



North American Energy Standards Board

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March 2, 2007

TO: NAESB OATT Distribution List, NAESB Subcommittee Chairs and NAESB OATT NOPR Team
cc: Gerry Adamski
FROM: Rae McQuade, Kathy York
RE: Order 890 Identification of NAESB Standards Development Tasks, Planning

via email

Dear OATT Distribution List, Subcommittee Chairs, and OATT NOPR Team:

On February 16, the FERC released [Order No. 890 \(Docket Nos. RM05-17-000 and RM05-25-000\); "Preventing Undue Discrimination and Preference in Transmission Service."](#) It can be accessed through the hyperlink provided in the above text. The final order has not yet been published in the Federal Register. As provided on February 26, the attached matrix identifies the cites and the language in the final order in which the Commission has specifically notes that NAESB should develop business practices or is not expected to develop business practices (as noted in the sections on "Commission Determination").

The matrix now has some open spaces, where we would ask you to do the following:

- Column 1 Review the item and if the work is already underway in a particular subcommittee, please indicate which NAESB committee is performing the task. If you have opinions on where the item should be assigned, please also note in this column..
- Column 2 If the work described by the item is already underway, the status should be "underway". If the work is planned but has not yet started, the status should be "assigned." Otherwise the status should be blank.
- Column 3 Any notes you have on a given item that would help in the planning should be put in column 3.

This matrix and your comments will be the basis for planning how NAESB will address the items assigned to it. We would appreciate your remarks by March 19.

Several of you are now on a OATT Order 890 distribution list (order890@naesb.org), and can email each other through the use of this distribution lists. You can be seen on page 2 of this document. If you would like to work on this effort or have colleagues that would like to work on this effort, please inform the NAESB office that you would like to be added to the OATT Order 890 distribution list. *The OATT NOPR team list put together last year is not automatically added to this distribution, so please check to see if you want your address added.* We very much appreciate the 18 individuals that have volunteered to date, and hope to see more volunteers in the future.

For response to the FERC, once published in the Federal Register, NAESB is to provide the following:

- 90 days after publication NERC/NAESB status report and work plan for completion of ATC related business practices and standards, (paragraph 223)
- 90 days after publication NAESB status report and work plan for completion of OASIS functionality or uniform business practices (other than those related to ATC), (paragraph 141)

We appreciate the recognition given to NAESB in this final order and look forward to working with you in our NAESB committee structure to meet the Commission's and the industry's expectations.

With Best Regards,

Rae and Kathy



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NAESB ORDER 890 ANALYSIS TEAM

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95-6	141.			Other reforms adopted in the Final Rule will involve coordination with the North American Energy Standards Board (NAESB) to establish OASIS functionality or uniform business practices. The Commission requests that NAESB file a status report within 90 days of publication of the Final Rule in the Federal Register that contains a work plan for development of such OASIS functionality and business practices. This work plan should indicate, for each reform, what actions are necessary and an estimate of the timeframe for completing those actions. Pending resolution of these issues with NAESB, the Commission requires that each transmission provider develop its own OASIS functionality or business practice necessary to implement each such reform within 90 days of publication of the Final Rule in the Federal Register, unless a different compliance requirement is otherwise specified in this Final Rule. Upon review of this work plan, the Commission will issue an order establishing further compliance deadlines as necessary.
127	194.			In the NOPR, the Commission proposed to address this potential for undue discrimination by requiring industry-wide consistency and transparency of all components of the ATC calculation methodology and certain definitions, data, and modeling assumptions. The Commission proposed to provide guidance regarding aspects of ATC calculations that should be more consistent and proposed to direct public utilities, working through NERC and NAESB, to revise reliability standards and business practices that are relevant to ATC calculations. The Commission also proposed to require increased detail in Attachment C of each transmission provider's OATT and proposed amending the OASIS regulations to require increased transparency. Although commenters challenged aspects of this proposed remedy, no commenters challenged the underlying finding that ATC reform is necessary to remedy undue discrimination in the provision of transmission service.
128	196.			In light of these concerns, we direct public utilities, working through NERC reliability standards and NAESB business practices development processes, to produce workable solutions to complex and contentious issues surrounding improving the consistency and transparency of ATC calculations. We are directing our guidance to public utilities and require that they implement our direction by working with NERC to develop reliability standards that accomplish the ATC reforms required in this rulemaking. We will coordinate our directives here with the ATC-related reliability standards that are pending in Docket No. RM06-16-000. The specifics of our findings



