



## North American Energy Standards Board

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January 15, 2008

**TO:** NAESB WEQ BPS-ESS-ITS Subcommittees  
**FROM:** Rae McQuade  
**RE:** **Order No. 890-A Analysis**, Order on Rehearing and Clarification issued on December 28, 2007 for Order No. 890 (Docket Nos. RM05-17-001, 002 and RM05-25-001, 002; Order No. 890-A)

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via email

On December 28, the FERC released Order No. 890-A. It can be accessed through the hyperlink provided here: [http://www.naesb.org/doc\\_view2.asp?doc=ferc122807.pdf](http://www.naesb.org/doc_view2.asp?doc=ferc122807.pdf). The attached matrix identifies the cites and the language in the order on rehearing where NAESB is noted. The cites are identified by both page number and paragraph number. The topics and sub-topics are also noted as well as whether the cite was provided in descriptive or contextual text (C), in the narrative of the requests for rehearing (R), or in the Commission determination (D). This index of cites should provide a reference when reviewing the order to determine if modifications to the NAESB work plan are needed.

With Best Regards,

*Rae*



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P	Topics	C	R	D	Cite
<b>I. Introduction</b>					
2	I. Introduction	■			3. At the outset, we note that work is well underway to develop consistent practices governing the calculation of ATC, in coordination with the North American Reliability Corporation (NERC) and the North American Energy Standards Board (NAESB). Eliminating the broad discretion that transmission providers currently have in calculating ATC will increase nondiscriminatory access to the grid and ensure that customers are treated fairly in seeking alternative power supplies. We commend transmission providers for the substantial resources they have dedicated to this process and NERC and NAESB for their leadership in guiding the standardization effort.
<b>III. OATT Reform</b>					
22	Consistency and Transparency of ATC Calculations	■			39. In Order No. 890, the Commission concluded that the lack of consistency and transparency in the methodology for calculating ATC creates the potential for undue discrimination in the provision of open access transmission service. To remedy this lack of consistency and transparency, the Commission directed public utilities, working through the NERC reliability standards and NAESB business practices development processes, to produce workable solutions to implement the ATC-related reforms adopted by the Commission. A number of petitioners seek rehearing and/or clarification regarding the Commission’s ATC-related rulings, which we address below.
27	Consistency and Transparency of ATC Calculations – Degree of Consistency			■	50. We disagree with Southern that increasing consistency with respect to the determination of ATC is contrary to reliability. Use of the NERC reliability standards process will, as a matter of course, guard against any unintended reduction in reliability. Nevertheless, we agree that reliability standards cannot address every unique system difference or differences in risk assumptions when modeling expected flows, which necessitates leaving room for limited discretion on the part of the transmission provider. We believe that the ATC requirements in Order No. 890 allow sufficient flexibility so that utilities, working through NERC/NAESB, can develop ATC standards that continue to provide reliability and are compatible with all other mandatory reliability standards or business practices, yet provide discretion where appropriate. If a transmission provider is faced with unique system conditions or modeling assumptions related to firm transmission service reservations <sup>31</sup> that are not addressed in the ATC-related NERC reliability standards, it must make them transparent through its Attachment C filing and the OASIS posting requirements regarding ATC calculation and modeling approach, studies, models and assumptions and implement them consistently for all transmission customers.



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29	Consistency and Transparency of ATC Calculations - Degree of Consistency			■	53. We clarify in response to NorthWestern that TRM may be used to accommodate the procurement of ancillary services used to provide service under the pro forma OATT. We deny as premature EPSA's and Williams' requests for clarification regarding the realtime determination and posting of ATC and AFC values, as well as posting of utilization of transmission provider's own system ETC. In Order No. 890, the Commission required an exchange of the data both for short and long-term ATC/AFC calculation that will increase the accuracy of ATC calculations. <sup>33</sup> The Commission also required that ATC be recalculated by all transmission providers on a consistent time interval, and in a manner that closely reflects the actual topology of the system, load forecast, interchange schedules, transmission reservations, facility ratings, and other necessary data, and that NERC/NAESB revise the related reliability standard and business practices accordingly. <sup>34</sup> EPSA and William should address their concerns through the NERC and NAESB processes implementing these requirements.
30	Consistency and Transparency of ATC Calculations – Process to Achieve Consistency	■			54. The Commission directed public utilities, working through NERC and NAESB, to modify the ATC-related reliability standards and business practices in accordance with specific direction provided in Order No. 890. The Commission concluded that the NERC reliability standards development process and the NAESB business standards development process are the appropriate forums for developing consistency in ATC calculations. To that end, public utilities were directed, working through NERC, to modify the ATC-related reliability standards within 270 days after the publication of Order No. 890 in the Federal Register, i.e., December 10, 2007. Public utilities were also directed, working through NAESB, to develop business practices that complement NERC's new reliability standards within 360 days after the publication of Order No. 890 in the Federal Register, i.e., March 10, 2008. <sup>35</sup>
31	Consistency and Transparency of ATC Calculations - Process to Achieve Consistency			■	56. The Commission affirms the decision in Order No. 890 to rely on the NERC reliability standards development process, and the NAESB business practices development process, to achieve a more coherent and uniform determination of ATC. We disagree that this conflicts with the Commission's obligations under section 215 of the FPA. In Order No. 693, the Commission exercised its authority under FPA section 215 to direct the ERO to modify the existing modeling, data, and analysis (MOD) standards related to ATC calculation, providing guidance consistent with our requirements in Order No. 890. The Commission clarified that, where Order No. 693 identified a concern and offered a specific approach to address the concern, the Commission would consider an equivalent alternative approach provided that the ERO demonstrated that the alternative would address the Commission's underlying concern or goal as efficiently and effectively as the Commission's proposal. <sup>38</sup> We believe this provides the appropriate flexibility for NERC, while ensuring that the



