



NORTH AMERICAN ENERGY STANDARDS BOARD

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March 9, 2011
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,

Cory Galik Cummings

Ms. Cory Galik Cummings

Staff Attorney, North American Energy Standards Board



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cc:

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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. Michael Bardee, General Counsel of the Commission, Federal Energy Regulatory Commission

Mr. Joseph McClelland, Director, Office of Electric Reliability, Federal Energy Regulatory Commission

Ms. Jamie L. Simler, Director, Office of Energy Policy and Innovation, Federal Energy Regulatory Commission

Mr. Michael Goldenberg, Senior Attorney, Office of General Counsel, Federal Energy Regulatory Commission

Mr. Mason Emmett, Director, Office of Energy Policy and Innovation, Federal Energy Regulatory Commission

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

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Mr. Andrew Rodriguez, Director of Standards Development, North American Electric Reliability Corporation



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**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

In our last report² to you, we expected to complete the subcommittee work on Network Integration Transmission Service (“NITS”) in August of 2010 and Service Across Multiple Transmission Systems (“SAMTS”) by yearend, with a filing for Version 2.2 in 1st quarter, 2011. To accomplish such, we expected to be able to develop standards for NITS and SAMTS concurrently; that expectation was unsuitable for development given the robust set of standards. The complexity of the application of NITS to the existing body of NAESB standards was unanticipated. As the subcommittee worked on the standards development, it became apparent

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 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), can be accessed from http://www.naesb.org/pdf4/ferc070810_samts_progress_report.pdf.



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that the work would be more complicated than originally thought. On inception the project was simple, to add NITS standards to the OASIS suite of standards, WEQ-001, WEQ-003 and WEQ-013. It became apparent that the work would be more complicated after evaluating and interpreting FERC Order Nos. 890- A, 890-B and 890-C and reviewing the sheer volume of data required by OATT part III. The complexity of the development lies in the addition of a new set of services to the OASIS standards and incorporating widely diverse information requirements in a NITS application. The addition includes the application procedures, designation of network resources, transmission service, transmission provider responsibilities, transmission customer responsibilities, resource and load designations and forecasts, conditions for interruption of loads, generation operating restrictions, maintenance schedules, dispatch costs, customer's transmission system asset information and more. The NITS volume of data can include several hundred up to thousands of pieces of data. Correctly identifying and organizing the information in standards was exacting and painstakingly detailed.

The inability to develop the two work products, NITS and SAMTS, concurrently stems from SAMTS requiring coordination across multiple transmission providers, some of which are network service requests, defined by NITS, which means the NITS standards have to exist. From the last FERC update on July 8, 2010 to January of this year, the OASIS subcommittee has primarily focused its attention on completing its work on NITS. Currently, NITS is in a phase of standards development where only technical work remains that impacts WEQ-002 – standards and communication protocols and WEQ-013 – implementation guide. This accomplishment has now permitted the subcommittee to focus the majority of its attention on SAMTS. The full OASIS subcommittee began focused development efforts for SAMTS on January 5, 2011.

Since our last report the OASIS subcommittee has met 22 times for a total of 263 hours, not including the efforts outside the meetings to prepare draft work products. Most recently, the



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subcommittee's last eight meetings (a total of 85 hours) have been devoted to SAMTS. For SAMTS, the OASIS subcommittee has developed the business practice standards along with a first draft of the template structures for organization of the data. Once this was completed, the subcommittee was able to begin the evaluation of the technical specifications. The subcommittee also determined not to pursue the new state of Provisionally Denied, but rather expanded the initial scope³ to include customer concerns about loss of queue position for requests that are queued after the linked requests. Including Provisionally Denied would have extended the project, and the concept would have required a more complex implementation. The key concerns expressed in the Provisionally Denied concept can be addressed through implementation of a practice that merely extends the customer response time for a linked request until all transmission providers have responded to all requests in the linked group. This change in practice will be easier to implement than the original practice recommended by the EC Scoping Task Force in August of 2010, while achieving FERC's guidance in FERC Order No. 890 that 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.

The subcommittee's work for SAMTS can be described in the three steps of the basic process recommended for coordination of requests for transmission service across multiple transmission systems; 1) submission of requests for transmission service; 2) initial processing of transmission service requests (pre-true-up); and 3) final processing of transmission service

³ Scope for Coordination for Transmission Service Across Multiple Transmission Systems with revisions approved by the WEQ EC on February 1, 2011 is attached and can also be accessed from http://naesb.org/pdf4/weq_ec020111w9.doc.