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				with respect to ATC reform are discussed below.
139	214.			In the NOPR, the Commission expressed confidence that the existing NERC and NAESB processes were well-suited to achieving greater consistency in ATC calculations. The Commission therefore proposed to require public utilities, working through NERC and NAESB, to revise the reliability standards and business practices relating to ATC, consistent with the guidance provided in the Final Rule, within 180 days after the publication of the Final Rule in the Federal Register.
144	221.			The Commission directs public utilities, working through NERC and NAESB, to modify the ATC-related reliability standards and business practices in accordance with specific direction provided in this Final Rule. As we explain above, the development of a more coherent and uniform determination of ATC across a region will help limit the potential for undue discrimination in the calculation of ATC. The Commission concludes that the NERC reliability standards development process and the NAESB business practices development process are the appropriate forums for developing this consistency.
144-5	222.			NERC has been certified as the ERO and, as such, has been found to have the ability to develop reliability standards through processes with reasonable notice and opportunity for public comment. NERC's processes are open and provide due process as well as a balance of interests, while assuring independence from users and owners and operators of the bulk-power system. Moreover, NAESB has a long history of developing standard business practices for the electric industry, on which the Commission has relied in various contexts. While other entities may bring certain benefits, commenters have not demonstrated the superiority of IEEE, a regional reliability organization, or a particular RTO over NERC and NAESB. Once components of ATC are made consistent and ATC calculation methodologies are made transparent, opportunities for discretion that may lead to undue discrimination in the calculation of ATC will be sufficiently eliminated to invalidate the need for the creation of independent entities to oversee that calculation. To the extent that, even following the adoption of these reforms, customers have complaints regarding the calculations performed by individual transmission owners, they can be addressed on a case-by-case basis.
145-6	223.			With respect to a timeline for completion, the Commission concurs with NERC that a significant amount of work remains to be done on ATC-related reliability standards development. We also agree with the many commenters who state that the NOPR's



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				proposed six-month timeline is too short for such a complex assignment. Although NERC projects that it may be able to complete the process by the summer of 2007 (which is approximately six months from the date of the Final Rule), we believe NERC should have additional flexibility with respect to its timeline. Accordingly, we direct public utilities, working through NERC, to modify the ATC-related reliability standards within 270 days after the publication of the Final Rule in the Federal Register. We also direct public utilities to work through NAESB to develop business practices that complement NERC's new reliability standards within 360 days after the publication of the Final Rule in the Federal Register. Finally, we direct NERC and NAESB to file, within 90 days of publication of the Final Rule in the Federal Register, a joint status report on standards and business practices development and a work plan for completion of this task within the timeframe established above.
155	243.			To achieve greater consistency in ETC calculations and further reduce the potential for undue discrimination, the Commission adopts the NOPR proposal and directs public utilities, working through NERC and NAESB, to develop a consistent approach for determining the amount of transfer capability a transmission provider may set aside for its native load and other committed uses. We expect that NERC will address ETC through the MOD-001 reliability standard rather than through a separate reliability standard. By using MOD-001, the ETC calculation can be adjusted to be applicable to each of the three ATC methodologies under development by NERC.
156	246.			We agree with NERC that some elements of ETC are candidates for business practices rather than reliability standards. Accordingly, we direct public utilities, working through NAESB, to develop business practices necessary for full implementation of the developed MOD-001 reliability standard.
161	257.			The Commission therefore adopts a combination of the NOPR options one and two, and declines to adopt option three. First, we require public utilities, working through NERC and NAESB, to develop clear standards for how the CBM value shall be determined, allocated across transmission paths, and used. We understand that NERC has already begun the process of modifying several of the CBM-related reliability standards and that the drafting process is a joint project with NAESB. Second, we require transmission providers to reflect the set-aside of transfer capability as CBM in the development of the rate for point-to-point transmission service.