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					Commission act to remedy the potential for undue discrimination in the calculation of ATC.
33	Consistency and Transparency of ATC Calculations – Applicability to ISOs, RTOs, and Non-Public Utility Transmission Providers	■			58. Because Order No. 890 did not exempt ISOs/RTOs from the new ATC standards or curtailment information posting requirements, NYISO asks the Commission to clarify that NERC and NAESB must develop ATC standards and curtailment information posting rules that accommodate ISOs/RTOs. NYISO anticipates that ATC calculations will continue to be of limited significance within its control area, but acknowledges that it does calculate ATC at its external interfaces and also uses ATC to determine the availability of non-firm transmission service, i.e., service for customers that do not wish to be exposed to congestion charges. NYISO states that it, therefore, has an interest and intends to participate in the NERC and NAESB processes developing new ATC standards and curtailment information posting requirements.
33	Consistency and Transparency of ATC Calculations – Applicability to ISOs, RTOs, and Non-Public Utility Transmission Providers	■			59. NYISO contends, however, that stakeholders from traditional systems will have a greater interest in the development of those rules and, as a result, that the NERC and NAESB processes may produce rules that primarily reflect the needs of traditional systems and do not accommodate ISOs/RTOs that are based upon locational marginal pricing of transmission. NYISO argues that Order No. 890 requires NERC and NAESB to develop standards that suit both traditional systems as well as the ISOs/RTOs that cover more than half of the load in the United States. NYISO requests that the Commission expressly state its expectation that the NERC and NAESB processes will produce standards that fulfill Order No. 890's objectives of transparency and interregional consistency, yet that are sufficiently flexible to work for ISO/RTO regions.
34	Consistency and Transparency of ATC Calculations – Applicability to ISOs, RTOs, and Non-Public Utility Transmission Providers		■		60. Order No. 890 requires NERC and NAESB to develop a single set of ATC-related standards that will apply to all transmission providers, including RTOs and ISOs. We understand that the NERC ATC standard drafting team includes representatives from various industry sectors, including RTOs/ISOs, and we encourage NYISO to participate in the standard development process to provide NERC an opportunity to address its concerns. To the extent NYISO feels its concerns are not address in this process, it should bring the issue to the Commission's attention on review of the resulting reliability standards.
34	Consistency and Transparency of ATC Calculations – ATC Components -- ETC	■			62. The Commission adopted the NOPR proposal and directed public utilities, working through NERC and NAESB, to develop a consistent approach for determining the amount of transfer capability a transmission provider may set aside for its native load and other committed uses. The Commission determined that ETC should be defined to include committed uses of the transmission system, including (1) native load commitments (including network service), (2) grandfathered transmission rights, (3)



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					appropriate point-to-point reservations, <sup>39</sup> (4) rollover rights associated with long-term firm service, and (5) other uses identified through the NERC process. The Commission determined that ETC should not be used to set aside transfer capability for any type of planning or contingency reserve, which are to be addressed through CBM and TRM. <sup>40</sup> In addition, for short-term ATC calculations, all reserved but unused transfer capability (non-scheduled) must be released as non-firm ATC.
34	Consistency and Transparency of ATC Calculations – ATC Components -- ETC	■			63. The Commission also found that inclusion of all requests for transmission service in ETC would likely overstate usage of the system and understate ATC. The Commission therefore found that reservations that have the same point of receipt (POR) (generator) but different point of delivery (POD) (load), for the same time frame, should not be modeled in the ETC calculation simultaneously if their combined reserved transmission capacity exceeds the generator’s nameplate capacity at the POR. The Commission directed public utilities, working through NERC, to develop requirements in MOD-001 that lay out clear instructions on how these reservations should be modeled. The Commission also concluded that some elements of ETC are candidates for business practices instead of reliability standards and directed public utilities, working through NAESB, to develop business practices necessary for full implementation of the MOD-001 reliability standard.
37	Consistency and Transparency of ATC Calculations – ATC Components -- CBM	■			68. The Commission directed public utilities, working through NERC and NAESB, to develop clear standards and business practices for how the CBM value is determined, allocated across transmission paths and flowgates, and used. To ensure that CBM is used for its intended purpose, the Commission provided that CBM shall only be used to allow an LSE to meet its generation reliability criteria. The Commission rejected requests to allow CBM to be used to meet reserve-sharing needs, explaining that TRM is the appropriate category for that purpose. Public utilities were directed to work with NAESB to develop an OASIS mechanism that will allow for auditing of CBM usage.
43	Consistency and Transparency of ATC Calculations – ATC Components – CBM			■	83. The Commission did not mandate a particular methodology for allocating CBM over transmission paths and flowgates in Order No. 890. We therefore reject Southern’s argument that development of a consistent methodology for calculating CBM would be harmful to LSEs because reserve needs vary from area to area. While we expect the NERC and NAESB process to produce a consistent and transparent process for setting aside and allocating CBM based on LSE requests, we decline to prescribe a specific method for how CBM should be obtained or allocated or otherwise determine the amount of capacity that the transmission provider has to set aside in response to requests from multiple LSEs.



