



NORTH AMERICAN ENERGY STANDARDS BOARD

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July 8, 2010
Filed Electronically

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street N.E., Room 1A
Washington, D.C. 20585

RE: NAESB Progress Report on Standards Development to Support Coordination of Requests for Transmission Service Across Multiple Transmission Systems (Docket No. RM05-5-013, Order No. 676-E)

Dear Ms. Bose:

The North American Energy Standards Board ("NAESB") herewith submits this status report on NAESB standards development in support of coordination of requests for transmission service across multiple transmission systems, in response to the final rule for "Standards for Business Practices and Communication Protocols for Public Utilities," (Docket No. RM05-5-013, Order No. 676-E), issued by the Federal Energy Regulatory Commission ("FERC" or "Commission") on November 24, 2009. The status report describes the actions that have taken place to date, and the plans going forward related to the development in support of coordination of requests for transmission service across multiple transmission systems. It is expected that these standards will be included in the NAESB OASIS standards (WEQ-001, WEQ-002, WEQ-003, and WEQ-013).

The report is being filed electronically in Microsoft® Word® 2003 and in Adobe Acrobat® Portable Document Format (.pdf). The report is also available on the NAESB web site (www.naesb.org). Please feel free to call me at (713) 356-0060 or refer to the NAESB website (www.naesb.org) should you have any questions or need additional information regarding NAESB work products.

Respectfully submitted,

Rae McQuade

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



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cc:

Chairman Jon Wellinghoff, Federal Energy Regulatory Commission
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Commissioner John R. Norris, Federal Energy Regulatory Commission
Commissioner Marc Spitzer, Federal Energy Regulatory Commission
Commissioner Cheryl LaFleur, Federal Energy Regulatory Commission

Mr. Thomas R. Sheets, General Counsel of the Commission, Federal Energy Regulatory Commission

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Mr. Andrew Rodriguez, North American Electric Reliability Corporation

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Standards for Business Practices) **Docket No. RM05-5-013**
and Communication Protocols for)
Public Utilities)

STATUS REPORT OF THE NORTH AMERICAN ENERGY STANDARDS BOARD

The North American Energy Standards Board (“NAESB”) is pleased to provide this status report in response to the Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) Final Rule on Standards for Business Practices and Communication Protocols for Public Utilities ((Docket No. RM05-5-013; Order No. 676-E).¹

On February 2, 2010, the Wholesale Electric Quadrant Executive Committee (“EC”) formed a scoping task force² and directed the task force to define a scope of work for the OASIS Subcommittee regarding standards development for the coordination of requests for transmission service across multiple transmission systems (“SAMTS”). The OASIS Subcommittee is scheduled to begin the work on the SAMTS standards at the conclusion of its efforts to develop standards for network integration transmission service (“NITS”), which will be included in NAESB Standard Nos. WEQ-001, WEQ-002, WEQ-003, WEQ -013. The OASIS Subcommittee is scheduled to complete the NITS standards³ in August of this year, after which it will begin the work on the SAMTS standards, tentatively scheduled for completion by year-end.

The scoping task force met eight times for a total of thirty-four hours, with considerable additional time spent by volunteers preparing position papers that served as a basis for the

¹ FERC Order No. 676-E, 18 C.F.R. §38.2 , ¶105, *can be accessed from* <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12205059>.

² The WEQ EC minutes for February 2, 2010 can be accessed from http://www.naesb.org/pdf4/weq_ec020210dm.doc.

³ The OASIS subcommittee in its efforts regarding network integration transmission services, has held 33 meetings, many of which have spanned multiple days – 312 hours to date. In addition, there has been considerable work by the participants in-between the meetings to prepare work papers for consideration. It is expected that this work will add approximately 380 standards to WEQ-001, WEQ-002, WEQ-003 and WEQ-013 grouping of standards, excluding appendices and tables.