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163	262. Concerning TAPS' proposal to remove the reservation decision from the sole discretion of transmission providers, we determine that LSEs should be permitted to call for use of CBM, if they do so pursuant to conditions established in the reliability standards development process. We direct public utilities working through NERC to modify the CBM-related standards to specify the generation deficiency conditions during which an LSE will be allowed to use the transfer capability reserved as CBM. In addition, we direct that transmission set aside as CBM shall be zero in non-firm ATC calculations. Finally, we order public utilities to work with NAESB to develop an OASIS mechanism that will allow for auditing of CBM usage.			
167	272. The Commission adopts the NOPR proposal and requires public utilities, working through NERC, to complete the ongoing process of modifying TRM standards MOD-008 and MOD-009. We understand that the standard drafting process is underway as a joint project with NAESB.			
167-8	273. The Commission also adopts the NOPR proposal to establish standards specifying the appropriate uses of TRM to guide NERC and NAESB in the drafting process. Transmission providers may set aside TRM for (1) load forecast and load distribution error, (2) variations in facility loadings, (3) uncertainty in transmission system topology, (4) loop flow impact, (5) variations in generation dispatch, (6) automatic sharing of reserves, and (7) other uncertainties as identified through the NERC reliability standards development process. Because load, facility loading and other uncertainties constantly deviate, we will not require that TRM set aside capacity be set at zero in the non-firm ATC calculation. In other words, we will not require transfer capability that is set aside as TRM to be sold on a non-firm basis. We find that clear specification in this Final Rule of the permitted purposes for which entities may reserve CBM and TRM will virtually eliminate double-counting of TRM and CBM.			
177	293. With regard to EPSA's request for the standardization of additional data inputs, we believe they are already captured in the Commission's proposal as adopted in this Final Rule. Xcel asks the Commission to require consistency in the determination of counterflows in the calculation of ATC. Counterflows are included in the list of assumptions that public utilities, working through NERC, are required to make consistent. We believe that counterflows, if treated inconsistently, can adversely affect reliability and competition, depending on how they are accounted for. Accordingly, we reiterate that			



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				public utilities, working through NERC and NAESB, are directed to develop an approach for accounting for counterflows, in the relevant ATC standards and business practices. We find unnecessary Xcel's request that we require a date certain for specific issues in the Western Interconnection to be addressed. Above we require public utilities, working through NERC, to modify the ATC standards within 270 days after the publication of the Final Rule in the Federal Register.
181	301.			The Commission adopts the NOPR proposal and requires the development of reliability standards that ensure ATC is calculated at consistent intervals among transmission providers. The Commission thus directs public utilities, working through NERC and NAESB, to revise reliability standard MOD-001 to require ATC to be recalculated by all transmission providers on a consistent time interval and in a manner that closely reflects the actual topology of the system, e.g., generation and transmission outages, load forecast, interchange schedules, transmission reservations, facility ratings, and other necessary data. This process must also consider whether ATC should be calculated more frequently for constrained facilities. ATC-related requirements for OASIS posting are discussed below.
186	310.			The Commission adopts the NOPR proposal and directs public utilities, working through NERC, to revise the related MOD reliability standards to require the exchange of data and coordination among transmission providers and, working through NAESB, to develop complementary business practices. The following data shall, at a minimum, be exchanged among transmission providers for the purposes of ATC modeling: (1) load levels; (2) transmission planned and contingency outages; (3) generation planned and contingency outages; (4) base generation dispatch; (5) existing transmission reservations, including counterflows; (6) ATC recalculation frequency and times; and (7) source/sink modeling identification. The Commission concludes that the exchange of such data is necessary to support the reforms requiring consistency in the determination of ATC adopted in this Final Rule. As explained above, transmission providers are required to coordinate the calculation of TTC/TFC and ATC/AFC with others and this requires a standard means of exchanging data.
194-5	325.			We do not believe our requirement to include additional information in Attachment C will be overly burdensome or lead to an excessive level of future tariff revisions. Attachment C must provide an accurate documentation of processes and procedures



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				related to the calculation of ATC, not the actual mathematical algorithms themselves, which should be posted on the transmission provider's web site. These processes define service availability and, as such, must be part of the transmission provider's OATT. It is entirely appropriate that, because revisions to such processes impact transmission availability, they should be filed for Commission approval and included in a transmission provider's OATT. We also require transmission providers to file a revised Attachment C to incorporate any changes in NERC's and NAESB's revised reliability standards and business practices related to ATC calculations, as requested by the Commission in this Final Rule. This filing should be made within 60 days of completion of the NERC and NAESB processes. As we expect transmission providers to rarely change their ATC calculation methodologies, we do not believe this requirement will trigger an unacceptable level of tariff filings modifying the Attachment C description of the ATC components and processes.
196-7	328.			We reject proposals to address the transparency of ATC methodology by merely referencing business practices and reliability standards developed by NERC, NAESB, and WECC. ATC calculations have a direct and tangible effect on the granting of open access transmission service. As such, an accurate and detailed statement of the methodology and its components that defines how the transmission provider determines ATC belongs in the transmission provider's OATT as the means of holding the transmission provider accountable for following non-discriminatory procedures for granting service, not in business practices kept by the transmission provider. However, as noted above, the actual mathematical algorithms should be posted on the transmission provider's web site, with the link noted in the transmission provider's Attachment C.
214	369.			The Commission adopts the NOPR proposal, with the modifications discussed below, to require that the transmission provider post a brief, but specific, narrative explanation of the reason for a change in monthly and yearly ATC values on a constrained path. Rather than requiring a narrative when a monthly or yearly ATC value changes as a result of transactions being reserved, service ending, or the TTC estimate for the path changing by more than 10 percent, we will require a narrative when a monthly or yearly ATC value changes only as a result of a 10 percent change in TTC. This will reduce the number of ATC changes for which a narrative will be required and address concerns that the new requirement unduly burdens transmission providers. Any remaining burden is justified by the benefit to transmission customers of receiving timely information