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44	Consistency and Transparency of ATC Calculations – ATC Components – CBM			■	84. We disagree that a consistent CBM methodology that allows LSEs access to historically used resources would impair reliability, conflict with the rights of native load under FPA section 217, or otherwise implicate varying regional and state mandates governing adequacy issues. In any event, it is premature to consider these questions since NERC and NAESB have yet to complete their work on the reliability standards and business practices. We also disagree with Southern that a consistent CBM methodology will remove the economic benefit associated with CBM. Rather, a consistent methodology for determining how the CBM value is determined, allocated, and used will remove excess discretion that transmission providers previously had and allow all LSEs to have the benefits associated with CBM.
47	Consistency and Transparency of ATC Calculations – ATC Components – CBM			■	89. We decline to defer the filing of CBM-related rate design proposals until completion of the NERC/NAESB standardization process. To the extent a transmission provider's rates currently collect the costs associated with the CBM set-aside from point-to-point customers, those rates must be redesigned in accordance with Order No. 890. We acknowledge, however, that the ongoing NERC and NAESB standardization processes may result in CBM being set aside and used differently in the future. To the extent such changes implicate the allocation of costs among those that are eligible to request or use the set-aside, the transmission provider should file with the Commission any necessary rate changes to ensure that CBM costs continue to be allocated appropriately.
47	Consistency and Transparency of ATC Calculations – ATC Components – TRM	■			91. The Commission required public utilities, working through NERC, to complete the ongoing process of modifying TRM-related reliability standards (MOD-008 and MOD-009). To guide NERC and NAESB in the process of drafting TRM-related standards and business practices, the Commission explained that transmission providers may set aside TRM for (1) load forecast and load distribution error, (2) variations in facility loadings, (3) uncertainty in transmission system topology, (4) loop flow impact, (5) variations in generation dispatch, (6) automatic sharing of reserves, and (7) other uncertainties as identified through the NERC reliability standards development process. To the extent capability is needed for transmission of shared reserves, the Commission stated that it must be included in TRM, although the Commission did not mandate the use of reserve sharing groups.
49	Consistency and Transparency of ATC Calculations – ATC Components – TRM			■	94. The Commission clarifies that NERC was not directed to identify an actual number or a particular methodology to include in the TRM standards, MOD-008-0 and MOD-009-0. The Commission's intent was to require NERC and NAESB to include consistent criteria and guidelines in the calculation and uses of TRM by transmission providers. Likewise, in response to Southern's concern regarding flexibility to use something other than the ratings reduction method discussed in Order No. 890, we clarify that the ratings reduction method is only an example of a





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					simple method that could be used. Our intent is not to prohibit a transmission provider from using a more sophisticated method, so long as it is consistent with the reliability standards developed by NERC.
53	Consistency and Transparency of ATC Calculations – ATC Components – ATC Calculation Frequency	■			101. The Commission directed public utilities, working through NERC and NAESB, to revise reliability standard MOD-001 to require ATC to be recalculated by all transmission providers on a consistent time interval and in a manner that closely reflects the actual topology of the system, e.g., generation and transmission outages, load forecast, interchange schedules, transmission reservations, facility ratings, and other necessary data. The Commission stated that this process must also consider whether ATC should be calculated more frequently for constrained facilities.
53	Consistency and Transparency of ATC Calculations – ATC Components – ATC Calculation Frequency		■		102. Powerex asks the Commission to clarify that transmission providers are required to update their ATC calculations when they receive new data otherwise required to be posted under the requirements of Order No. 890, such as updated load forecasts. Powerex argues that the standards adopted through the NERC and NAESB processes should serve only as minimum or "no less frequent than" requirements. In Powerex's view, the specification of consistent intervals for ATC calculations should not prohibit or deter transmission providers from calculating and posting ATC on a more frequent basis as new data becomes available, particularly in light of the Commission's goal in Order No. 890 to make the ATC calculation process more transparent to customers.
54	Consistency and Transparency of ATC Calculations – ATC Components – ATC Calculation Frequency			■	104. The Commission agrees with Powerex that the standards adopted through the NERC and NAESB processes should serve as minimum or "no less frequent than" requirements to recalculate ATC. Transmission providers also must update their ATC calculation when they receive substantial and material changes in data, such as updated load forecasts, changes in topology and dispatch patterns, which may be more frequent than the NERC and NAESB standards would otherwise require. In the absence of substantial and material changes in data, transmission providers are not required to update ATC on a more frequent basis than the minimum frequency that the NERC and NAESB standards require, once implemented. The Commission will consider the adequacy of the time frame for ATC updates on review of these standards.
56	Consistency and Transparency of ATC Calculations – Transparency – OATT Transparency	■			108. The Commission concluded that Attachment C must provide an accurate documentation of processes and procedures related to the calculation of ATC, not the actual mathematical algorithms, which instead should be posted on their web site with the link noted in the Attachment C. The Commission noted that a transmission provider may require a confidentiality agreement for CEII materials, consistent with our CEII requirements, or may otherwise protect the confidentiality of proprietary customer information. The Commission also required transmission