scoping report.⁴ The task force prepared and unanimously supported the attached report of the recommended scope for development of the SAMTS standards. While the task force is a named group and balanced by segment interest, the notices of the conference calls were posted and any interested party regardless of their membership status in NAESB, was encouraged to participate. Twenty-six participants provided input into the report – including Roy True (ACES Power), Marcie Otondo (APS), Barry Green (Barry Green Consulting, representing EPSA), Barbara Rehman (BPA), Mike Jesensky (Dominion), Alan Pritchard (Duke Energy), Narinder Saini (Entergy), Ed Davis (Entergy), Rob Lamoureux (Midwest ISO), Ed Skiba (Midwest ISO), Gail Parker (Midwest ISO), James Manning (NCEMCS), Alan Johnson (NRG Energy), Paul Sorenson (OATI), James Eckelkamp (Progress Energy), JT Wood (Southern Company), Daryl McGee (Southern Company), Mark Robinson (SPP), Jeff Rooker (SPP), Clint Savoy (SPP), Kathy York (TVA), Heather Burnette (TVA), Marjorie Parsons (TVA), Rick Woodlee (TVA), Grant Wilkerson (Westar Energy), and Shah Hossain (Westar Energy).

The EC will consider this report on August 17, in its scheduled meeting in Colorado Springs, CO. The EC may determine to change aspects of the recommended scope, after which the OASIS subcommittee will begin crafting the standards, per the scope statement and will perform the work under NAESB WEQ 2010 Annual Plan item no. 2(a)(iii) “Group 5: Paragraph 1377⁵ – Group 5 work should precede group 4 work”⁶ We are optimistic that the development will complete by yearend. Our next status report to you is planned for January 2011, at which point we expect to be able to report that the standards have been completed by the subcommittee and are in the process of approval through the WEQ EC.

⁴ The task force activities including all work papers *can be accessed from* http://www.naesb.org/weq/weq_ec.asp.

⁵ Paragraph 1377 of FERC Order No. 890, issued February 16, 2007: “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 request. 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 issue.”

⁶ The NAESB 2010 WEQ Annual Plan *can be accessed from* http://www.naesb.org/pdf4/weq_2010_annual_plan.doc.

We appreciate the opportunity to provide this status report, to support the Commission's directives, and to develop standards for the coordination of requests for transmission service across multiple transmission systems.

Respectfully submitted,

Rae McQuade

Rae McQuade
President, North American Energy Standard Board



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TO: NAESB WEQ Executive Committee
FROM: NAESB WEQ Task Force - Scope Coordination of Transmission Service Across Multiple Transmission Systems
RE: Guidance for NAESB OASIS Subcommittee
DATE: June 25, 2010

During the February 2, 2010, meeting of the WEQ Executive Committee, a task force was established to give guidance to the WEQ EC regarding the scope of work to be performed by the WEQ OASIS Subcommittee for Annual Plan Item 2(a)(iii) on standards to support service across multiple transmission systems (SAMTS)

The following members were appointed to the Scoping Task Force:

Chair: Alan Pritchard (Duke Energy)

Vice-Chair: Narinder Saini (Entergy)

Other Members:

Heather Burnette (Tennessee Valley Authority)

Marcie Otondo (Arizona Public Service)

James Eckelkamp (Progress Energy)

Barbara Rehman (Bonneville Power Administration)

Barry Green (EPSA)

Paul Sorenson (OATI)

Shah Hossain (Westar Energy)

Roy True (ACES Power Marketing)

Rob Lamoureux (Midwest ISO)

JT Wood (Southern Company)

James Manning (NCEMC)

The Scoping Task Force met via teleconference in 2010 on March 22, March 31, April 26, May 19, June 1, June 14, June 15 and June 18. Meetings are documented on the WEQ EC website.

The Scoping Task Force reviewed excerpts of comments on this subject filed with FERC under docket RM05-25 and also Commission Determinations in the subsequent FERC Orders 890 and 890-A. The Task Force also reviewed excerpts of comments on this subject filed with FERC under docket RM05-5-013 and also Commission Determination in the subsequent FERC Order 676-E.

A recommendation has been developed which provides guidance to the WEQ OASIS subcommittee. The Task Force believes that the recommendation addresses the key issues raised in the FERC proceedings while providing transparency to the market and flexibility to Transmission Customers.

