September 30, 2014

Federal Energy Regulatory Commission Action on WEQ Version 003 Standards

Dear Members of the Wholesale Electric Quadrant,

As you may know, on September 18, 2014, the Federal Energy Regulatory Commission (Commission) issued FERC Order No. 676-H, *Standards for Business Practices and Communication Protocols for Public Utilities*, in Docket No. RM05-5-022 (Order).[[1]](#footnote-1) In the Order, effective 30 days from publication in the Federal Register, the Commission revised its regulations to incorporate by reference the NAESB WEQ Version 003 Business Practice Standards (Standards) as proposed in the related July 18, 2013 Notice of Proposed Rulemaking (NOPR)[[2]](#footnote-2) with certain exceptions. The Standards contained within the Order mark a development period from March 2009 through November 2012 and support FERC Order Nos. 890, 890-A, 890-B, 890-C, 676, 676-A, 676-E, and 717. This body of Standards represents a significant effort by the industry, and NAESB would like to thank everyone who contributed by participating in the development of these Standards.

Although the Order adopts a large majority of the Standards, certain exceptions were made and NAESB has been requested to address a few identified issues through its process. Specifically, the Commission declined to adopt WEQ-001-14.1.3, WEQ-001-15.1.2, WEQ-001-9.5, WEQ-001-10.5 and WEQ-001-106.2.5.

* NAESB standards WEQ-001-14.1.3 and WEQ-001-15.1.2 establish the timing requirements for posting Available Transfer Capability narratives and currently set a five business day requirement while encouraging the posting of the narratives within one business day. The Commission has requested that NAESB consider revising the standards to provide for a one-day posting requirement as articulated in FERC Order No. 890.
* NAESB standards WEQ-001-9.5 and WEQ-001-10.5 establish when a transmission customer loses rights to capacity on an original path after requesting a redirect on a firm and non-firm basis. The Commission requested that NAESB revise standards WEQ-001-9.5 and WEQ-001-10.5 and any other standards affected by these standards to be consistent with the Commission’s policy in *Dynegy Power Marketing, Inc.*, 99 FERC ¶ 61,054 (2002) and *Entergy Services, Inc.*, 137 FERC ¶ 61,199 (2011), *order on reh’g and compliance*, 143 FERC ¶ 61,143 (2013). The Commission also requested that this project be a priority for NAESB.
* NAESB standard WEQ-001-106.2.5 allows transmission providers to refuse a request for terminating secondary network service based on the availability of capacity. The Commission has requested that NAESB revise the standard to clarify when transmission providers may exercise such a refusal.

In addition to these individual standards, the Commission declined to adopt, WEQ-009 Standards of Conduct for Electric Transmission Providers (reserved), WEQ-010 Contracts Related Business Practice Standards, and WEQ-014 WEQ/WGQ eTariff Related Business Practice Standards. This is consistent with past actions by the Commission, as WEQ-009 has been previously redacted and reserved, WEQ-010 contains optional contracts not required by the Commission, and WEQ-014 serves as a basis for the Commission’s own standards and protocols for electronic tariff filing. The Commission also declined to adopt the NAESB smart grid related suite of standards (WEQ-016, WEQ-017, WEQ-018, WEQ-019 and WEQ-020) as mandatory enforceable standards; however, the standards will be listed informationally in the regulations as non-mandatory guidance.

Also, in consideration of the Service Across Multiple Transmission Systems standards, the Commission provided NAESB with guidance concerning future standards development. Specifically, the Commission requested that NAESB consider the Bonneville Power Administration comment concerning the treatment of a conditional point-to-point reservation included in a coordinated group when displaced through preemption. NAESB was requested to consider the request as part of its ongoing standards development and to provide an update in the next relevant WEQ standards report filed with the Commission.

Compliance filings and waiver requests in response to the Order must be made by December 1, 2014, and compliance is required on February 2, 2015; however, a separate 18-month compliance schedule was established for implementation of the Network Integration Transmission Service (NITS) OASIS templates. Compliance filings for the NITS OASIS templates are required two months before implementation.

Coordination is already underway by the NAESB WEQ leadership to ensure that the WEQ Executive Committee and its subcommittees are responsive to the requests of the Commission contained in the Order.

Once again, many thanks to all of you for contributing to this major industry effort –

With Best Regards,

Michael Desselle, NAESB Chair of the Wholesale Electric Quadrant

cc: Ms. Rae McQuade, President & COO, North American Energy Standards Board

Ms. Valerie Crockett, Chairman and CEO, North American Energy Standards Board

 Mr. William P. Boswell, General Counsel, North American Energy Standards Board

 Mr. Jonathan Booe, Vice President, North American Energy Standards Board

1. FERC Order No. 676-H, *Standards for Business Practices and Communication Protocols for Public Utilities*, was issued on September 18, 2014 in Docket No. RM05-5-022 and can be accessed at the following link: <https://www.naesb.org/pdf4/ferc091814_finalrule_weq_v003_rm05-5-022_order676-h.pdf>. [↑](#footnote-ref-1)
2. *Standards for Business Practices and Communication Protocols for Public Utilities*, Notice of Proposed Rulemaking, 78 FR 45,096 (July 26, 2013), FERC Stats. & Regs. ¶ 32,698 (2013) (WEQ Version 003 NOPR). [↑](#footnote-ref-2)