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					providers to file a revised Attachment C to incorporate any changes in NERC’s revised reliability standards and NAESB’s business practices related to ATC calculations, as requested by the Commission in Order No. 890, within 60 days of completion of the NERC and NAESB processes.
57	Consistency and Transparency of ATC Calculations – Transparency – OATT Transparency		■		110. Southern requests clarification as to whether the Commission intends for transmission providers to make two filings of ATC methodologies (i.e., one when the Order No. 890 becomes effective and another when the NERC and NAESB processes are completed) or just one filing of such methodologies (i.e., a single filing when the NERC and NAESB processes are completed). Southern argues that only one filing should be required, to be made within 60 days after the NERC and NAESB processes are completed. Southern contends that requiring a premature filing before those processes are complete would waste transmission providers’ resources in preparing those filings and the Commission’s resources in reviewing them.
58	Consistency and Transparency of ATC Calculations – Transparency – OATT Transparency			■	112. In response to Southern, Order No. 890 specifically required transmission providers to submit an intermediate filing within 180 days after the publication of the order in the Federal Register in order to provide transparency of the transmission provider’s existing ATC calculation methodologies. In compliance with that requirement, a number of transmission providers, including Southern, submitted Attachment C compliance filings on September 11, 2007. The immediate transparency benefits of these filings will be supplemented by a revised filing following completion of the NERC and NAESB standardization processes. We do not believe the intermediate filing represented an undue burden to the transmission providers, as it was no more than a documentation of existing practices.
62	Consistency and Transparency of ATC Calculations – Transparency – Narrative Explanation		■		119. Southern also requests that the Commission clarify where the transmission provider should post these narrative explanations and in what form. Southern proposes that this information be posted on OASIS via a template and data element that is to be defined by a NAESB standard, incorporated into a revised Standards and Communications Protocol document, and subsequently adopted by the Commission.
64	Consistency and Transparency of ATC Calculations – Transparency – Narrative Explanation			■	124. We believe that E.ON U.S. overestimates the burden of complying with this requirement. Since TTC standardization is ongoing, it is impossible to identify with precision the steps that will need to be taken to comply with the posting requirement. The appropriate forum to raise concerns regarding the burden of particular TTC calculation requirements is in the NAESB standards development process. In any event, we would expect that the posting of narratives for changes in monthly and yearly ATC values as a result of a 10 percent change in TTC will be triggered mainly by topology changes resulting from transmission lines and generator in-service status, as well as new facilities additions, that are reported on OASIS.





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64	Consistency and Transparency of ATC Calculations – Transparency – Narrative Explanation			■	125. We clarify in response to Southern that transmission providers do not need to list each and every circumstance or occurrence that impacts TTC values from the previous month or year and, instead, may list the primary events that give rise to the update. Again, we expect that TTC changes will generally result from topology changes and, therefore, the primary reasons for an update would be changes in schedules of transmission or generation additions, prolonged outages, or changes in maintenance schedules causing a TTC change of 10 percent. We agree with Southern that the transmission provider should post these narrative explanations on OASIS via a template and data element that is to be defined by NAESB. We direct transmission providers, working through NAESB, to develop the OASIS functionality necessary for such postings. Pending completion of this work by NAESB, we direct transmission providers to post these narrative explanations as comments on OASIS.
74	Consistency and Transparency of ATC Calculations – Transparency – Request for Additional Transparency		■		145. EPSA asks the Commission to clarify that the standards developed during the NAESB process should require transmission providers to post essential details of ETCs that affect current customers' access to transmission capacity, including duration and volume, priority rights, redispatch and scheduling rights, and any other rights that affect others' use of the grid. As part of these postings, EPSA suggests that transmission providers be required to include information concerning transmission arrangements that are not provided under the OATT, e.g., pre-OATT transmission arrangements. EPSA argues that non-OATT transmission arrangements often include terms that are inconsistent with OATT terms and which can impact OATT customers' access to the grid. Unless transmission providers are required to post ETC-related information, EPSA contends that there will be no way for market participants to determine whether the transmission provider has appropriately modeled ETC set-asides.
212	Transmission Pricing – Capacity Reassignment – Contracting Issues	■			408. As noted above, the Commission required in Order No. 890 that all sales or assignments of capacity be conducted through or otherwise posted on the transmission provider's OASIS on or before the date the reassignment commences. The Commission thus eliminated the ability of transmission customers to assign transmission rights to another party with subsequent notification to the transmission provider. The Commission also directed transmission providers, working through NAESB, to develop appropriate OASIS functionality to allow such postings. Transmission providers were not required to implement this new OASIS functionality or any related business practices until NAESB develops appropriate standards.
217	Transmission Pricing – Capacity Reassignment – Contracting Issues		■		418. Washington IOUs distinguish between long-term and short-term reassignments, arguing that different rules should be adopted for each type of transaction. For long-term reassignments, Washington IOUs argue that transmission providers should only be required to take on a bilateral relationship with an assignee where all rates, terms and conditions of the assignment are the



