



NORTH AMERICAN ENERGY STANDARDS BOARD

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FERC RELEASES NOTICE OF PROPOSED RULEMAKING ON NAESB WHOLESALE ELECTRIC QUADRANT BUSINESS PRACTICE STANDARDS, VERSION 003.3



Continuing its support of the long-standing public-private relationship with the North American Energy Standards Board (NAESB), the Federal Energy Regulatory Commission (FERC or Commission) took action during its July open meeting to propose the adoption of the latest version of the NAESB Wholesale Electric Quadrant (WEQ) Business Practice Standards. NAESB published Version 003.3 of the WEQ Business Practice Standards on March 30, 2020 and submitted an informational report regarding the standards to the Commission on the same day. This version

encompasses standards resulting from several landmark, multi-year projects that required a significant investment of time and resources by the industry, including standards that address the final directives from FERC Order No. 890 as well as the North American Electric Reliability Corporation (NERC) coordinated Parallel Flow Visualization (PFV) standards, which will provide highly anticipated improvements to the congestion management process for the Eastern Interconnection. Version 003.3 also incorporates revisions made to cybersecurity standards in response to recommendations provided by Sandia National Laboratories in its 2019 Surety Assessment Report sponsored by the U.S. Department of Energy. The Commission highlighted these and other standard development efforts in its July 16, 2020 Notice of Proposed Rulemaking (NOPR).

Of particular note, the Commission proposed to incorporate by reference standards NAESB developed in coordination with NERC to support the proposed retirement of certain reliability standards that concern transmission modeling, including Available Transfer Capacity (ATC) information. The NAESB developed standards incorporate reliability requirements proposed for retirement by NERC that have been determined commercially necessary for the calculation of ATC and other related values. The Commission requested comments regarding the standards developed by NAESB and whether they provide a sufficient level of detail for transparency and consistency purposes. Specifically, the Commission requested comment on whether the Commission should develop more detailed regulations regarding ATC calculations or ask NAESB to consider developing additional standards in a subsequent version.

The NOPR also included proposed action on the cybersecurity-related standards developed by NAESB at the request of the U.S. Department of Energy. As part of Version 003.3, NAESB made revisions to strengthen the cybersecurity protections within the standards to incorporate recommendations from the 2019 Surety Assessment Report prepared Sandia National Laboratories and sponsored by the U.S. Department of Energy. Cybersecurity requirements are a fundamental element of NAESB Business Practice Standards, ensuring the secure transmission of electronic business transactions. In recognition of the stand-alone nature of the cybersecurity related standards and the U.S. Department of Energy's request that NAESB act in an expedited manner in response to the surety assessment, the Commission proposed a separate timeline for industry implementation of these standards. As proposed, industry filers will be required to submit compliance filings nine months after publication of a final rule and implementation will be required no sooner than three months following compliance filing submittal.

As indicated above, the Commission proposed action on several multi-year standard development efforts completed by NAESB as part of WEQ Version 003.3, including those related to the PFV enhanced congestion management process and FERC Order No. 890. Developed by NAESB as part of a long-term coordination effort with NERC and



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EIDSN, Inc., the PFV-related standards improve upon the congestion management procedure for the Eastern Interconnection through the utilization of real-time data in calculating curtailment assignments. As demonstrated in the field trial conducted by EIDSN, Inc., the PFV congestion management process provides a more accurate model and is a considerable improvement over current curtailment procedures. The Commission also proposed to incorporate by reference modifications NAESB made to its Open Access Same-Time Information (OASIS) suite of standards developed to address the final two directives of FERC Order No. 890. The Order, issued in 2007, contained approximately forty-seven directives for standards development which NAESB has now addressed.

With the exception of the cybersecurity-related standards, which have a separate implementation timeline as noted above, the Commission proposed an 18-month implementation schedule for the remainder of the WEQ Business Practice Standards identified for incorporation by reference. As part of the proposal, the Commission specifically requested comments regarding the proposed timeline for the implementation of the standards, while the industry wraps up the implementation of Version 003.2 of the standards. All comments are due 60 days following the publication of the NOPR in the Federal Register.

Michael Desselle, Chairman of the NAESB Board of Directors and Vice President, Chief Compliance and Administrative Officer of Southwest Power Pool, said “On behalf of the volunteers who put in thousands of hours to achieve consensus on this sweeping and voluminous set of commercial business practices that will advance the electric industry, thanks to the Commission and Commission staff for their expeditious issuance of this NOPR.”

For more information, contact Jonathan Booe, NAESB Executive Vice President and Chief Administrative Officer, (713) 356-0060.

The North American Energy Standards Board (NAESB) serves as an industry forum for the development and promotion of standards which will lead to a seamless marketplace for wholesale and retail natural gas and electricity, as recognized by its customers, business community, participants, and regulatory entities. It is composed of three hundred corporate members in the energy industry and many more non-member volunteers who contribute to the drafting and adopting of NAESB standards. To learn more about NAESB, go to www.naesb.org.