The Scoping Task Force considered, at a high level, several methodologies by which the coordination could be accomplished. The consensus of the group was to opt for the simplest in order to expedite implementation. Doing so, however, necessitated a number of compromises; the attached scope document explains in greater detail the



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proposed methodology. In brief, it involves each affected Transmission Provider evaluating its portion of the linked request independently, with the opportunity for a true-up by the Transmission Customer once all evaluations are completed.

The Scoping Task Force recommends adoption of the attached scope document and submission of the recommendation to the OASIS subcommittee as guidance for development of related business practices.



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Scope Recommendation

Coordination of Transmission Service Across Multiple Transmission Systems

Basic Process:

The basic process recommended for coordination of requests for Transmission Service across multiple Transmission systems relies on the Transmission Customer, after submitting and monitoring requests on multiple systems, to communicate true-up information to each of the multiple Transmission Providers. The steps of the basic process are as follows:

Step 1: Submission of Requests for Transmission Service

A Transmission Customer will be permitted to submit a set of requests on multiple transmission systems and group them together. The Transmission Customer will have the understanding that one or more of the requests may not be accommodated in full as requested. In such an event, the Transmission Customer will not be required to reserve the full requested capacity on the remaining Transmission Service request(s). If one or more Transmission Provider(s) cannot accommodate the requested capacity, the Transmission Customer may adjust capacity on any other Transmission Service request of the linked group. For discussion purposes, the group of Transmission Service requests is referred to as the “linked group” and the process of adjusting capacity of Transmission Service requests in the “linked group” is referred to as “true-up.”

Step 2: Initial Processing of Transmission Service Requests (Pre-true-up)

Each Transmission Provider that receives a request that is part of a linked group shall process that request in the order queued on the Transmission Provider’s system as it would for any other request for Transmission Service.

For each request that is part of a linked group, the Transmission Provider and Transmission Customer shall meet the timing requirements outlined in Table 4-2. Upon completion of this phase of the process, each request will proceed to a final state (referred to as the “pre-true-up final state”).

Once the pre-true-up final state is completed on a Transmission Provider’s system, the Transmission Provider may continue processing the queue⁷.

Step 3: Final Processing of Transmission Service Reservations (True-up)

When all of the requests of the linked group are in a pre-true-up final state, the Transmission Customer shall review the pre-true-up final state of each of the requests and determine the final requested capacity of each request, as follows:

⁷ One advantage of this methodology is that it allows Transmission Providers to complete their evaluation of their portion of the linked group, have it confirmed by the Transmission Customer subject to true-up, and then move on with other requests in their queue. However, this simplification introduces into the queue processing the possibility that some requests may get denied due to transmission capability being held during joint processing of a linked group, and, if the capability is later released during the true-up, it would get allocated to a Transmission Customer with a later request.

Attached to this report is a paper prepared by Barry Green on behalf of EPSA which proposes and explains a new state of Provisionally Denied. The proposal would add some complexity to the queue processing procedures but preserves the first come/first served principal. It was beyond the scope of the Scoping Task Force to evaluate the pros and cons of this approach but the Task Force recommends that the OASIS Subcommittee evaluate the merits of incorporating a new state of Provisionally Denied. The draft standards developed by the OASIS Subcommittee will incorporate the results of this evaluation.



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1. If, in Step 2, one or more Transmission Provider(s) was not able to accommodate the full amount of the requested capacity, the Transmission Customer is permitted, but not required, to lower the amount of reservation capacity on any and all of the reservations in the linked group.
2. If, in Step 2, all of the Transmission Providers were able to accommodate the full amount of the requested capacity, the Transmission Customer is not permitted to lower the amount of the reservation capacity on any of the reservations in the linked group.

Upon deciding the final capacity for each of the reservations in the linked group, the Transmission Customer is required to inform each Transmission Provider of the amount of true-up capacity for the reservation(s) on that Transmission Provider's system. In response to the Transmission Customer's communication, the Transmission Provider shall finalize the amount of capacity for such reservation(s).

This completes the coordination process and the linked group is no longer linked for any further processing.