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					same as the original rates, terms and conditions of the purchase of primary capacity. Otherwise, they contend the transmission provider may be unable to recover the rate owed to it in the event of a dispute between the reseller and assignee. For short-term reassignments, they argue the transmission provider should continue to bill the reseller for the assigned capacity scheduling rights, with the assignee paying the reseller directly. Washington IOUs contend that NAESB distinguishes between long-term and short-term reassignment transactions, which they argue is appropriate to ensure transmission providers are not unduly burdened by being forced to act as a middleman between resellers and assignees.
218	Transmission Pricing – Capacity Reassignment – Contracting Issues		■		419. TranServ contends that the NAESB standards distinguish between resales of scheduling rights and transfers of all obligations, including financial responsibilities. TranServ states that, under the NAESB standards, a resale does not alter the financial obligation for the capacity reassigned, which remains with the reseller. TranServ argues that the billing mechanism adopted in Order No. 890 inappropriately shifts this financial obligation to the assignee, unduly burdening the transmission provider with the responsibility to manage settlement of the reassignment.
218	Transmission Pricing – Capacity Reassignment – Contracting Issues		■		420. EEI asks the Commission to refer to NAESB the issue of whether any modifications to the OASIS protocols are required to implement the modifications to transmission reassignments required in Order No. 890. EEI requests that NAESB be directed to report to the Commission on whether modifications are required to implement transmission reassignments being posted before-the-fact rather than after-the-fact and if so, NAESB’s estimated timeline for development of such modifications.
224	Transmission Pricing – Capacity Reassignment – Contracting Issues			■	428. With regard to OASIS modifications necessary to allow for the reassignment of transmission capacity, the Commission in Order No. 890 already directed transmission providers working through NAESB to develop appropriate OASIS functionality to allow for reassignment-related postings. We understand that this work is on-going and expect any necessary modifications to NAESB’s business practices that are necessary to reflect our rulings in this order will be adopted prior to the submission of those standards for Commission review. In the interim, transmission providers should identify in their business practices any procedures necessary to accomplish the reassignment of capacity by their customers.
287	Non-rate Terms and Conditions, Modifications to LT Firm PTP Service – Planning Redispatch			■	543. However, we deny TAPS’ request to address here the granularity of system modeling necessary to implement planning redispatch service. The ATC and planning-related reforms adopted in Order No. 890 will help address TAPS’ granularity issue once these reforms are implemented. Transmission providers have been directed to address the effect on ATC of designating and undesignating network resources as part of the



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					ongoing NERC/NAESB standardization effort. To the extent TAPS has concerns regarding the modeling of ATC to respond to requests to designate network resources, those concerns should be addressed in the first instance through the NERC/NAESB process. We make no further changes to the planning and reliability redispatch services in the existing pro forma OATT as these services are already provided comparably to network customers.
300	Non-rate Terms and Conditions, Modifications to LT Firm PTP Service – Implementation of Planning Redispatch and Conditional Firm	■			567. The Commission provided that short-term firm service reserved prior to the reservation of conditional firm service will maintain priority over conditional firm service in the periods when conditional firm service is conditional, i.e., when specified system conditions exist or conditional curtailment hours apply. Transmission providers were directed to work with NAESB to develop the appropriate communications protocol to allow for automatic assignment of short-term firm point-to-point service to conditional firm customers to the extent short-term service becomes available. Transmission providers need not implement this requirement until NAESB develops appropriate communications protocols.
300	Non-rate Terms and Conditions, Modifications to LT Firm PTP Service – Implementation of Planning Redispatch and Conditional Firm	■			568. Transmission providers also were directed to work with customers to facilitate the use of third party generation, where available, in provision of planning redispatch. To facilitate provision of redispatch service by third parties, the Commission further directed transmission providers, working through NAESB, to modify their OASIS sites and develop any necessary business practices to allow for posting of third party offers to provide planning redispatch. Again, transmission providers were not required to implement the new OASIS functionality and any related business practices until NAESB develops appropriate standards.
304	Non-rate Terms and Conditions, Modifications to LT Firm PTP Service – Implementation of Planning Redispatch and Conditional Firm		■		578. Southern, EEI and Transerv state that there is no automated process in NERC’s Interchange Distribution Calculator (IDC) to convert a tag from firm priority to non-firm priority in order to accommodate conditional firm service. EEI states that currently the only way to modify the curtailment priority reflected on a tag is to cancel the existing tag and issue a new one. According to EEI, this affects the quality of service and ultimately causes the customer to incur imbalance charges. Southern, EEI and Transerv encourage implementation of uniform tagging business practices developed by NAESB to bring greater uniformity to markets. Transerv and EEI also request that the implementation deadline be extended to allow time for these modifications.
308	Non-rate Terms and Conditions, Modifications to LT Firm PTP Service – Implementation of Planning Redispatch and Conditional Firm			■	585. We also agree with MidAmerican that a transmission provider’s waiver of a reassessment for conditional firm or planning redispatch service does not constitute a waiver of all reassessments for the duration of the service, unless explicitly agreed to by the transmission provider. We reiterate, however, that only one reassessment may be performed in each two-year period of service. We also affirm that any waiver must be granted



