for the use of alternate points of receipt and/or delivery may submit such requests as CUSTOMER. All such REDIRECT requests must designate the Primary Transmission Provider as SELLER, and are subject to approval by the Primary Transmission Provider. The Transmission Customer must supply the OASIS ASSIGNMENT_REF number in the RELATED_REF data element in the REDIRECT reservation request. Capacity and start/stop times specified in the REDIRECT request must be wholly within the bounds of the reservation identified in RELATED_REF.

If the Primary Transmission Provider restricts or limits applications for redirected service from their direct (primary) Transmission Customers to only those transmission paths (POR/POD pairs) that are priced identically under their OATT, this restriction will also apply to all secondary Transmission Customer requests. If no such restrictions or limitations are imposed, the Primary Transmission Provider must accept applications for redirected service on a comparable basis from both primary and secondary Transmission Customers. However, the Primary Transmission Provider may require that secondary Transmission Customers execute the same transmission service agreement(s) required of primary Transmission Customers when there will be a change in the transmission charge(s) associated with the redirected service.

Applications for redirected service on a non-firm basis may be accepted by the Primary Transmission Provider as part of the (primary or secondary) Transmission Customer's request to schedule energy delivery. If such applications are accepted, the Primary Transmission Provider must treat all such applications on a comparable basis with all requests for redirected service submitted on OASIS. Scheduled uses of alternate points of receipt and delivery under the OATT must be posted on the Transmission Provider's OASIS as required by regulation.

Reserved Capacity:

Once CONFIRMED, REDIRECT requests may result in the reduction of capacity available under the terms of the original (RELATED_REF) reservation dependent on the OATT. Typically REDIRECT of firm point-to-point service to alternate POR/POD on a firm basis will reduce the capacity available to the Customer on the original reservation. REDIRECT of firm point-to-point service to alternate POR/POD on a non-firm basis will not reduce the capacity available to the Customer on the original reservation, but the total capacity scheduled under either reservation may not exceed the capacity of the original reservation.

Settlement Charges:

RESALE requests (secondary market transmission service sales) do not transfer financial liability to the Primary Transmission Provider from the reseller (primary Transmission Customer) to their secondary market customer. If a REDIRECT request submitted against a RESALE reservation would result in an increase or decrease in



RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE

For Quadrant:

Requesters:

Request No.:

Request Title:

service costs, the Primary Transmission Provider shall assess the difference (charge or credit) between what was originally charged to their primary Transmission Customer and the new charge for the redirected service to the secondary market Transmission Customer that submitted the REDIRECT request for the capacity and time frame of the redirection. This difference will be charged/credited to the secondary market Transmission Customer. That is, assuming no other changes to the original reservation, the primary customer will be charged for the full amount of the original reservation, while the secondary market customer will be liable for only the difference (charge or credit) in the charge for service over the original path (POR/POD) and the charge for service over the new path, which would typically be \$0.00 unless zonal postage stamp rates, distance sensitive rates, etc., that are path dependent apply.

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Using OASIS to process and record redirects of transmission service is a difficult task. There are many issues related to the redirect and resale functionality, but most are caused by provider business rules or vendor design choices. The primary issue concerns redirects of transmission service. The current OASIS standard does not facilitate primary provider approval of redirected transmission when that redirect is using resold (reassigned) transmission service. When transmission rights are resold to another customer, the customer on the original request is the seller on the resale request. In this case, the primary provider responsible for administering ATC no longer has approval rights for any future transactions, such as REDIRECTS, that use this resold or reassigned transmission service. This is only an issue when the 2nd customer wants to redirect transmission usage to a constrained path. Currently, unless the provider intervenes on the backend, that provider only has the option to deny this type of transaction when it is tagged.

b. Description of Recommendation:

The standard recommendation address both a clarification in use of the REDIRECT transmission service request type in the OASIS S&CP, and the treatment of secondary market resale requests for redirected service.

The OASIS S&CP discusses redirection of service to alternate points of receipt and delivery in Section 4.2.13.9. This section did not explicitly state to whom such requests must be submitted. In the case of transmission reservations made directly to the Transmission Provider, the request would obviously be directed to the transmission provider as seller of the service. It was unclear however if requests for redirected service on secondary transmission resales should be sent to the seller of the transmission service (the primary transmission customer), or the transmission provider. Redirected service requires an assessment of the transfer capability on the designated alternate points of receipt and/or delivery. Only the primary transmission provider is in a position to make such an assessment and authorize the redirected service under the OATT. Therefore, the OASIS S&CP is clarified in the recommended standard to explicitly require that all requests for redirected service must be submitted to the primary transmission provider for evaluation and approval.



RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE

For Quadrant:

Requesters:

Request No.:

Request Title:

The recommended standard also addresses the comparability between requests for redirected service between primary transmission customers and secondary market transmission customers. Both transmission customers are equally eligible to request redirected service from the primary transmission provider. To the extent that the primary transmission provider may impose limitation or restrictions on redirected service to their primary transmission customers, those restrictions may be equally imposed on secondary market transmission customers. The specific case in point involves a primary transmission provider limiting redirection only between like priced paths (POR/POD pairs). If the transmission provider makes such a limitation, that limitation would extend to all secondary market transmission customers as well.

The recommended standard addresses the settlement issue in the event that redirected service would increase or decrease the charges due to the transmission provider. Since a primary transmission customer has no knowledge of nor approval authority over a secondary market transmission customer request for redirected service that can be traced back to the primary transmission customer's reservation(s), it did not seem reasonable to hold the primary customer liable for any charges due to redirection of service. The standard, therefore, holds the primary transmission customer liable to only those charges associated with their original reservation (assuming full reassignment of financial liability from the primary transmission customer to the secondary market transmission customer was NOT executed). The secondary market transmission customer will be assessed for the difference in any transmission charges resulting from the redirection of service. Since this places a financial liability to the primary transmission provider on the secondary market customer, the standard states that the primary transmission provider can restrict redirected service that would result in a net charge or credit to only those secondary market transmission customers that have executed the same service agreement(s) required if they were a primary transmission customer.

c. Business Purpose:

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):