Additional Guidance:

1. Requests
 - a. Unless otherwise prohibited, Transmission Provider(s) will be required to allow any combination of the following Transmission Services in a linked group:
 - i. Yearly Firm PTP⁸
 - ii. Monthly Firm PTP
 - iii. Monthly Non-Firm PTP
 - iv. Firm Network Service
 - v. Monthly Non-Designated (Secondary) Network Service
 - b. Pre-confirmation is required for short-term PTP requests
 - i. These pre-confirmed requests shall be treated as any other pre-confirmed Transmission Service request with respect to queue position and preemption (Table 4-3)
 - ii. Final true-up will permit changes in capacity on pre-confirmed reservations
 - c. The Transmission Customer must provide the following for each request:
 - i. A unique identifier that is assigned to the linked group (similar to the way a unique identifier is established for each e-tag)
 - ii. The following information about each of the other requests for transmission service that are part of the linked group:
 1. Transmission Provider
 2. OASIS number of the request for Transmission Service

Since the request process will involve submitting sequential requests on multiple Transmission Providers and not all of this information will be known until the last request has been submitted, the OASIS subcommittee should address the following issues:

- a. Make provisions after initial submission of a request for Transmission Service for adding or updating information about the other requests that are part of the linked group
- b. Establish a submission deadline for adding or updating such information

⁸ If a Conditional Curtailment Option is offered, there may need to be additional true-up adjustments.



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- d. Queue submission should be subject to the same requirements as if the request were not part of a linked group (timing tables do not need to be changed)
 - e. The Transmission Customer must be permitted to include any number of requests in a linked group.
 - i. Permit single or multiple requests on one Transmission system to be linked with single or multiple requests on other Transmission systems
 - ii. Permit one or more requests to be a concomitant request
 - iii. Permit requests of different product types
 - iv. Permit request with different durations (start/stop times)
 - v. Permit requests which are not on adjoining transmission systems
 - f. There should be no requirement for any Transmission Provider to establish or offer new transmission products (e.g., should not require a Transmission Provider to establish a heretofore optional product such as an “EXTENDED” product)
2. Processing of requests prior to True-Up
- a. Each Transmission Provider will evaluate and respond to the request on its OASIS as if it were not part of a linked group
 - b. Response timing by both the Transmission Provider and the Transmission Customer shall be the same as if the request were not part of a linked group and shall comply with Table 4-2
 - c. The process should permit coordinated studies, in accordance with the pro-forma OATT, but it should not require performance of coordinated studies and it should not define the study process itself.
 - d. Study timing, creditworthiness/deposits, transmission upgrade agreements, etc. would be processed as if the request were not part of a linked group.
 - e. There should be no requirement for any Transmission Provider to monitor and/or take action in response to requests on other OASIS systems (e.g. the NAESB Business Practice Standards should not require a Transmission Provider to recognize that a request that is part of a linked group has been confirmed on another OASIS system.) In the event that the OASIS subcommittee determines that such requests cannot be coordinated without establishing such a requirement, the practice should establish a mechanism that facilitates communication between OASIS systems.
 - f. In addition to the routine validation done for each request, each Transmission Provider will be limited to performing validation that the product requested on the Transmission Provider’s system is an allowable “linked” product as identified in item 1.a. There should be no requirement for a Transmission Provider to validate consistency of product names and/or attributes across requests which are part of a linked group.
 - g. Transmission Providers may not deny a request for any of the following reasons:
 - i. A request should not be denied because it has a different time zone than another request in the linked group.
 - 1. With regard to time zone differences, the scope of work for this annual plan item shall be limited to addressing time zone differences in NITS on OASIS Business Practice Standards.
 - ii. A request should not be denied because it has a different requested MW capacity than another request in the linked group.
 - iii. A request should not be denied because it has a different product type than another request in the linked group.



