February 28, 2020

Federal Energy Regulatory Commission Action on WEQ Version 003.2 Standards

Dear Members of the Wholesale Electric Quadrant,

As you may know, on February 4, 2020, the Federal Energy Regulatory Commission (Commission) issued FERC Order No. 676-I, *Standards for Business Practices and Communication Protocols for Public Utilities*, in Docket Nos. RM05-5-025, RM05-5-026, and RM05-5-027 (Order).[[1]](#footnote-1) The Order was published in the Federal Register on February 25, 2020. In the Order, effective on April 27, 2020, the Commission revises its regulations to incorporate by reference the NAESB WEQ Version 003.2 Business Practice Standards (Standards) as proposed in the related May 16, 2019 Notice of Proposed Rulemaking (NOPR)[[2]](#footnote-2) with certain exceptions. The Standards build upon NAESB WEQ Version 003.1, and include, in their entirety, the modifications in this version, with the addition of certain revisions and corrections. The Standards contained within the Order mark a development period from September 2011 through December 2017 and support FERC Order Nos. 890, 890-A, 890-B, 888, 768, 764,676-E, and 676-H. This body of Standards is the result of a significant effort by the industry, and NAESB would like to thank the numerous industry volunteers who contributed to the development of these Standards.

Although the Order adopts a large majority of the Standards, certain enumerated exceptions were made. Specifically, the preamble text included as part of WEQ-001-9 and WEQ-001-10, the reservation of the WEQ-006 Manual Time Error Correction Business Practice Standards and three defined terms associated with the reservation, and certain portions of WEQ-023 Modeling Business Practice Standards.

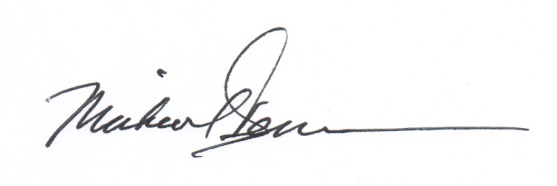
* NAESB standards WEQ-001-9 and WEQ-001-10 address redirects on a firm and non-firm basis, respectively. In declining to incorporate by reference the preamble to WEQ-001-9, the Commission stated the text appears to exempt redirects from conditional firm parents from the remainder of the redirect standards and permits transmission providers to implement their own procedures for redirect requests from conditional firm parents. The Commission declined to incorporate by reference the preamble included at the beginning of WEQ-001-10 for these same reasons.
* In NAESB WEQ Version 003.2 Business Practice Standards, NAESB reserved the entirety of the standards language in WEQ-006 Manual Time Error Correction Business Practice Standards as part of coordination efforts with the North American Electric Reliability Corporation. The Commission declined to adopt the reservation and remove the incorporation by reference to the standards, stating that sufficient justification for retiring Time Error Correction as a business standard had not been provided. In doing so, the Commission also declined to adopt the elimination of some related defined terms in Standard WEQ-000. As part of the final rule, the Commission incorporated by reference WEQ-006 Version 003.1 Standard for Time Error Correction and the definitions from NAESB WEQ Version 003.1 for Interconnection Time Monitor, Time Error, and Time Error Correction. The Commission advised public utilities work through the NAESB business practices development processes to revisit the rationale for reserving the standards and determine whether the standards language should be retained or revised.
* Regarding WEQ-023 Modeling Business Practice Standards, the Commission specifically incorporated by reference WEQ-023-5, WEQ-023-5.1, WEQ-023-5.1.1, WEQ-023-5.1.2, WEQ-023-5.1.2.1, WEQ-023-5.1.2.2, WEQ-023-5.1.2.3, WEQ-023-5.1.3, WEQ-023-5.2, WEQ-023-6, WEQ-023-6.1, WEQ-023-6.1.1, WEQ-023-6.1.2, and WEQ-023-A. In the Order, the Commission stated that these thirteen standards and appendix had been reserved from theWEQ-001 Open Access Same-Time Information Systems (OASIS) Business Practice Standards and moved to the WEQ-023 Modeling Business Practice Standards as part of NAESB WEQ Version 003.1. The Commission approved moving these thirteen standards and appendix to the WEQ-023 Modeling Business Practice Standards and reserving the thirteen standards and appendix in the WEQ-001 OASIS Business Practice Standards. In the Order, the Commission did not incorporate by reference the remaining WEQ-023 Modeling Business Practice Standards and confirmed its intention to consider these standards as part of the overall inquiry into ATC calculations in Docket No. AD15-5-000.

In addition to these standards, the Commission declined to adopt WEQ-009 Standards of Conduct for Electric Transmission Providers, WEQ-010 Contracts Related Business Practice Standards, and WEQ-014 WEQ/WGQ eTariff Related Business Practice Standards. This is consistent with past actions by the Commission as NAESB previously reserved and redacted WEQ-009, WEQ-010 contains model contracts optional for industry use, and WEQ-014 serves as the basis for the Commission’s own standards and protocols electronic tariff filings. Finally, similar to FERC Order 676-H, the Commission declined to adopt NAESB’s Smart Grid Standards (WEQ-016, WEQ-017, WEQ-018, WEQ-019, and WEQ-020) as mandatory and enforceable but instead listed the standards in regulations as part of non-mandatory guidance.

The Order requires public utilities and those entities with reciprocity tariffs to make a compliance filing via eTariff by May 26, 2020. The Commission will set an effective date for the proposed tariff changes in order(s) on the compliance filings, but no earlier than July 27, 2020. Public utilities seeking a waiver must file the request simultaneously with their compliance filing or in a separate FPA section 205 filing.

NAESB has already begun to take action to ensure that the WEQ Executive Committee and its subcommittees are responsive to the Commission’s direction in FERC Order 676-I regarding the NAESB WEQ Business Practice Standards.

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

With Best Regards,

Michael Desselle, NAESB Chairman and Chief Executive Officer, North American Energy Standards Board

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

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

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

1. FERC Order No. 676-I, *Standards for Business Practices and Communication Protocols for Public Utilities*, was issued on February 4, 2020 in Docket Nos. RM05-5-025, RM05-5-026, and RM05-027. The order can be accessed at the following link: <https://naesb.org/pdf4/ferc020420_final_rule_weq_v003.2_RM05-5_Order_No676-I.pdf>. [↑](#footnote-ref-1)
2. *Standards for Business Practices and Communication Protocols for Public Utilities*, Notice of Proposed Rulemaking, 84 FR 24050 (May 16, 2019), FERC Stats. & Regs. ¶ 61,127 (2019) (WEQ Version 003.2 NOPR). [↑](#footnote-ref-2)