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requests (true-up). The three steps noted above were developed in the business practice standards in WEQ-001 in NAESB standards. The subcommittee continues to address the following remaining work items for SAMTS: WEQ-002 – standards and communication protocols, WEQ-003 – data dictionary, and WEQ-013 – implementation guide, all guided and based on the business practices developed in WEQ-001. The OASIS subcommittee expects to send the NITS and SAMTS recommendations out for an informal comment period in mid-April in order to vote the recommendations out of the subcommittee during the meeting scheduled for May 4 and 5 in Carmel, Indiana. Once the subcommittee has approved the recommendations they will go out for a 30-day formal comment period, after which the WEQ EC will review and vote on the recommendations. After the WEQ EC approves the recommendations, they will be sent out for a 30-day WEQ ratification period. It is expected that we will then file the completed standards with FERC in late 2nd quarter, while the standards are considered for ratification. A supplemental filing will be provided with the ratification results. To accomplish this planned work, the OASIS subcommittee has six meetings, an additional 42 hours, scheduled between now and the May 4 and 5 meeting.

We understand the need to complete the standards quickly so that they can be efficiently used in the market. However, the dependency of SAMTS on NITS was an unforeseen complication that caused the delay, as development required sequential rather than concurrent effort. It is our expectation that the fully completed WEQ Version 2.2 standards that we file with you later this year will present a robust and fully integrated work product; one that addresses functionality for SAMTS and NITS throughout the OASIS standards, and more than doubles the number of standards supporting electronic transmission scheduling.



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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,

Cory Galik Cummings

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Staff Attorney, North American Energy Standard Board



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Scope for 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 shall meet the timing requirements presently outlined in Table 4-2. Upon completion of this phase of the process, each request will proceed to either an accepted, counteroffered or refused state (referred to as the “pre-true-up state”).

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

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

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 requested capacity on any and all of the requests in the linked group through a rebid or a withdraw.
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 requested capacity on any of the requests in the linked group and shall confirm all requests.

Upon deciding the final capacity for each of the requests in the linked group, the Transmission Customer is required to respond (confirm, rebid, or withdraw) to each of the outstanding requests reflecting the desired amount of true-up capacity for each. Each Transmission Provider shall accept any rebid capacity for such request(s). At this point all requests are in a final state.

Once all requests are in a final state, the coordination process is complete and the linked group is no longer linked for any further processing.

Additional Guidance:

1. Requests



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- 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 PTPⁱ
 - ii. Monthly Firm PTP
 - iii. Monthly Non-Firm PTP
 - iv. Firm Network Service with a minimum duration of one month
 - 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 monthly PTP requests
- 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
- 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.



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- 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 with the following exceptions:
 - i. A new state shall be defined for use in acceptance of a linked request
 - ii. A new state shall be defined for use in counteroffering of a linked request
 - iii. The Transmission Customer’s response time requirement shall be extended and shall be defined as outlined in the true-up phase.
 - b. Response timing by the Transmission Provider shall be the same as if the request were not part of a linked group and shall comply with timing requirements.
 - 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



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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.
 - 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. Nothing shall prevent a customer from confirming an accepted or counteroffered request prior to knowing the final outcome of all requests in a linked group. Once confirmed and finalized, no adjustment in capacity shall be permitted.
 - i.
3. True-Up
- a. Notification by Transmission Customer if all requests were accepted with the requested capacity
 - i. The Transmission Customer must confirm all requests.
 - b. Notification by Transmission Customer if one or more of the requests was not accepted 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 to values lower than the amount granted in the pre-true-up process, or may request nullification of all requests in a linked group. The Transmission Customer may elect any combination of capacity values as long as the final capacity of each



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request 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 rebid one of the other reservations to 100 MW and rebid the other to 103 MW. The Transmission Customer could also choose to withdraw the counteroffered request and withdraw the other two requests.)

1. The Transmission Customer must communicate its true-up decisions to each Transmission Provider after all requests are in a pre-true-up state. The OASIS subcommittee will determine the proper timing and communication requirements.
 2. 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 request 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 confirmed (acceptance of the granted transmission capacity), withdrawn (full release of granted capacity back to the market) or rebid/accepted/confirmed (acceptance of a portion of the granted capacity) and at that time any required agreement and corresponding deposit amount would be finalized.
 - 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



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- 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 coordination is completed (final true-up), each of the resulting reservations shall be treated as any other reservation.
 - 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 WesTTrans. Such a mechanism must allow linked requests 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



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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.).

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