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					for similarly situated service, which would include conditional firm or planning redispatch service that is limited because of the same constraints or general system limitations. Such a waiver would be an act of discretion that must be posted on OASIS. Waiver of the reassessment presents an opportunity for discrimination among classes of customers on the part of the transmission provider and posting will provide eligible customers with an indicator of how often conditions or redispatch requirements have been reassessed. Transmission providers are directed to develop uniform OASIS posting standards, in coordination with NAESB, for transmission providers to post information regarding waivers of the biennial reassessment for planning redispatch and conditional firm service.
313	Non-rate Terms and Conditions, Modifications to LT Firm PTP Service – Implementation of Planning Redispatch and Conditional Firm		■		592. We agree with petitioners that the NAESB rules regarding tagging do not allow a transmission provider to change the tag of a transmission customer. That is why, in Order No. 890, the Commission directed transmission providers to coordinate with other transmission providers in their regions to develop their own business practices to implement the tagging and tracking of conditional firm service. Upon consideration of petitioners’ concerns, we grant rehearing to require transmission providers, in coordination with NERC and NAESB, to develop within 180 days of publication of this order in the Federal Register a consistent set of tracking capabilities and business practices for tagging for implementation of conditional firm service. We agree with petitioners that a consistent set of practices followed by the industry will reduce transmission provider discretion and bring uniformity in implementing conditional firm service. In the interim, the existing business practices of each transmission provider for tracking and tagging conditional firm service shall remain in effect.
327	Non-rate Terms and Conditions, Modifications to LT Firm PTP Service – Transparent Redispatch	■			621. Transmission providers must post internal constraint or interface data for the month if any planning redispatch or reliability redispatch is provided during the month, regardless of whether the transmission customer is required to reimburse the transmission provider for those exact costs. Thus, if the transmission customer pays for planning redispatch pursuant to a negotiated fixed rate, the transmission provider is required to post and calculate the monthly average redispatch costs and the high and low costs in the month even though the transmission provider will bill the customer the fixed rate. The same posting requirement applies if the customer is paying a monthly “higher of” rate. The Commission concluded that the relevant reliability redispatch costs for posting purposes are those costs the transmission provider invoices network customers based on a load ratio share pursuant to section 33.3 of the pro forma OATT. The transmission provider must post this data on OASIS as soon as practical after the end of each month, but no later than when it sends invoices to transmission customers for redispatch-related services. The Commission directed transmission providers to



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					work in conjunction with NAESB to develop this new OASIS functionality and any necessary business practice standards.
371	Non-rate Terms and Conditions, Modification of Rec or Del Pts	■			697. Pursuant to Section 22 of the pro forma OATT, a transmission customer taking firm point-to-point service may modify its receipt and delivery points, i.e., redirect its service, on either a non-firm or firm basis. In Order No. 676, the Commission adopted the “Standards for Business Practices and Communication Protocols for Public Utilities” developed by the NAESB’s Wholesale Electric Quadrant (WEQ). The WEQ standards include standards addressing requirements for redirects on both a firm and non-firm basis, all of which were incorporated by reference into the Commission’s regulations except for WEQ Standard 001-9.7, which addressed the impact of redirects on the rollover rights of a long-term transmission customer. Order No. 676 directed the WEQ to reconsider WEQ Standard 001-9.7 and develop a revised standard consistent with Commission policy.
371	Non-rate Terms and Conditions, Modification of Rec or Del Pts	■			698. In Order No. 890, the Commission affirmed reliance on the NAESB process to develop business practices implementing the Commission’s redirect policy. The Commission also determined that the reforms adopted in Order No. 676, in combination with the OATT-related reforms adopted in this proceeding, were adequate to ensure that transmission providers do not engage in undue discrimination when a customer seeks to modify its receipt and delivery points on a firm basis. With respect to the effect of redirects on rollover rights, the Commission affirmed its policy allowing a redirect of firm, long-term service to retain rollover rights, even if the redirect is requested for a shorter period. The Commission concluded that a transmission customer should not have to choose between maintaining its rollover rights and redirecting on a firm basis. The Commission noted, however, that any change to a delivery point would be treated as a new request for service for purposes of determining availability of capacity. As a result, a redirect right does not grant the customer access to system capacity or queue position different from other customers submitting new requests for service. The Commission also provided guidance regarding the processing of, and pricing for, redirected service.
372	Non-rate Terms and Conditions, Modification of Rec or Del Pts		■		700. If the Commission decides to maintain rollover rights for redirects, MISO proposes the following limitations and requests the Commission to direct NAESB to draft its business practices accordingly. First, MISO suggests that the primary path agreement should have a term of at least five years for any rollover rights to attach. Second, MISO requests that any redirect must be for firm service for one year or longer. If the redirect is for a shorter period, MISO contends that the rollover rights should remain with the original path. Third, MISO requests redirected service to terminate on the same date as the parent service so as to maintain the timing for execution of rollover rights. Finally, MISO suggests that in order to execute a rollover right the redirected service must be requested and granted prior to the one-



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					year deadline for the customer to request rollovers along the original path.
373	Non-rate Terms and Conditions, Modification of Rec or Del Pts	■			702. TranServ also requests clarification regarding the requirement for the rollover right to follow the redirect, regardless of the duration of the redirect. TranServ questions whether a redirect of a long-term firm service reservation for one day qualifies that customer for rollover rights on the redirected service points. TranServ suggests that the Commission instead restrict rollover rights on redirected service points to redirects of five years or longer and further require that the redirect be co-terminus with the original request being redirected. TranServ argues that more guidance regarding implementation of the rollover and redirect policies will facilitate the NAESB standards development process.
379	Non-rate Terms and Conditions, Acquisition of Transmission Service	■			711. The Commission delegated to NAESB the responsibility for developing the Standard and Communications Protocols, business practices and OASIS modifications that will be necessary to implement the performance metrics.
404	Non-rate Terms and Conditions, Acquisition of Transmission Service	■			762. The Commission also required transmission providers working through NAESB to develop business practice standards to better coordinate transmission requests across multiple transmission systems. In order to provide guidance to NAESB, the Commission articulated the principles that should govern processing across multiple systems. The Commission further required transmission providers working through NAESB to develop business practice standards to allow a transmission customer to rebid a counteroffer of partial service so the transmission customer can take the same quantity of service for linked transmission service requests across multiple systems. The Commission explained that the transmission customer should not be required to take the same quantity of service across consecutive transmission service requests and, instead, it should simply have the option to do so.
405	Non-rate Terms and Conditions, Acquisition of Transmission Service	■			763. TDU Systems argue that the Commission erred by failing either to mandate coordination among transmission providers or to provide the oversight necessary to ensure that NAESB effectively addresses the standards and practices for coordination. TDU Systems contend that transmission customers have experienced denials of service because of differing response times to transmission service requests spanning multiple transmission systems and that a lack of coordination among transmission providers reduces accountability for potentially anti-competitive denials of service. To the extent the Commission relies on business practices by NAESB, TDU Systems contend that the Commission must provide clear deadlines for NAESB to complete the development process for these business practices. TDU Systems argue that failure to establish deadlines in this context, while establishing clear deadlines for the development of ATC-related standards, is arbitrary and capricious.