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- iv. A request should not be denied because it has different start/stop time(s) than another request in the linked group
 - v. A request should not be denied because requests in the linked group are not contiguous. (Linked groups are not required to be comprised of requests on adjoining systems.)
 - h. Once a request has been confirmed the following actions are prohibited until after completion of the true-up:
 - i. No release of parent firm capacity on a firm redirect that is a part of the linked group
 - ii. No subsequent resale of a reservation that is part of the linked group
 - iii. No subsequent redirect of a reservation that is part of the linked group
 - iv. No release of DNR capacity of a concomitant request that is part of the linked group
 - v. No tagging of a reservation that is part of the linked group
 - vi. No processing of a renewal request of a reservation that is part of the linked group
 - i. Right of First Refusal (ROFR)(Table 4-3) prior to true-up
 - i. When a request which is part of a linked group triggers a ROFR offering to an existing reservation on a constrained interface, the process should accommodate the process timing to work through the ROFR process (extend response time).
 - ii. Confirmed requests prior to true-up will be considered as Confirmed with respect to ROFR eligibility as set forth in Table 4-3 (shall not be considered a Pending request). Should the Transmission Customer opt to submit a MATCHING request in response to an ROFR, the MATCHING request will not become part of the linked group.
 - iii. Request of type "MATCHING" shall not be a valid request type in a linked group.
3. True-Up
- a. Notification by Transmission Customer if all requests were confirmed with the requested capacity
 - i. The Transmission Customer must notify the Transmission Provider for each request in the linked group that the true-up has been completed and no adjustment to capacity is to be made by the Transmission Customer.
 - b. Notification by Transmission Customer if one or more of the requests was not confirmed with the requested capacity
 - i. The choice to true-up is a Transmission Customer's choice only. If one or more Transmission Provider(s) could not accommodate a requested capacity, the Transmission Customer may request to adjust capacity on any and all requests/reservations to values lower than the amount granted in the pre-true-up process, or may request nullification of all reservations in a linked group. The Transmission Customer may elect any combination of capacity values as long as the adjusted value of each reservation does not exceed the capacity granted by the respective Transmission Provider in the pre-true-up step. (For example, if three requests were linked for 125 MW each, and two of the Transmission Providers granted 125 MW but the third counteroffered at 107 MW, the Transmission Customer could rebid the 107 MW to 103 MW and adjust one of the other reservations to 100 MW and adjust the other to 103 MW. The Transmission Customer could also choose to withdraw the counteroffered request and adjust the other two requests/reservations to zero.)
 - 1. The Transmission Customer must communicate its true-up decisions to each Transmission Provider after all requests are in a pre-true-up final state. The



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OASIS subcommittee will determine the proper timing and communication requirements.

2. The true-up mechanism may be some form of a counter-offer/release type mechanism. True-up will apply only to capacity.
 - ii. The true-up process shall not require a Transmission Customer to ultimately reserve Transmission Service in excess of the lowest capacity granted by any Transmission Provider.
 - iii. The true-up process shall not require any Transmission Provider to accept a reservation which is not obtainable by other Transmission Customers (e.g., require a weekly request to have different MW values for different days of the week if all other Transmission Customers are required to profile a single MW value for each week).
 - c. Transmission Provider Response to a true-up notification
 - i. Upon notification from the Transmission Customer, the Transmission Provider will set the capacity granted to the value requested by the Transmission Customer and will move the status to a post-true-up final state.
 1. Upon completion of the true-up, some reservations may be annulled (full release of commitment to purchase transmission capacity) or recalled (partial release of commitment to purchase transmission capacity) and the agreement and corresponding deposit amount would be finalized/amended.
 2. Upon completion of the true-up, the Transmission Provider will release restrictions on processing of reservations that are part of the linked group
 - a. The Transmission Provider will release parent firm capacity on all firm redirects that are part of the linked group
 - b. The Transmission Provider will remove prohibition on resale of reservations that are part of the linked group
 - c. The Transmission Provider will remove prohibition of redirects of reservations that are part of the linked group.
 - d. The Transmission Provider will release DNR capacity of concomitant requests that are part of the linked group
 - e. The Transmission Provider will permit tagging of reservations that are part of the linked group
 - f. The Transmission Provider will initiate processing of queued renewal requests of reservations that are part of the linked group
 - ii. Response times will be based on the current response timing table (table 4-2) or as determined by the OASIS subcommittee.
 - d. Rollover Rights
 - i. True-up will not begin until the rollover rights status is known (if rollover rights are not granted, the other reservations in the linked group may be terminated or adjusted via the true-up process).
4. After True-up
- a. The coordination procedure will extend only for evaluation and processing of requests in a linked group. After initial coordination is completed (true-up), each of the resulting reservations shall be treated as any other reservation.



