

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

18 CFR parts 35, 37 and 38

(Docket No. RM05-5-000; Order No. 676)

Standards for Business Practices and
Communication Protocols for Public Utilities

(Issued April 25, 2006)

AGENCY: Federal Energy Regulatory Commission

ACTION: Final Rule

SUMMARY: The Federal Energy Regulatory Commission is amending its regulations under the Federal Power Act to incorporate by reference the following standards promulgated by the Wholesale Electric Quadrant of the North American Energy Standards Board: Business Practices for Open Access Same-Time Information Systems (OASIS); Business Practices for OASIS Standards and Communication Protocols; OASIS Data Dictionary; Coordinate Interchange; Area Control Error (ACE) Equation Special Cases; Manual Time Error Correction; and Inadvertent Interchange Payback. Incorporating these standards by reference into the Commission's regulations will standardize utility business practices and transactional processes and OASIS procedures.

DATES: This Final Rule will become effective [insert date that is 30 days after publication in the **FEDERAL REGISTER**.] The incorporation by reference of certain standards listed in this Final Rule is approved by the Director of the Federal Register as of [insert date that is 30 days after publication in the **FEDERAL REGISTER**.] Public

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utilities must implement the standards adopted in this Final Rule by July 1, 2006, and must file revisions to their open access transmission tariffs (OATTs) to include these standards in accordance with the following schedule. On or after June 1, 2006, a public utility proposing OATT revisions unrelated to this rule is required to include the standards adopted in this Final Rule as part of that filing. (Prior to June 1, 2006, a public utility making OATT revisions unrelated to this rule has the option of including the standards adopted in this Final Rule as part of that filing.) As the standards adopted in this Final Rule must be implemented by July 1, 2006, the OATT revisions filed to comply with this rule are to include an effective date of July 1, 2006. Any requests for waiver of any of these standards must be filed on or before June 1, 2006.

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confirmation by the transmission provider are necessary to grant the right for redirected service, but Standard 001-9.7 does not make that clear.³⁸

50. The Midwest ISO believes that there is no immediate need to change the Commission's policy on redirect service and rollover rights and that the WEQ should be given a further opportunity to discuss with the industry any departure from the Commission's policy on rollover rights.³⁹

Commission Conclusion

51. Standard 001-9.7 does not specify clearly the parties' responsibilities with respect to the ability of a customer requesting a firm redirect to obtain rollover rights on the redirect path.⁴⁰ Under section 22.2 of the pro forma OATT, a request for a firm redirect is like a request for new transmission service. The transmission provider, therefore, is required to offer rollover rights to a customer requesting a firm redirect if rollover rights are available on the redirect path. However, the transmission provider may not operationally be able to offer rollover rights on the requested redirect path due to reasonably forecasted native load needs for the transmission capacity.

³⁸ Exelon at 2-3.

³⁹ Midwest ISO at 3-4.

⁴⁰ Standard 001-9.7 appears consistent with section 22.2 of the existing pro forma OATT insofar as it provides that a customer requesting a firm redirect does not relinquish its rollover rights over its primary path simply by making the request.

52. Standard 001-9.7 provides that “unless otherwise mutually agreed to by the primary provider and original customer, a request for a Redirect on a Firm basis ... [does not] confer any renewal rights on the redirect path.” (Emphasis added). This phrase could be interpreted to mean that the parties to an agreement may mutually agree to eliminate rollover rights and that a transmission provider may agree, but is not obligated, to offer rollover rights on the redirect path even when such rights are available. These provisions are inconsistent with the pro forma OATT and the Commission’s policies. In addition, the last phrase of the standard also conflicts with the last sentence of section 22.2 of the pro forma OATT, which is limited to the period while the new request for service is pending. Therefore, we will not adopt Standard 001-9.7 at this time, but will allow the WEQ to reconsider the standard and to adopt a revised standard consistent with the Commission’s policies.

53. The comments on this issue show that there is confusion in the industry regarding the provisions of sections 22.1 and 22.2 of the pro forma OATT. To assist the WEQ in developing a standard that is consistent with the Commission’s policy, we offer the following guidance.

54. Section 22 of the pro forma OATT addresses changes in service specifications. Section 22.1 pertains to modifications on a non-firm basis and section 22.2 covers modifications on a firm basis. Under section 22.1, a firm point-to-point transmission customer may request non-firm transmission service at secondary receipt and delivery points (points other than those specified in the service agreement). Section 22.1(c)

provides that the transmission customer shall retain its right to schedule firm point-to-point transmission service at the receipt and delivery points specified in its relevant service agreement in the amount of its original capacity reservation.