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406	Non-rate Terms and Conditions, Acquisition of Transmission Service			■	766. The Commission affirms the decision in Order No. 890 to rely on the NAESB process to develop business practices to govern the processing of transmission requests across multiple transmission systems. We decline to dictate at this time, beyond those principles outlined in Order No. 890, the particular practices that must be implemented. It is more appropriate to allow transmission providers working through NAESB, in the first instance, to consider how best to ensure coordination across multiple systems. It is also appropriate to give NAESB an open timeframe to develop these standards since they must be broad enough to account for the complexities of coordinating multi-system transmission service requests.
407	Non-rate Terms and Conditions, Acquisition of Transmission Service			■	767. The appropriate forum for TDU Systems and TAPS to raise substantive concerns regarding the coordination required for multi-system requests is therefore the NAESB process. If concerns remain at the conclusion of this process, transmission providers and customers alike can bring them to the Commission's attention on review of the NEASB business practices.
416	Non-rate Terms and Conditions, Acquisition of Transmission Service			■	785. Southern suggests that the Commission allow transmission providers working through NAESB sufficient time to develop procedures for processing competing pre-confirmed requests, including how a request whose evaluation is in progress should or should not be impacted by a new pre-confirmed request received prior to such evaluation being completed.
418	Non-rate Terms and Conditions, Acquisition of Transmission Service			■	788. We decline Southern's request to extend the effectiveness of the reforms regarding pre-confirmation priority pending development of related business practices by NAESB. We believe that Order No. 890 provides sufficient guidance for transmission providers to implement this priority in advance of any standardization efforts that may be undertaken through the NAESB process.
421	Non-rate Terms and Conditions, Acquisition of Transmission Service			■	796. Powerex, Southern, and Tenaska suggest that use of a simultaneous priority window will lead to implementation and operational problems, requiring transmission providers to allocate transmission capacity among multiple requesting customers, resulting in customers potentially receiving unusable blocks of capacity. Powerex contends that the Commission has relied on first-come, first-served priority in other contexts based on a similar concern that pro rata allocation of scarce capacity may result in blocks too small for the customer to use. If the Commission does not grant rehearing on this issue, Southern asks the Commission, at a minimum, to clarify that NAESB will be permitted to address and resolve in a uniform fashion the numerous operational issues associated with treating all requests received within a certain timeframe as having been received simultaneously.



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426	Non-rate Terms and Conditions, Acquisition of Transmission Service			■	805. The Commission recognizes that developing methods to allocate capacity among requests received during a submittal window may require detailed procedures, particularly when transmission requests received simultaneously exceed available capacity. As the Commission explained in Order No. 890, however, we believe that each transmission provider is in the best position to develop allocation procedures that are suitable for its system. This does not preclude transmission providers from working through NAESB to develop standardized practices, as suggested by Southern. For example, as we pointed out in Order No. 890, allocation methods such as that used by PJM to allocate monthly firm point-to-point transmission service could provide useful guidance in developing general allocation procedures.
429	Non-rate Terms and Conditions, Acquisition of Transmission Service			■	809. TranServ also questions implementation of the right of first refusal in the event transmission capacity is reassigned. Assuming that a customer with a confirmed reservation for one week resells capacity for one day, TranServ asks whether the reseller, the assignee, or both have responsibility to match a competing longer-term request received by the transmission provider. TranServ states that this issue was considered by NAESB during WEQ discussions and that, during those discussions, there was serious consideration given to not allowing the resale of short-term firm prior to its unconditional deadline
445	Non-rate Terms and Conditions, Designation of Network Resources			■	845. APS and EEI, and Financial Service Joint Requestors, joined by Southwestern Utilities in their post-technical conference comments, argue that transmission providers should have discretion to waive the requirement to provide originating control area information for proposed network resources when such information is not needed or is not meaningful for determining impacts on ATC. APS and EEI state that it uses an approved rated path methodology to determine ATC, under which the control area of an off-system purchase delivered to one of its liquid trading hub border interfaces (Palo Verde or Four Corners) has no effect on ATC calculations. APS and EEI state that this contrasts with a flow-based ATC methodology, where the specification of the originating control area can affect the ATC on a transmission provider's system and, therefore, be necessary to calculate ATC. APS and EEI argue that requiring the source control area for all purchased power network resources will significantly reduce the liquidity of physical power markets at Palo Verde and potentially elsewhere in the West. APS and EEI argue that concerns about discrimination could be addressed by directing transmission providers to post a nondiscriminatory policy on its OASIS or directing NAESB to include this issue in its business practices.
448	Non-rate Terms and Conditions, Designation of Network Resources			■	853. On rehearing, TDU Systems request clarification that a "delivery point" as contemplated by section 29.2(v) of the pro forma OATT includes any point on an interface where deliveries are made. TDU Systems argue that it is common in the industry to purchase a system product from off-system and deliver that



