

137 FERC ¶ 61,023
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

October 7, 2011

In Reply Refer To:
Arizona Public Service Company
Docket No. ER11-4280-000

Arizona Public Service Company
Attn: Raymond Myford, Regulatory Affairs Supervisor, Federal Regulation
400 North 5th Street, MS 8995
Phoenix, AZ 85004

Dear Mr. Myford:

1. On August 10, 2011, Arizona Public Service Company (APS) submitted proposed revisions to sections 13.8, 14.6 and 18.3 of its Open Access Transmission Tariff (OATT). APS also requests limited waiver of section 23 and related North American Energy Standards Board (NAESB) business practice standards providing for the sale or reassignment of transmission service. APS states that the proposed revisions will facilitate the use of intra-hour scheduling of transmission service.
2. APS states that, since mid-2008, several utility groups in the Western Interconnection, including WestConnect, Columbia, and Northern Tier Transmission Group, formed a joint initiative to pursue potential high-value, cost-effective regional electric transmission-related projects across the Western Interconnection. According to APS, part of the joint initiative's focus includes a review of current transmission service scheduling practices to facilitate a more efficient integration of variable generation resources.
3. In 2009, the joint initiative participants (Participants) recommended that Western Interconnection transmission service providers (Transmission Service Providers) and balancing authorities implement intra-hour scheduling practices for transmission service to the extent a Transmission Service Provider or balancing authority is able to accept such schedules (and corresponding e-Tags) within its existing infrastructure, without negatively affecting the reliability of its system. The Participants also agreed that multiple Transmission Service Providers and balancing authorities should adopt this recommendation so that intra-hour scheduling could be available for transactions across multiple systems.

4. APS explains that the Participants and a number of other organizations have been working diligently for more than two years to develop common guidelines for scheduling, e-tagging, and tracking intra-hour transmission schedules. The Participants have developed a roadmap to implement intra-hour scheduling that initially calls for intra-hour scheduling on the half hour. APS states that intra-hour scheduling at a finer increment is a provisional next step.

5. Building on the Participants' work, on January 19, 2011, the WestConnect Steering Committee approved WestConnect guidelines on Intra-Hour Reservations and Scheduling. Under the guidelines, WestConnect members commit, at a minimum, to implement intra-hour scheduling to start 30 minutes into the operating hour; thus, facilitating intra-hour scheduling across multiple balancing authority areas in the West.

6. APS, as a participant in the joint initiative, states that it endorses the intra-hour scheduling initiative undertaken by other Participant members pursuant to the WestConnect guidelines. APS maintains that it needs to amend its OATT to allow APS to accommodate intra-hour scheduling changes and intra-hour reservations of hourly non-firm point-to-point transmission service.

7. APS states that the proposed amendment to sections 13.8 and 14.6 will allow it to immediately implement intra-hour scheduling to start at 30 minutes into the operating hour and will provide sufficient flexibility to permit APS to exceed the WestConnect minimum criteria and to possibly expand the parameters around which intra-hour scheduling can be accommodated. APS also maintains that the proposed amendment to section 18.3 will allow it to immediately provide transmission customers the option of requesting hourly non-firm point-to-point transmission service, thus further increasing the transmission customer's flexibility in using the proposed intra-hour scheduling.

8. APS proposes to add revised tariff language to permit intra-hour scheduling and intra-hour reservations of hourly non-firm point-to-point transmission service, in accordance with the timeline contained in its business practices manual. APS's proposal for intra-hour scheduling will coordinate with and use the same 30-minute interval as the WestConnect guidelines approved by the WestConnect Steering Committee. APS asserts that the proposed revisions to its tariff are superior to the *pro forma* OATT because intra-hour scheduling will: (1) provide the flexibility to address the unanticipated generation patterns inherent in intermittent generation resources; (2) provide greater access to capacity across multiple transmission systems on posted paths by allowing shorter timeframes for scheduling; (3) provide the flexibility needed for transmission customers to maximize the efficient use of intermittent generation resources; and (4) maximize the balancing authority's ability to accommodate intermittent generation resources on a real-time basis. APS requests that the Commission accept the revised tariff, to be effective October 9, 2011.