55. Under section 22.2, any request by a transmission customer to modify receipt and delivery points on a firm basis is treated as a new request for service. This section also provides that, “[w]hile such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement” (emphasis added). Once the new request is accepted and confirmed, the transmission customer loses all rights to the original receipt and delivery points, including rollover rights associated with the original path.

56. Bonneville asserts that the Commission has stated that the redirect requestor retains section 2.2 reservation priority rights on its original path.⁴¹ Under section 22.1(c), which pertains to redirects on a non-firm basis, the transmission customer retains its right to schedule firm point-to-point service on its original path. This means that the transmission customer retains its original rights on its original path including its rollover

⁴¹ As explained in the notice of inquiry in Docket No. RM05-25-000, 70 FR 55796, FERC Stats. & Regs. ¶ 35,553 at P 18 (2005), section 2.2 of the pro forma OATT (Reservation Priority for Existing Firm Service Customers) provides that “existing firm service customers (wholesale requirements and transmission-only, with a contract term of one-year or more) have the right to continue to take transmission service from the public utility transmission provider when the contract expires, rolls over or is renewed. It specifically provides that this transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the public utility transmission provider or elects to purchase capacity and energy from another supplier.”

rights on its original path and the requestor does not obtain new rollover rights on the redirected path. However, there is no similar provision in section 22.2 for redirects on a firm basis.⁴²

57. Southern Companies argues that a request by a transmission customer to redirect service on a firm basis cannot change that customer's rollover rights on the original path and does not confer rollover rights on the redirected path. We disagree. Section 22.2 provides that, while a transmission customer's request for new service on a firm basis is pending, the transmission customer retains its priority for service on its existing path, including rollover rights on its existing path. However, once a transmission customer's request for firm transmission service at new receipt and delivery points is accepted and confirmed, the new reservation governs the rights at the new receipt and delivery points and the transmission customer can obtain rollover rights with respect to the redirected capacity. In addition, at the time the transmission customer's request for the redirected capacity is accepted and confirmed, the transmission customer loses all rights to the original receipt and delivery points, including rollover rights associated with the original path.

58. As part of its process of review, NAESB identified several questions that were raised regarding rollover rights under the pro forma OATT during members'

⁴² Bonneville at 2.

deliberations on Standard 001-9.7. These questions generally raised issues with respect to whether customers retain rollover rights on both the original and the redirected path.

59. A long-term firm transmission customer may request multiple, successive redirects and, as provided in section 22.2 of the pro forma OATT, each such successive request is treated as a new request for service in accordance with section 17 of the pro forma OATT. As a new request for service, each request is subject to the availability of capacity and subject to the possibility that the transmission provider may not be able to provide rollover rights on the new, redirected path. For example, assume a transmission customer with a one-year agreement for service between points A and B. If the transmission customer seeks to redirect on a firm basis in month 4 to points C to D and then redirect back to points A to B thereafter, at the end of the one year agreement the transmission customer would have rollover rights only with respect to points A to B.⁴³ With the same assumptions, if the transmission customer begins with points A to B, but redirects in month 4 to points C to D for the remainder of the one-year agreement, the transmission customer would have rollover rights only with respect to points C to D. If the transmission provider is unable to provide rollover rights on any redirected path, whether to points C to D or, thereafter, to points A to B, it would have to demonstrate at

⁴³ The Commission assumes that a transmission customer would make the two requests to redirect to points C to D and then back to points A to B at the same time. Otherwise, the transmission customer would put itself at risk of not being able to redirect back to points A to B because of an intervening request for transmission service.

the time of the redirect request that it has native load growth or contracts that commence in the future that prevent it from providing rollover rights.⁴⁴

60. If a transmission provider claims, either at the time of the original transmission request or at the time of a redirect request, that it is unable to provide rollover rights because it has native load growth or a contract that commences in the future, it must still offer transmission service for the time preceding the native load growth or commencement of the future contract. As explained above, however, it may limit rollover rights based on native load growth or contracts that commence in the future.

61. Further, if a transmission customer with a long-term firm transmission agreement requests to redirect on a firm basis for one month and then redirect on a firm basis back to its original receipt and delivery points for the remainder of the term of the agreement, such requests do not convert its existing long-term firm transmission service agreement into separate short-term transmission service agreements.⁴⁵ Under this scenario, the transmission customer has rollover rights for the original receipt and delivery points, because those are the points to which it has rights at the end of the agreement.

⁴⁴ See, e.g., Tenaska Power Services Co. v. Southwest Power Pool, Inc., 99 FERC 61,344 (2002), reh'g denied, 102 FERC ¶ 61,140 at P 33, 38 (2003); Nevada Power Company, 97 FERC ¶ 61,324, at 62,492 (2001).

⁴⁵ See, e.g., Commonwealth Edison Co., 95 FERC ¶ 61,027 (2001).