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- i. Renewal requests to exercise rollover rights may be combined in a subsequent linked group. Scope will otherwise not include changes to the granting or management of rollover rights.
 - b. Competition after True-Up
 - i. After true-up, if one of the reservations from the linked group is subject to competition (Table 4-3) on one OASIS system, the outcome of that competition should have no impact on the statuses of the remaining reservations of the linked group. That is, loss of one reservation of a post-true-up confirmed reservation does not invalidate the remaining reservations of the original linked group, nor does the extension of one reservation of a linked group via a MATCHING request give the Transmission Customer the right to extended duration and/or capacity on the remaining components of the linked group.
- 5. Miscellaneous
 - a. As with other NAESB Business Practice Standards, this process shall include provisions for auditing the process.
 - b. The Business Practice Standard shall permit regional alliances to establish a mechanism wherein a single request is processed for Transmission Service on multiple Transmission Providers, as is done by WestTTrans. Such a mechanism must allow coordination with requests in a linked group, as will be provided in the NAESB Business Practice Standards, that extend beyond the boundaries of the alliance.
 - c. NITS on OASIS
 - i. DNR requests should not be denied due to time zone differences between a network service request and the corresponding (required) request(s) on other Transmission Provider system(s).
 - 1. Coordination of requests across multiple time zones is not a new issue. However, when a Transmission Customer requesting a DNR must show firm transmission capacity on a system in a different time zone, a timing mismatch may occur. This new NAESB Business Practice Standard should not require offering of additional products in order to establish an identical hour-by-hour match of reservations on OASIS systems that serve different time zones.
 - 2. It should, however, establish a prohibition on denial of a DNR because of a time-zone induced hour-by-hour mismatch.
 - 3. The OASIS subcommittee may also wish to review and modify the definitions of “FIXED”, “SLIDING” and “EXTENDED” in order to permit Transmission Providers to offer narrowly defined products that accommodate time-zone specific products.
 - 4. Transmission Customers should not be forced to procure an additional one hour of Transmission Service on a non-firm basis to transfer a firm energy source for which it has long-term firm arrangements because not all Transmission Providers offer firm hourly product and not all Transmission Providers offer short-term firm in all future periods.
 - ii. The OASIS subcommittee should establish Transmission Provider and Transmission Customer response times for the network service product types which are allowed to be included in a linked group (see Additional Guidance item 1.a.).



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**Discussion Paper for
The Scoping Task Force on Coordination of Transmission Service Across Multiple Transmission Providers
Processing of Requests
By Barry Green**

Background:

During the conference call of May 19th the Task Force discussed the question raised in section 5 c (ii) of the work paper and reproduced below together with a comment that I had offered:

If the process permits current queue processing by each TP individually with a true-up mechanism at the end such as in 2a above, there will be instances where a TP denies a request that was queued subsequent to the linked request because the TP's component of the linked request was confirmed in full and then, at the true-up time, reduces the confirmed linked request's capacity and offers the amount reduced as additional ATC. In this instance the queue processing is not delayed but the customer who was denied capacity has lost his queue position (refused for insufficient ATC) and must submit a new request to compete for the newly posted ATC. TC – generally OK. Is there any other recourse?

More specifically, I offered an example to illustrate the situation.

Customer 1 has submitted a linked request for 100 MW across TP A and B. TP A has accepted the request and the customer has confirmed it and TP B is still evaluating the request. On TP A's system the request is now in the state that we had called during the conference call "Confirmed but not Trued Up". TP A must assume that 100 MW has been purchased although depending on the response from TP B the ultimate transmission service purchased by Customer 1 could be anywhere between 0 and 100 MW. Also in this example, if Customer 1 ultimately purchases the 100 MW, then TP A has 0 ATC on this interface. While awaiting the response from TP B, Customers 2 and 3 each submit requests for 25 MW, in that order. After TP A has denied the request from Customer 2 but before the request from Customer 3 is processed, TP B completes its assessment and Customer 1 purchases only 75 MW of service.

Therefore, depending on how the queue is processed, the additional 25 MW could be offered to either customer 2 or 3.