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				regarding changes in TTC that result in changes to ATC. In addition, we adopt NAESB's suggestion that posted information include the (1) specific events which gave rise to the change and (2) new values for ATC on that path (as opposed to all points on the network).
220-1	385.			The Commission adopts the NOPR proposal and requires transmission providers and network customers to use OASIS to request designation of new network resources and to terminate designation of network resources. This information shall be posted on OASIS for 90 days and available for audit for a five-year period. Transmission customers thus shall be able to query requests to designate and terminate a network resource. This requirement adds valuable transparency without undue burden, since it is nothing more than maintaining a database of designation requests made and responded to electronically. The Commission orders public utilities, working through NAESB, to develop appropriate templates for OASIS.
223	394.			In response to NRECA and other commenters regarding the availability and format of data available on OASIS, we note that current regulations already require that OASIS data be made available in a useable, machine-readable user friendly format to transmission customers. The improvements required in the Final Rule will enhance the level of detail posted on OASIS and, in turn, transmission customers' ability to verify the transmission provider's treatment of transmission requests. Thus, to the extent NRECA or others desire greater consistency in data formats, they should propose such revisions through the NERC and NAESB processes.
232-3	413.			The Commission adopts the proposed requirement to post on OASIS metrics related to the provision of transmission service under the OATT. Specifically, transmission providers must post (1) the number of affiliate versus non-affiliate requests for transmission service that have been rejected and (2) the number of affiliate versus non-affiliate requests for transmission service that have been made. This posting must detail the length of service request (e.g., short-term or long-term) and the type of service requested (e.g., firm point-to-point, non-firm point-to-point or network service). The Commission also will require transmission providers to post their underlying load forecast assumptions for all ATC calculations and, to post on a daily basis, their actual daily peak load for the prior day. The Commission directs transmission providers to work through NAESB to develop standards for consistent methods of posting the new requirements on OASIS.



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262-3	460. The Commission adopts the NOPR's proposal and will require that transmission planning meetings be open to all affected parties including, but not limited to, all transmission and interconnection customers, state commissions and other stakeholders. We recognize that it may be appropriate in certain circumstances, such as a particular meeting of a subregional group, to limit participation to a relevant subset of these entities. We emphasize, however, that the overall development of the transmission plan and the planning process must remain open. We agree with the concerns of some commenters that safeguards must be put in place to ensure that confidentiality and CEII concerns are adequately addressed in transmission planning activities. Accordingly, we will require that transmission providers, in consultation with affected parties, develop mechanisms, such as confidentiality agreements and password-protected access to information, in order to manage confidentiality and CEII concerns. Lastly, concerns surrounding the application of the Commission's Standards of Conduct to planning participants, and whether and how these standards should affect access to and use of information obtained in the planning process, will be discussed below.			
401	703. We also note that management of inadvertent energy is needed to adhere to NAESB standards. Historically, transmission providers have paid back inadvertent interchange imbalances in kind, which has not, as a general matter, proven to be problematic. Our primary concern with respect to inadvertent energy is to avoid incentives that could degrade reliability. To date, the return-in-kind approach has proven to be adequate as a general matter. However, if there is evidence that it is no longer sufficient to maintain reliability, or is allowing certain entities to lean on the grid to the detriment of other entities, the Commission has authority under FPA section 215 to direct the ERO to develop a new or modified standard to address the matter.			
470-1	815. As with any innovative rate program, however, the Commission will monitor the secondary capacity market to ensure that participants are not exercising market power. To enhance oversight and monitoring by the Commission, we adopt reforms to the underlying rules governing capacity reassignments. First, we require that all sales or assignments of capacity be conducted through or otherwise posted on the transmission provider's OASIS on or before the date the reassigned service commences. The Commission thus eliminates the current ability of transmission customers to assign the transmission rights to another party with subsequent notification to the transmission provider. The mechanisms for			



