

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Suedeem G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

ISO New England Inc.

Docket No. ER06-1094-003

ORDER GRANTING REQUEST FOR WAIVERS

(Issued November 16, 2006)

1. On June 1, 2006, ISO New England Inc. (ISO-NE) filed a limited request for waiver from certain standards adopted by the Commission in Order No. 676.¹ In this order, the Commission grants the requested waivers, as discussed below.

Background

2. In Order No. 676, the Commission incorporated by reference in its regulations certain standards promulgated by the Wholesale Electric Quadrant (WEQ) of the North American Energy Standards Board (NAESB). In addition, the Commission directed public utilities to comply with these standards and revise their open access transmission tariffs (OATT) to include these standards. The standards establish a set of business practice standards and communications protocols (Standards WEQ 001, 002, and 003) for the electric industry that replace the Commission's existing Open Access Same-Time Information Systems (OASIS) standards, and also include business practices to complement reliability standards of the North American Electric Reliability (NERC) (Standards WEQ-004, 005, 006, and 007). As an alternative to complying with the standards, Order No. 676 gave public utilities the option of applying for a waiver, in whole or part, of the standards.

3. Specifically, Order No. 676 required public utilities to revise their OATTs to include the following WEQ standards: WEQ-001 - Business Practices for Open Access Same-Time Information Systems (OASIS); WEQ-002 - Business Practices for Open

¹ *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676, 71 Fed. Reg. 26,199, FERC Stats. & Regs., Regulations Preambles ¶ 31,216, *order on reh'g*, Order No. 676-A, 116 FERC ¶ 61,255 (2006).

Access Same-Time Information Systems (OASIS) Standards & Communication Protocols; WEQ-003 - Open Access Same-Time Information Systems (OASIS) Data Dictionary; WEQ-004 - Coordinate Interchange; WEQ-005 - Area Control Error (ACE) Equation Special Cases; WEQ-006 - Manual Time Error Correction; and WEQ-007 - Inadvertent Interchange Payback.²

4. As explained above, Order No. 676 also permitted public utilities to request a waiver of specific standards by explaining the reasons why the waiver should be granted.³ Further, Order No. 676 stated that utilities, including ISOs and RTOs, that have existing waivers of certain OASIS standards may reapply for such waivers using simplified procedures. These streamlined procedures require an applicant to identify the specific standard(s) from which it seeks waiver and to provide the caption, date, and docket number of the proceeding(s) in which it received the waiver(s). In addition, the applicant must certify that the circumstances warranting its waiver(s) have not changed.⁴

Basis for Granting the Waiver

5. ISO-NE requests a limited waiver, with respect to its Regional Network Service (RNS) and its Through or Out (TOUT) Service,⁵ from the following subparts of Standard WEQ-001: Standards 001-2.1 through 001-2.1.14 (Attribute Values Defining the Period of Service); Standards 001-2.2 through 001-2.2.2 (Attribute Values Defining Service Class); Standards 001-2.3 through 001-2.3.2 (Attribute Values Defining Service Types); Standards 001-4 through 001-4.27 (On-line Negotiation and Confirmation Process); Standards 001-5 through 001-5.6 (Transmission Provider Requirements and Transmission Customer Requirements); Standards 001-8 through 001-8.3.2 (Requirements for dealing with multiple, identical transmission service requests); Standards 001-9 through 9.8.1 (Requirements for dealing with Redirects on a Firm basis); and Standards 001-10 through 001-10.8.6 (Requirements for dealing with Redirects on a Non-Firm basis).

² Order No. 676 at P 19.

³ In addition to submitting the instant waiver request, ISO-NE submitted a compliance filing in Docket Nos. ER06-1219-000 and ER06-1219-001 for those WEQ standards for which it does not seek waiver. The Commission accepted ISO-NE's compliance filing in an unpublished letter order issued under delegated authority by the Director, Division of Tariffs & Market Development – East, on September 15, 2006.

⁴ Order No. 676 at P 79.

⁵ ISO-NE's OATT defines "through or out service" in section II.1.139 and, as suggested by the name, this service involves defined transactions into the ISO, out of the ISO, or across the ISO. ISO-NE states that it offers RNS and TOUT Service pursuant to section II.B and II.C of its OATT, excluding sections II.27 through II.29.

6. In support of its request, ISO-NE states that the OASIS-related standards for which it seeks waiver are unnecessary and inapplicable given that it offers non-standard transmission services whose terms and conditions vary from the transmission services in the *pro forma* OATT (Point-to-Point Transmission Service and Network Integration Transmission Service (NITS)), on which the WEQ standards identified above are premised. ISO-NE maintains that the inapplicability of the WEQ standards for which it seeks waiver primarily stems from the fact that its RNS and TOUT Service have different service characteristics than the *pro forma* OATT transmission services. For example, ISO-NE explains, neither RNS nor TOUT Service requires advance reservations by the transmission customers; RNS and TOUT Service are only offered for a limited number of specific time periods; and neither RNS nor TOUT Service has firm vs. non-firm service characteristics.

