

NORTH AMERICAN ENERGY STANDARDS BOARD

Revisions to Final Action R04006D through 2007 Annual Plan Item 2– to align resales standards with FERC Order 890 – Modifications to NAESB Standards (WEQ-001-11 (OASIS -Resales), WEQ-002 (OASIS S&CP), WEQ-003 (OASIS S&CP Data Dictionaries)).

- Contained in this section are the revisions to final action R04006D as taken through 2007 WEQ Annual Plan Item #2 – to align the resales standards to Order 890 (WEQ-001-11 (OASIS -Resales), WEQ-002 (OASIS S&CP), WEQ-003 (OASIS S&CP Data Dictionaries)). The final action was ratified by membership on July 23, 2007.
- **BACKGROUND:** The WEQ EC was asked to reconsider the EC action taken as a result of questions that arose after the EC adoption of these standards. It was brought to the NAESB office’s attention that some of the members are concerned that the language in Y.5.3 is in conflict with Order 890 and the current CFR. These issues were not raised as the EC adopted the standards. The standards were adopted in May by a significant margin. The language in Y.5.3 states: “Standard Y.5.3: All resales must include the price of the Resale. Price units shall always be \$/MW-Hour reserved.” The EC chose not to reconsider at its August meeting.
- **DISCUSSION WITH FERC STAFF:** As informal remarks not to be considered a FERC position, staff shared that expressing the common price in terms of “\$/MW-Hour reserved” when the shortest duration of firm transmission service included in the pro forma OATT is daily service may raise concerns. Reassignments may need to match the type of service being provided by the TP under its OATT with the example that if a TP doesn’t offer hourly firm transmission service, it would be difficult for that TP to honor a reassignment of 1, 16 or even 24 hours of firm transmission service. Taken to its extreme, the TP may be in the position of violating its tariff if it provides reassigned hourly firm service without having such service accepted by the Commission. If the application of the standard is intended to support pricing the reassignment using the lowest unit of service possible, such as for hourly non-firm sales, it is unclear how such would work in practice. If the rate for one day of service could be expressed as the sum of the rate for 24 hours of service, but that may raise other problematic issues such as TPs using peak period pricing methodologies (such as the IES or Appalachian methods).
- The FERC staff discussed the EC action taken in August and after further consideration determined that they would not ask NAESB at this time to consider a correction. They understand that this will be filed in Version 1.0 in October.

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Executive Committee Meeting – WEQ Meeting Materials

August 14, 2007

MINOR CORRECTION PROCESS (EXCERPTED FROM THE NAESB OPERATING PROCEDURES):

D. Minor Clarifications and Corrections to Standards

Minor clarifications and corrections to existing standards include: (a) clarifications or corrections made by a regulatory agency to standards that are of a jurisdictional nature, or by the American National Standards Institute or its successor; (b) clarifications or corrections to the format, appearance, or descriptions of standards in standards documentation; (c) clarifications or corrections to add code values to tables; and (d) clarifications and corrections that do not materially change a standard.

Any request for a minor clarification or correction to an existing standard should be submitted in writing to the executive director. This request shall include a description of the minor clarification or correction and the reason the clarification or correction should be implemented.

1. Processing of Requests

The executive director shall promptly notify the EC and any appropriate subcommittee(s) of the receipt of the request. The members of the applicable quadrant's EC shall promptly determine whether the request meets the definition of a minor clarification or correction. Through the decision of the vice chair of the applicable quadrant, this determination may be delegated to one of the quadrant's subcommittees, with the concurrence of the subcommittee chair, in which case the subcommittee shall make a prompt decision.

If the request is determined to meet the definition of minor clarification or correction, the applicable quadrant's EC, with input from any subcommittee(s) to which the request has been forwarded, shall act on the request within one month of its receipt. A meeting to discuss the request is not required; the decision may be made by notational vote. A simple majority of the votes received shall determine the outcome. The members of the applicable quadrant's EC shall be given at least three working days to consider and vote on the request.

2. Public Notice

The results of the vote on the request for a minor clarification or correction shall be posted on the NAESB website and the members of the applicable quadrant shall be notified of the request by e-mail. If the request has been approved by the applicable quadrant's EC, the notification shall include a brief description of the request, the contact name and number of the requester so that further information can be obtained, and the proposed effective date of the clarification or correction. The proposed effective date of the minor clarification or correction shall normally be one month from the date of the public notice. Any interested party shall have an opportunity to comment on the request, and the comments shall be posted on the NAESB website. The comment period is two weeks.