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				negotiating a reassignment remain the same. The transmission customer may either request that the transmission provider make the capacity available on its OASIS or the transmission customer may negotiate the terms of an assignment bilaterally. In either instance, however, the resulting sale or assignment must be posted by the transmission provider on its OASIS prior to the date the reassigned service commences. We require transmission providers working through NAESB to develop appropriate OASIS functionality to allow such postings. Transmission providers need not implement this new OASIS functionality and any related business practices until NAESB develops appropriate standards.
594-5	1005.			The Commission will not mandate the use of network customer resources or other third party resources in the provision of planning redispatch. If they choose, network customers and third parties may voluntarily provide planning redispatch services. A seller is free to post its price to relieve a specific congested transmission facility and its ability to relieve the congestion. To facilitate provision of such service by third parties, we direct transmission providers to modify their OASIS sites to allow for posting of these third party offers. Accordingly, we direct transmission providers to work in conjunction with NAESB to develop this new OASIS functionality and any necessary business practice standards. Transmission providers need not implement this new OASIS functionality and any related business practices until NAESB develops appropriate standards.
617-8	1046.			Further, as discussed in more detail below, we disagree that NERC must modify its processes in order to allow transmission providers to implement this product. However, we will allow for a sufficient period of time for development of business practices and tracking mechanisms to implement the product. We recognize that there may be some regional variation in the way transmission providers approach the provision of conditional firm service beyond the minimum attributes that we establish in this Final Rule. Thus, we do not direct that transmission providers work with NAESB to develop business practices for implementation of the conditional firm service. Rather, we direct transmission providers located in the same region to coordinate such development among themselves. We also encourage participation of non-public utility transmission providers in the region and interested transmission customers in the development of these business practices. Public utility transmission providers should make efforts to include these interested parties in their regional coordination efforts. We direct transmission providers to implement these mechanisms and business practices within 180 days after the publication



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	of this Final Rule in the Federal Register.			
634-5	1078. Finally, we address requests to allow for automatic assignment of short-term firm point-to-point service to conditional firm customers. We agree that transmission providers must take into account the conditional firm service in evaluating the availability of short-term firm service. Because conditional firm is a long-term firm use of the system, it should not be interrupted prior to short-term firm service. However, short-term firm service reserved prior to the reservation of conditional firm service should maintain priority over conditional firm service in the periods when conditional firm service is conditional, i.e., when specified system conditions exist or conditional curtailment hours apply. Because the assignment proposal meets both of these objectives, we direct transmission providers to assign short-term firm service to conditional firm customers as the service becomes available. Accordingly, we direct transmission providers to work with NAESB to develop the appropriate communications protocols to implement this attribute of conditional firm service. Transmission providers need not implement this requirement until NAESB develops appropriate communications protocols.			
686-7	1162. Accordingly, to provide greater availability of redispatch information, the Commission adopts certain additional posting requirements for transmission providers. Specifically, we direct each transmission provider to post on OASIS its monthly average cost of redispatch for each internal congested transmission facility or interface over which it provides redispatch service using planning redispatch or reliability redispatch under the pro forma OATT. Additionally, to demonstrate the range of redispatch costs each month, the Commission directs transmission providers to post a high and low redispatch cost for the month for each of these same transmission constraints. The transmission provider shall calculate the monthly average cost in \$/MWh for each congested transmission facility by dividing monthly total redispatch costs (at the facility) by the total MWhs that would otherwise be curtailed (at the facility) in the month absent the redispatch. Transmission providers shall post internal constraint or interface data for the month if any planning redispatch or reliability redispatch is provided during the month, regardless of whether the transmission customer is required to reimburse the transmission provider for those exact costs. Thus, if the transmission customer pays for redispatch pursuant to a negotiated fixed rate, the transmission provider is required to post and calculate the monthly average redispatch costs and the high and low costs in the month even though the transmission provider will bill the customer the fixed rate. The same posting requirement			