9. In order to implement intra-hour reservations with minimal disruption to real-time operations, APS requests a limited waiver of section 23 of its OATT and related NAESB Business Practice Standards which require APS to allow the sale or reassignment of transmission service. APS states that the waiver will be limited to intra-hour requests only. APS contends that without the waiver, it is concerned that the increased work load on real-time operators due to the processing resulting from intra-hour schedules and reservations would unduly burden those operators. In addition, APS argues that placing limitations on the ability to resell intra-hour transactions should not negatively impact the market.

10. In addition, APS requests the ability to require requests for hourly non-firm intra-hour point-to-point transmission service that are submitted intra-hour to be pre-confirmed. APS states that pre-confirmation eliminates a processing step that otherwise would be required prior to accepting the associated intra-hour schedule. APS explains that pre-confirmation ensures that transmission customers with requests lower in the queue are not waiting while another customer decides whether to confirm their purchase. APS further argues that pre-confirmation ensures that real-time operators are using the limited time available only for processing requests of those customers committed to making their purchases.

11. Notice of APS's filing was published in the *Federal Register*, 76 Fed. Reg. 51,964 (2011), with protests or interventions due on or before August 31, 2011. No intervention or protests were filed.

12. APS's proposed tariff revisions to sections 13.8, 14.6, and 18.3 build upon the pilot program initiated by the Participants.¹ APS's proposed intra-hour scheduling and intra-hour reservations of hourly non-firm point-to-point transmission service provides greater flexibility than is currently present on the transmission system, coordinates with the Participants' pilot program and emulates WestConnect's guidelines for intra-hour transactions. We note that accepting the proposed revisions and allowing intra-hour scheduling and intra-hour reservations of hourly non-firm point-to-point transmission service, as adopted by other Participants in the pilot program, will promote greater access to generation capacity across multiple transmission systems, encourage greater and more efficient use of the electric transmission system, and reduce costs to customers.² We also believe that pre-confirmation of requests for hourly non-firm point-to-point service will improve efficiency by eliminating that processing step during real-time. The Commission has accepted similar tariff revisions for NorthWestern Corporation in

¹ Cf. *WestConnect*, 135 FERC ¶ 61,271 (2011).

² *Id.* P 8.

Docket No. ER11-3850-000.³ Accordingly, we find that APS's proposed revised tariff is consistent with or superior to its existing OATT because, as described above, the revisions provide greater flexibility and are improvements over the current scheduling.⁴ Therefore, we will accept APS's proposed tariff revisions as filed, to be effective October 9, 2011.⁵

13. The Commission historically has granted certain waiver requests involving an emergency situation or an unintentional error. Waiver, however, is not limited to these circumstances. In addition, the Commission has found good cause for a waiver where the waiver would be of limited scope, there are no undesirable consequences, and the resultant benefits to customers are obvious.⁶ We find limiting the requested waiver to intra-hour requests would ensure that real-time operators are able to efficiently process intra-hour transactions without negatively impacting real-time operations and thus, result in benefits to APS's transmission customers. Therefore, we find that good cause exists to grant a limited waiver of section 23 of the APS OATT and related NAESB Business Practice Standards, as requested.

By direction of the Commission. Commissioner Spitzer is not participating.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

³ *NorthWestern Corp.*, 136 FERC ¶ 61,119 (2011).

⁴ We also note that all public utility transmission providers, including APS, will be required to make the necessary changes to be in compliance with any final rule the Commission issues in the Integration of Variable Energy Resources rulemaking proceeding (Integration of Variable Energy Resources, Notice of Proposed Rulemaking, FERC Stats. & Regs. ¶ 32,664 (2010)); this order does not exempt APS from complying with any such final rule.

⁵ We find good cause to grant waiver of the 60-day prior notice requirement to permit an effective date of October 9, 2011. APS made its filing on August 10, 2011, which is one day short of the full notice period for an effective date of October 9, 2011; therefore waiver of notice is required. *See Central Hudson Gas & Elec. Corp.*, 60 FERC ¶ 61,106, *order on reh'g*, 61 FERC ¶ 61,089 (1992).

⁶ *Southwest Power Pool, Inc.*, 126 FERC ¶ 61,012, at P 36-37 (2009); *Cal. Indep. Sys. Operator Corp.*, 118 FERC ¶ 61,226, at P 24 (2007).