3. Final Disposition of Approved Requests

If no comments are received on an approved request, the standard shall be clarified or corrected as specified in the approved request on the effective date proposed. If comments are received, they shall be forwarded to the members of the applicable quadrant's EC for consideration. Each comment requires a public written response from the applicable quadrant's EC. The applicable quadrant's EC shall determine whether changes are necessary as a result of the comments. Members of the applicable quadrant's EC shall be given three working days to consider the comments and determine the outcome, which shall be decided by a simple majority of the votes received. A meeting to discuss the request is not required; the decision may be made by notational vote. The standard shall be clarified or corrected in accordance with the outcome of the vote, effective with the completion of voting, and notice thereof shall be posted on the NAESB website.



NAESB WEQ FINAL ACTION RATIFIED 07/23/2007

For Quadrant: Wholesale Electric Quadrant

**Requesters: Wholesale Electric Quadrant
Electronic Scheduling Subcommittee**

Request No.: WEQ 2007 Annual Plan Item 2

**Request Title: Revision to Final Action R04006D to align the
Resales Standards with Order 890**

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
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- Withdrawal

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3. RECOMMENDATION

SUMMARY:

This recommendation revises standard business practices related to secondary market sales of transmission service. These standards address certain provisions of Section 23 in the FERC Pro Forma Open Access Transmission Tariff titled "Sale or Assignment of Transmission Service."

The standards set forth in [Final Action R04006D](#) were ratified on October 2, 2006. This recommendation includes revisions to Final Action R04006D to align with the requirements found in FERC Order 890 paragraphs 808-827, revised pro forma OATT section 23 Sale or Assignment of Transmission Service and revised pro forma OATT ATTACHMENT A-1.

No other changes have been recommended for these standards other than to align the language with the directives in Order 890.

RECOMMENDED STANDARDS:

Definitions—The following definitions shall be added to the Business Practice Standards:

Assignee – An Eligible Customer that receives point-to-point transmission service rights from a Reseller either through a Resale or a Transfer.

Eligible Customer – as defined in the FERC Pro Forma Open Access Transmission Tariff.

Financially Obligated Transmission Customer (FOTC) – The customer financially obligated to the Transmission Provider for transmission service (i.e., service procured either through direct purchase from the Transmission Provider, Reseller, or through a Transfer of transmission rights).

Resale – The request to convey scheduling rights associated with a reservation for Point-To-Point Transmission Service from a Reseller to an Assignee.

Transfer – Request to convey all rights and obligations associated with a reservation for Point-To-Point Transmission Service from a Reseller to an Assignee.



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Definitions—The following existing definitions in the WEQ OASIS Business Practice Standards (WEQ BPS-001-000) shall be modified:

Parent Reservation – an existing, confirmed reservation being modified by a ~~Redirect, Transmission Customer's request to redirect, Transfer or assign,~~ Resale, etc.

Reseller – The customer that holds Point-To-Point Transmission Service rights and offers those rights for sale on the (secondary) transmission market.~~any Transmission Customer who offers to sell transmission capacity it has purchased.~~

Business Practice Standards for Sale or Assignment of Transmission Service

Standard Y: Resales

Any Transmission Customer (Reseller) shall have the right to offer for sale the scheduling rights associated with the points of delivery and receipt of a Firm or Non-Firm Point-To-Point Transmission Service reservation (i.e. Parent Reservation). Any Eligible Customer (Assignee) may request to purchase scheduling rights from the Reseller.

Standard Y.1: Rights Conveyed

The confirmation of a Resale shall convey the rights to schedule Point-To-Point Transmission Service from the Reseller to the Assignee, but shall also convey any outstanding conditions that may exist on the Parent Reservation (such as conditional approval pursuant to Section 13.2(ii) of the OATT).

Standard Y.1.1 Upon confirmation of a Resale on OASIS, the Reseller shall lose those conveyed scheduling rights for the time frame and in the amount of the Resale.

Standard Y.1.2 If the Transmission Provider (TP) determines the Reseller is not the legitimate owner of the reserved capacity in the Parent Reservation(s), the TP has the right to nullify the Resale.

Standard Y.1.3 The Assignee shall be obligated directly to the TP for all arrangements required for scheduling transactions on the TP's system, including submission of schedules, provision for losses, etc.

Standard Y.1.4 Renewal rights, if any, are not conveyed in a Resale.



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Standard Y.1.5 The Assignee shall have the right to resell rights acquired through a Resale in accordance with these standards subject to Standard Y.7.