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				applies if the customer is paying a monthly “higher of” rate. The transmission provider shall post this data on OASIS as soon as practical after the end of each month, but no later than when it sends invoices to transmission customers for redispatch-related services. We direct transmission providers to work in conjunction with NAESB to develop this new OASIS functionality and any necessary business practice standards.
753-4	1269.			In Order No. 676, the Commission adopted the “Standards for Business Practices and Communication Protocols for Public Utilities” developed by the NAESB’s Wholesale Electric Quadrant (WEQ). Order No. 676 incorporated the aforementioned standards by reference into the Commission’s regulations, required public utilities to implement the standards by July 1, 2006, and required public utilities to file revisions to their OATTs to include these standards. The WEQ Standards include a number of standards addressing requirements for dealing with redirects on both a firm and non-firm basis. All of the WEQ Standards dealing with redirects were adopted by the Commission in Order No. 676, except for WEQ Standard 001-9.7, which addresses the impact of a firm redirect on a long-term firm transmission customer’s rollover rights under section 2.2 of the pro forma OATT. The Commission directed the WEQ to reconsider WEQ Standard 001-9.7 and to adopt a revised standard consistent with the Commission’s policies. The Commission also offered guidance to assist the WEQ in developing a standard that is consistent with Commission policy.
758-9	1278.			The Commission also concludes that the NAESB WEQ is the appropriate standard-setting body for developing business practices and implementing the Commission’s redirect policy. The Commission will refrain from commenting here on the NAESB process itself because we believe that the industry is best situated to determine how to structure the standard-setting process to provide for the widest possible participation and consensus. We nevertheless clarify that, consistent with precedent, NAESB is charged with implementing Commission policy through business practices. The Commission finds that the NAESB WEQ is an acceptable standards development process, representing a cooperative effort by industry participants to develop business practices that enhance the efficiency of the electric grid. Where necessary, NAESB participants may seek clarification of Commission policy so that NAESB may develop the appropriate standards.
782-3	1316.			We will not adopt any of the changes to the proposed performance metrics



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				requested by commenters, other than adding metrics to track delays by customers as discussed above. The Commission is in a better position to determine the specific performance metrics that will achieve our policy goals and thus we will not request that NAESB develop the metrics to be posted. We believe the set of performance metrics we have chosen strike the appropriate balance between requiring information that will enhance transparency and help ensure that the transmission provider is processing request studies in a timely and non-discriminatory fashion while limiting the burden the transmission provider faces. For instance, we believe the performance metrics that address the cost of system impact studies and facilities studies as well as the cost of any proposed transmission upgrades can be calculated with relatively little effort by the transmission provider and should provide meaningful benefits to transmission customers. The transmission provider readily knows the cost of studies it completes and the costs of proposed system upgrades and summaries of this information should enhance the transmission customer's ability to decide whether to submit a request for service that may result in a study offer.
784	1318.			We agree, however, with EEI's recommendation that the Commission delegate to NAESB the responsibility for developing the Standard and Communications Protocols, business practices and OASIS modifications that will be necessary to provide the performance metrics adopted above. NAESB is in the best position to develop the standards and the processes by which the performance metrics are posted.
803	1346.			As we discuss below, we believe NAESB's queue hoarding and queue flooding business practices, as well as additional reforms adopted in this Final Rule, will address the problem surrounding the submission of multiple requests. With regard to requests for a technical conference or further procedures to consider the effect of our operational penalty regime, we believe the commenters' proposals would largely provide anecdotal information and speculation on the impacts of the new planning and coordination requirements. Our experience from the last ten years, and the comments provided in response to the NOI and NOPR, provide a sufficient basis to develop a penalty regime. In addition, the very requirement that transmission customers post performance metrics and submit notification filings prior to assessment of operational penalties will provide actual experience with the new regime. As explained above, the notification procedures adopted today will ensure that we will not assess a penalty for late studies unless justified by the circumstances. We can propose additional changes to the study process or penalty regime



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				based on the actual experience under this Final Rule if our experience warrants it.
814	1365.			The Commission will not require transmission providers to charge a fee for duplicative requests for transmission service. We will instead first consider whether the newly adopted NAESB queue flooding and queue hoarding business practices reduce the number of requests that the transmission customer does not intend to confirm. We are concerned that benefits to market participants would not justify the administrative costs of a new fee if the NAESB business practices can effectively discourage transmission service requests the transmission customer does not intend to confirm. We also believe that the current deposit mechanism in section 17.3 of the pro forma OATT should have the same effect as a fee based on the transmission provider's cost to process the request for transmission service, like the fee MISO and CREPC propose. Pursuant to section 17.3, in the event a transmission customer retracts or withdraws a request, the transmission provider is allowed to deduct from the transmission customer's deposit the costs the transmission provider incurred to process the request. As a result, we do not believe any other fee structure is necessary to make the transmission provider whole when a transmission customer submits a transmission service request it does not expect to confirm.
820-1	1377.			The Commission agrees that transmission requests across multiple transmission systems should be coordinated by the relevant transmission providers. We will not, however, amend the pro forma OATT to require such coordination. Rather, we require transmission providers working through NAESB to develop business practice standards related to coordination of requests across multiple transmission systems. In order to provide guidance to NAESB, we will articulate the principles that should govern processing across multiple systems. All the transmission providers involved in a request across multiple systems should consider a request that requires studies across multiple systems to be a single application for purposes of establishing the deadlines for rendering an agreement for service, revising queue status, eliciting deposits and commencing service. In order to preserve the rights of other transmission customers with studies in the queue, the priority for the single application should be based on the latest priority across the transmission providers involved in the multiple system requests. We note that regional entities like wesTTrans are already coordinating requests across multiple transmission systems and we believe such coordination is an acceptable solution to this