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					product to any interconnection point on the interface between the system where the customer’s native load is embedded and the system in which the generation is sourced. TDU Systems contend that this is how the term “delivery point” is used throughout the industry generally and, in particular, in the NAESB WEQ Glossary Subcommittee’s Preliminary Draft Glossary which states that “a delivery point can be a delivery node, an aggregation of delivery nodes, an interface or trading hub.” TDU Systems contend that NERC’s Glossary of Terms Used in Reliability Standards similarly contemplates that a delivery point may include an interface, defining “Point of Delivery” as “a location...where an Interchange Transaction leaves or a Load-Serving Entity receives its energy.” TDU Systems further argue that current RTO markets embrace the concept of interfaces as delivery points, referring to a statement in section 30.2 of the PJM OATT that “in the event that the Network Resource to be designated will use interface capacity” contemplates interfaces as delivery points.
468	Non-rate Terms and Conditions, Designation of Network Resources		■		890. To the extent there are concerns regarding the effect of designating on-system system sales on ATC, we note that transmission providers have been directed to address the effect on ATC of designating and undesignating network resources as part of the on- going NERC/NAESB standardization effort. Through that process, transmission providers will develop consistent methodologies for calculating the effect on ATC of designation resources, both on-system and off-system. Until the standardization process is complete, however, the Commission cannot know whether additional information is required in order to accurately model the designation of an on-system system sale. We will revisit the requirements of section 29.2(v) as necessary after the NERC/NAESB ATC standardization effort is complete. Until such time as those requirements change, transmission providers should continue their existing practices regarding the designation of on-system system sales as network resources. Further clarification as requested by Duke is not necessary.
482	I Non-rate Terms and Conditions, Designation of Network Resources		■		919. The Commission clarifies, in response to South Carolina E&G’s request, that the language in paragraph 1521 of Order No. 890 is only meant to be a paraphrase of the more detailed attestation to be provided in the pro forma OATT itself. A network customer designating network resources should submit an attestation using the language set forth in sections 29.2(viii) and 30.2 of the pro forma OATT, as amended in Order No. 890, not the language of the preamble. A network customer is not permitted to merely reference the applicable section of the pro forma OATT when completing the attestation requirement. If the OASIS customer comment section does not currently allow enough space for a network customer to provide its attestation, transmission providers should modify, in coordination with NAESB, OASIS functionality to accommodate the full attestation. In the interim, the transmission provider should identify alternate



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484	I Non-rate Terms and Conditions, Designation of Network Resources		■		<p>means, such as by telefax or e-mail, for the network customer to provide the attestation.</p> <p>923. We recognize that, in some circumstances, the external transmission provider may not have an OASIS or make relevant information on its OASIS available to other transmission providers and, therefore, the host transmission provider may be unable to at a specific point in time will not result in the network customer permanently forfeiting its rights to use that resource as a designated network resource. Any change in ATC that is determined by the transmission provider to have resulted from the temporary termination shall be posted on OASIS during this temporary period. A request that is not accompanied with a request to redesignate that resource at a specific point in time is to be considered an indefinite termination. After an indefinite termination of a resource, the network customer has no continuing rights to the use of such resource and future requests to designate that resource would be processed consistent with section 30.2 of the pro forma OATT as a designation of a new network resource.</p>
511	Non-rate Terms and Conditions, Transmission Curtailments	■			<p>973. The Commission did not propose in the NOPR, or adopt in Order No. 890, any changes to the terms and conditions under which a transmission provider may curtail service to maintain reliable operation of the grid, as set forth in sections 13.6 and 14.7 for point-to-point service and section 33 for network service. The Commission did, however, conclude that the posting of additional curtailment information is necessary to provide transparency and allow customers to determine whether they have been treated in the same manner as other transmission system users, including customers of the transmission provider. Accordingly, the Commission required transmission providers, working through NAESB, to develop a detailed template for the posting of additional information on OASIS regarding firm transmission curtailments, including all circumstances and events contributing to the need for a firm service curtailment, specific services and customers curtailed (including the transmission provider's own retail loads), and the duration of the curtailment.</p>

**Appendix C. - Pro Forma Open Access Transmission Tariff**

4 Open Access Same-Time Information System (OASIS)

Terms and conditions regarding Open Access Same-Time Information System and standards of conduct are set forth in 18 CFR § 37 of the Commission's regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities) and 18 C.F.R. § 38 of the Commission's regulations (Business Practice Standards and Communication Protocols for Public Utilities). In the event available transfer capability as posted on the OASIS is insufficient to accommodate a request for firm transmission service, additional studies may be required as provided by this Tariff pursuant to Sections 19 and 32.

The Transmission Provider shall post on OASIS and its public website an electronic link to all rules, standards and practices that (i) relate to the terms and conditions of transmission service, (ii) are not subject to a North American Energy Standards Board (NAESB) copyright restriction, and (iii) are not otherwise included in this Tariff. The Transmission Provider shall post on OASIS and on its public website an electronic link to the NAESB website where any rules, standards and practices that are protected by copyright may be obtained. The Transmission Provider shall also post on OASIS and its public website an electronic link to a statement of the process by which the Transmission Provider shall add, delete or otherwise modify the rules,



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	standards and practices that are not included in this tariff. Such process shall set forth the means by which the Transmission Provider shall provide reasonable advance notice to Transmission Customers and Eligible Customers of any such additions, deletions or modifications, the associated effective date, and any additional implementation procedures that the Transmission Provider deems appropriate.				

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