Standard Y.1.6 The Assignee shall have the right to Redirect rights acquired through a Resale in accordance with these standards subject to Standard Y.6 and OASIS Business Practice Standards 9 and 10 (Redirects).

Standard Y.1.7 The Assignee must execute a service agreement with the Transmission Provider that will govern the provision of reassigned service no later than twenty-four hours prior to the scheduling deadline applicable for the commencement of the reassigned service. The Transmission Provider may establish a blanket service agreement to include Resale transactions.

Standard Y.2: Financial Obligations

Resales shall not affect the Financially Obligated Transmission Customer's (FOTC) financial obligations to the TP or any other terms of service under the tariff with respect to fixed reservation-based charges. The TP shall collect from the Assignee the agreed upon Resale transaction charges as posted on OASIS and credit that amount to the Reseller.

Standard Y.2.1 The Assignee shall be obligated directly to the TP for any usage-based charges and overuse penalties resulting from its subsequent use of the Resale.

Standard Y.2.2 The TP may annul the Resale in absence of an executed agreement as specified in Standard Y.1.7.

Standard Y.3: Service Attributes and Timing

A Resale shall retain all the same transmission service attributes, transmission service priority, and points of delivery and receipt of the Parent Reservation. For example, if one hour of a Monthly Firm reservation is Resold, the Resale reservation shall be a Monthly Firm Resale reservation lasting one hour.

Standard Y.3.1 The TP's OASIS shall not impose any restrictions regarding the timing of a Resale, either submission times or service duration, except that the start and stop times of the Resale must be within the bounds of the Parent Reservation(s) that are designated as supporting the Resale.



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Standard Y.3.2 The Reseller shall have the right to aggregate multiple reservations into a single Resale provided that each reservation being aggregated is of exactly the same service attribute, priority, product and point of receipt/point of delivery.

Standard Y.3.3 A Resale must be in whole hours, beginning at the top of the hour, and within the start and stop time(s) of the Parent Reservation(s).

Standard Y.3.4 Service arranged through a Redirect on a non-firm basis (i.e., secondary service) cannot be resold.

Standard Y.4: Quantity

A Resale must be in whole MWs and equal to or less than the Granted Capacity of the Parent Reservation(s), less any reductions (e.g. confirmed Redirects, previous Resales, curtailments, or implemented schedules) to the capacity available for scheduling of that Parent Reservation.

Standard Y.5: Posting on OASIS

All Resales shall be posted on OASIS.

Standard Y.5.1 A Resale may be arranged between the Assignee and Reseller on OASIS, in accordance with the OASIS Standards and Communication Protocols (S&CP) for "Secondary Sales – On OASIS."

Standard Y.5.2 If the Resale is not conducted on OASIS, the Reseller must notify the TP of the Resale via the OASIS, in accordance with the OASIS S&CP for "Secondary Sales – Off OASIS." This posting should be made as soon as practicable, but in any case prior to the Assignee's exercising of any rights under the Resale.

Standard Y.5.3 All resales must include the price of the Resale. Price units shall always be \$/MW-Hour reserved.

Standard Y.6: Redirect of a Resale

The Assignee shall have the right to Redirect firm rights acquired through a Resale. Any such request shall be submitted directly to the TP and will be queued and evaluated in the same manner as any other Redirect. (Subject to any limitations otherwise identified in these standards).

Standard Y.6.1 The Assignee shall be obligated directly to the TP for any charges or credits resulting from any Redirect on a firm basis.



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Standard Y.6.2 Prior to accepting a Redirect request on a firm basis from the Assignee, the TP shall have the right to require that the Assignee execute a Transmission Service Agreement.

Standard Y.6.3 The TP may reject or annul a Redirect of a Resale in absence of an executed agreement as specified in Standard Y.1.7.

Standard Y.7 Displacement of a Resale

In the event a Transmission Provider's Tariff requires that a higher priority, competing transmission service request must displace all or a portion of a confirmed lower priority reservation, the TP shall have the right to nullify any Resales that reference the displaced reservation as their Parent.

Standard Y.7.1 Once the conditional window on the Parent Reservation has closed, Resales for firm service are not subject to displacement in accordance with Standard Y.

Revision to OASIS S&CP Section 002-4.2.10.2:

ANNULLED = assigned by ~~Provider or the~~ Seller when, by mutual agreement with the Customer, a confirmed reservation is to be voided or assigned unilaterally by the Provider when a confirmed reservation is to be voided. (Final state).

Add definition of ANNULLED to OASIS Data Dictionary Section 003 under Data Dictionary Element Name: STATUS.