TP Suggested Approach:

Based on the TP suggestion contained in section 5 c (ii) above, customer 2 would have been denied service and when the 25 MW is freed up based on the true up of customer 1's request, it would be offered to customer 3.

Alternative Approach:

When TP A completes its assessment of customer 2's request, it is put in a state of "Provisionally Denied". If the assessment of customer 3's request is completed prior to the true up by customer 1 it too would be provisionally denied. When the true up is complete, TP A would return to the provisionally denied requests in its queue and deal with them in first come first served order, offering the service to customer 2 first.

Discussion:

During the May 19th conference call the TPs offered 2 reasons for preferring their approach. (This is not intended to preclude other reasons being offered as this discussion proceeds). One was the additional complexity that would result from my approach. The second was that the approach they suggested was analogous to the treatment of redirects. That is, if in the example above, customer 1 had fully confirmed its purchase of the 100 MW, customer 2 had requested 25 MW and been denied and then some customer had redirected 25 MW off of the interface, customer 3 would be granted the 25 MW and customer 2 would have no recourse.



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My response to these two arguments is as follows.

I agree that my approach adds complexity to queue processing. I also acknowledge that I am not qualified to judge the degree of the additional complexity. I would suggest to the Scoping Task Force however, that if this were the only argument against this approach, I believe the Task Force should direct the OASIS Subcommittee to consider both of these approaches during their development of the Business Practice and report back to the EC on how substantial the additional complexity is and whether or not it is warranted.

On the redirect argument, I do not believe the analogy is appropriate. In the case of the redirect, customer 2 is denied service based on all of the information available to TP A at the time that it completes its assessment. The fact that new information becomes available after customer 2 is denied but before customer 3's request was processed, represents good fortune for customer 3, but is not something that can be anticipated or planned for. In the case of the linked transactions however, it is known that the 100 MW request, although technically confirmed, is uncertain. While TP A has to assume that the 100 MW is sold to customer 1 for the purpose of granting additional transmission service, it should take reasonable measures to plan for the true up process resulting in a sale of less than 100 MW. These "reasonable measures" might also benefit TP A. If there were no customer 3 in this example, following the true up, under the TP approach, TP A would passively post an additional 25 MW of ATC on the interface. However, if there is a provisionally denied queue, the TP would immediately accept customer 2's request for the 25 MW freed up by customer 1.

I suggest as well, two additional thoughts for consideration of the advantages of my approach. The first is a potential gaming issue. When customer 1 receives its response from TP B with the counteroffer of 75 MW, it will have some period of time to assess this counteroffer and true up its request. Under the TP suggested approach, if customer 1 is aware of where TP A is in processing its queue, it could be in a position to determine whether customer 2 or 3 will be offered the incremental amount of service by rushing or delaying its confirmation. Under my approach the incremental amount of service would automatically be offered to customer 2.

The second is related to the FERC Order as reproduced below:

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**, (emphasis added) eliciting deposits and commencing service. (890-1377)

During the conference call, JT Wood and I discussed at some length the status of a linked request that has been approved by TP A but is awaiting responses from one or more other TPs. From JT's point of view this is an accepted request and the customer is expected to confirm it in the appropriate time frame. OASIS would treat it as such, although separately acknowledging that the true up provisions are still "in play". While not objecting to the customer obligation to confirm, I argued that this was not really a confirmed request in the normal sense of the word because of the possibility of true up. For the purpose of the conference call we agreed to the term "Confirmed but not Trued Up", however the difference between the 2 approaches discussed above suggests that the differing views of the Confirmed State is more than a semantic difference. As can be seen from the highlighted quote from Order 890 Paragraph 1377, the intent is that these linked transactions be treated as a single request. While I do not object to the use of the term "confirmed" prior to the true up process if that results in some simplification of the queue handling procedures, that alone should not lead to a suboptimal treatment of queuing priorities.

I therefore recommend that our Scoping Task Force direct the OASIS Subcommittee to consider a process, such as the definition of a Provisional Denied status so that a Customer denied service while the requisite ATC is held in a Confirmed but not Trued Up state for a customer with a linked request pending on another system, be allowed to retain its queue position until the final disposition of such a request.

Barry Green