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	issue.			
821-2	1378.			We interpret Exelon's request that we require all transmission providers to allow transmission customers to link consecutive requests for firm point-to-point transmission service and to evaluate such requests as a single request as asking us to (1) allow transmission customers to require the transmission provider to either grant service for the entire period, deny service for the entire period, or offer the same partial quantity for the entire period and (2) require the transmission provider to consider the full duration of the linked requests when determining reservation priority pursuant to sections 13.2 of the pro forma OATT (short-term firm point-to-point transmission service). We require transmission providers working through NAESB to develop business practice standards to allow a transmission customer to rebid a counteroffer of partial service so the transmission customer is allowed to take the same quantity of service across all linked transmission service requests. Transmission providers need not implement these business practice standards until NAESB develops appropriate standards. We note that the transmission customer should not be required to take the same quantity of service across consecutive transmission service requests; it should simply have the option to do so. On the second issue, we reiterate that, according to existing NAESB business practice standard 001-4.16, the transmission provider is required to consider the full duration of the linked requests when determining reservation priority pursuant to section 13.2 of the pro forma OATT.
826-7	1390.			We will not modify the pro forma OATT to address requests to allow the transmission provider to terminate idle transmission service requests. NAESB's business practice 001-4.11 allows the transmission provider to retract a request if the transmission customer does not respond to an acceptance within the time established in NAESB business practice standard 001-4.13. Therefore, we interpret TDU Systems comments to refer to circumstances when a transmission customer fails to respond to the transmission provider's request for additional information during the course of a request study. As discussed above, by the time the transmission provider offers a system impact study agreement, it should have all of the information that it needs to complete the study. Pursuant to section 17.4 of the pro forma OATT, the transmission provider can deem a transmission service request deficient if the transmission customer does not provide all of the information the transmission provider needs to evaluate the request for service. We will revise section 17.7 of the pro forma OATT so that the transmission provider is able to terminate a request for transmission service if a transmission customer that is extending



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				the commencement of service does not pay the required annual reservation fee within 15 days of notifying the transmission provider that it would like to extend the commencement of service. We will not change the pro forma OATT to allow the transmission provider to terminate a transmission service request if the transmission customer changes its application for service. We believe the existing pro forma OATT is sufficient to allow a transmission provider to manage situations where the transmission customer modifies its application for service to the point that the customer is requesting transmission service that is meaningfully different than its initial request.
827	1392.			Commenters also suggest changes to the OASIS protocols, including prohibiting transmission customers from changing a request into a pre-confirmed request and requiring OASIS platforms to be accessible on non-Windows/Explorer computers. We believe these issues are best addressed by NAESB.
834	1402.			We acknowledge that our revised policy on priority for pre-confirmed requests may be less effective than the NOPR proposal in alleviating the problems that arise when transmission customers submit multiple identical requests for service. However, we have taken other steps – notably accepting the NAESB business practices on queue flooding and queue hoarding – that we believe will substantially reduce the instances of multiple identical requests for service.
836-7	1407.			In response to requests for clarification from MidAmerican and TranServ, we clarify that a new pre-confirmed request for transmission service would preempt a request of equal duration that has been accepted by the transmission provider but not yet confirmed by the transmission customer. Thus, we decline to adopt TDU Systems' suggestion that the Commission include a time window between acceptance of a request and confirmation of the request, during which a request can not be preempted by a pre-confirmed request for transmission service. This is consistent with our desire to give transmission service first to those customers that are committed to taking the transmission service if it is granted. In the case of monthly firm point-to-point transmission service, the transmission customer has up to four days to confirm an accepted request. This is a potentially long delay when there is another transmission customer that is willing to commit to take the same service. Moreover, this policy is consistent with NAESB business standard 001-4.25, which allows a pre-confirmed request for non-firm point-to-point transmission service to preempt a request of equal duration and lower price that has