7. More specifically, ISO-NE explains that it seeks waiver of WEQ Standards 001-2.3 through 001-2.3.2 (Attribute Values Defining Service Types) because they explicitly govern the distinction between Point-To-Point Transmission Service and NITS, as described in the *pro forma* OATT. ISO-NE states that, since it does not provide these *pro forma* transmission services on a regional basis, these standards are inapplicable to it.

8. ISO-NE also explains that it seeks waiver of WEQ Standards 001-9 through 001-9.8.1 (Requirements for dealing with Redirects on a Firm basis) and Standards 001-10 through 001-10.8.6 (Requirements for dealing with Redirects on a Non-Firm basis), because they relate to a transmission customer's right to request modifications to points of receipt and/or points of delivery as part of its Point-To-Point Transmission Service advance reservation. ISO-NE explains that its transmission customers are able to modify their points of receipt and/or points of delivery when they submit energy transactions into ISO-NE's Real-Time Energy Markets, rather than through modifications to transmission reservations. Therefore, ISO-NE states, neither set of standards is applicable to its business model.

9. ISO-NE explains that its regional transmission services do not require advance reservations by transmission customers and it seeks waiver of those WEQ standards that are premised on the use of advance reservations, namely, WEQ Standards 001-4 through 001-4.27 (On-line Negotiation and Confirmation Process) and WEQ Standards 001-8.1 through 001-8.3.2 (Requirements for dealing with multiple, identical transmission service requests). ISO-NE states that, because it eliminated advance reservations for regional transmission service from its OATT, it is appropriate for the Commission to waive these WEQ standards for RNS and TOUT Service.

10. Further, ISO-NE states that the absence of advance reservations and other unique aspects of its business model warrant a waiver of WEQ Standards 001-5.1 through 001-5.6 (Transmission Provider Requirements and Transmission Customer Requirements). These standards describe the process by which a transmission provider must designate which ancillary services are mandatory, required, or optional so transmission customers

may indicate in their transmission service requests their preferences for obtaining and/or providing ancillary services. ISO-NE states that it is appropriate for the Commission to waive these WEQ standards because its OATT: (i) does not call for advance transmission reservation requests (in which a Transmission Customer could indicate its ancillary services preferences) for RNS and TOUT Service; (ii) contains text that describes for the Transmission Customer which ancillary services are mandatory, required, or optional for each offered transmission service or each transmission path and the options regarding the provisions of such services; and (iii) provides market or tariff mechanisms that allow a transmission customer to acquire or self-supply, as appropriate, ancillary services offered.

11. In addition, ISO-NE seeks waiver of certain other WEQ standards because these standards define different periods of service than are used in ISO-NE's RNS and TOUT Service. More specifically, ISO-NE explains that WEQ Standards 001-2.1 through 001-2.1.14 (Attribute Values Defining the Period of Service) define each potential period of service for standard OATT transmission services (e.g., Fixed Hourly, Fixed Daily, Fixed Monthly, Sliding Daily, Sliding Weekly). ISO-NE states that, in contrast, its OATT offers RNS only as a fixed monthly service and TOUT Service only as a fixed hourly service. According to ISO-NE, because its OATT does not offer a choice of other specific time periods for its RNS or TOUT Service, it is appropriate for the Commission to waive these WEQ standards.

12. Finally, ISO-NE seeks waiver of the standards that are premised on the distinction between firm and non-firm service, which does not exist in its OATT. ISO-NE explains that WEQ Standards 001-2.2 through 001-2.2.2 (Attribute Values Defining Service Class) delineate how a Transmission Provider shall use the specified values to describe each service class of firm and non-firm. ISO-NE asserts that, since its OATT treats all RNS and TOUT Service as firm, it is appropriate for the Commission to waive these WEQ standards.

Notice of Filing

13. Notice of ISO-NE's request for limited waivers was published in the *Federal Register*, 71 *Fed. Reg.* 34,916 (2006), with comments, interventions and protests due on or before June 22, 2006. None was filed.

Discussion

14. ISO-NE has requested waiver of compliance with standards for both its RNS and TOUT Services. ISO-NE's application states that, unlike the *pro forma* tariff's point-to-point services, ISO-NE's regional transmission services do not require advance reservation by transmission customers, and that the Commission has twice accepted the

elimination of advance reservations by its predecessor (NEPOOL).⁶ ISO-NE goes on to state that under its market design it has replaced the advance reservation system for TOUT service with an economic merit order scheduling and curtailment system.⁷ Based on these representations, the Commission finds that ISO-NE's business model and regional transmission services differ from the business model and transmission services described in the *pro forma* OATT, on which the WEQ standards are generally based. Based on the express representation by ISO-NE that it does not presently offer transmission service based on a reservation system, we find that ISO-NE's request for waivers of the specific standards discussed above for both its RNS and TOUT Service is reasonable, and we will grant waivers of the standards for such transactions that do not require reservations.

The Commission orders:

ISO-NE's request for limited waivers is hereby granted, as discussed in the body of this order.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.

⁶ ISO-NE Waiver Request at 4.

⁷ *Id.* at 5.