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				been accepted but not confirmed.
878	1477.			We direct transmission providers to develop OASIS functionality to (1) allow all of the information required for a request to designate network resources to be provided electronically, (2) mask information about operating restrictions and generating cost on OASIS, and (3) allow for queries of all information provided with designation requests in accordance with section 37.6 of the Commission's regulations. As provided in paragraph 385, we also direct transmission providers to work in conjunction with NAESB to develop business practice standards describing procedural requirements for submitting designations over any new OASIS functionality. Transmission providers need not implement this new OASIS functionality and any related business practices until NAESB develops appropriate standards. Prior to implementation of this new OASIS functionality, any information that cannot be provided electronically may be submitted by transmitting the information to the transmission provider by telefax or providing the information by telephone over the transmission provider's time recorded telephone line.
891-2	1504.			In response to South Carolina E&G's request, we reiterate that not all of the information required by section 29.2 of the pro forma OATT for designation of a network resource will be made publicly available on OASIS. As discussed above, information about operating restrictions and generating cost will be masked to protect commercially sensitive information. South Carolina E&G has also requested clarification of the Commission's intent with respect to how designated network resource information is posted. Our existing regulations specify the view, download, and query requirements for information posted regarding network resource designations. The details of how those informational postings are accomplished are best left to be determined as part of the NAESB standards development process.
905-6	1532.			In response to TranServ's request that the exact nature of how the customer would make an attestation should be determined in the NAESB forum, we note that the contents and the specific information that is required to be provided with the attestation are specified in the pro forma OATT, and we are requiring that the attestation be submitted through OASIS with each request to designate a new network resource. The appropriate subject for transmission providers to coordinate with NAESB to resolve is limited to the appropriate formatting of such information to be provided in OASIS. In response to TranServ's request that NAESB should also determine the treatment of OASIS requests



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				where the customer fails to provide the necessary attestation, we point out that we have already directed that such requests are to be found deficient by the transmission provider and treated in accordance with the procedures in section 29.2 of the pro forma OATT.
909-10	1541.			We direct transmission providers to develop OASIS functionality and, working through NAESB, business practice standards describing the procedural requirements for submitting both temporary and indefinite terminations of network resources, to allow network customers to provide all required information for such terminations. Such OASIS functionality should allow for electronic submittal of the type of termination (temporary or indefinite), the effective date and time of the termination, and identification and capacity of resource(s) or portions thereof to be terminated. For temporary terminations, such OASIS functionality should also allow for electronic submittal of (1) effective date and time of redesignation, following the period of temporary termination; (2) information and attestation for redesignating the network resource following the temporary termination, in accordance with section 30.2 of the pro forma OATT; and (3) identification of any related transmission service requests to be evaluated concomitantly with the request for temporary termination. In response to TranServ's request, we clarify that the request for temporary termination of the resource and the requests for the related transmission service identified in item (3), if any, should be evaluated as a single request, and approved or disapproved as such. We specifically direct transmission providers, working through NAESB, to develop business standards describing the procedures for submitting and processing requests for concomitant evaluations of transmission requests and temporary terminations. When processing such requests, the evaluation of the transmission service requests identified in item (3) should take into account the redesignation of the network resources identified in the request for termination. However, the evaluation of the transmission service requests in item (3) should be processed taking proper account of all competing transmission service requests of higher priority.
911	1543.			Transmission providers need not implement this new OASIS functionality and any related business practices until NAESB develops appropriate standards. Prior to implementation of this new OASIS functionality, requests for temporary or indefinite terminations of network resources may be submitted by transmitting the required information to the transmission provider by telefax or providing the information by



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				telephone over the transmission provider's time recorded telephone line.
933-4	1591.			We agree with parties arguing that network customers should not be required to use the new NAESB processes and OASIS tools to be developed in response to this section until such time as the NAESB standards and OASIS functionality have been developed and implemented. However, once the new standards and functionality are in place, network customers must use these new procedures to undesignate (whether temporarily or as part of an indefinite termination) any network resources, regardless of the date that those resources were originally designated.
953-4	1627.			We agree with suggestions for the posting of additional curtailment information on OASIS and, therefore, require transmission providers, working through NAESB, to develop a detailed template for the posting of additional information on OASIS regarding firm transmission curtailments. Transmission providers need not implement this new OASIS functionality and any related business practices until NAESB develops appropriate standards. These postings must include all circumstances and events contributing to the need for a firm service curtailment, specific services and customers curtailed (including the transmission provider's own retail loads), and the duration of the curtailment. This information is in addition to the Commission's existing requirements: (1) when any transmission is curtailed or interrupted, the transmission provider must post notice of the curtailment or interruption on OASIS, and the transmission provider must state on OASIS the reason why the transaction could not be continued or completed; (2) information to support any such curtailment or interruption, including the operating status of facilities involved in the constraint or interruption, must be maintained for three years and made available upon request to the curtailed or interrupted customer, the Commission's Staff, and any other person who requests it; and, (3) any offer to adjust the operation of the transmission provider's system to restore a curtailed or interrupted transaction must be posted and made available to all curtailed and interrupted transmission customers at the same time.