

130 FERC ¶ 61,116
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Marc Spitzer, Philip D. Moeller,
and John R. Norris.

Standards for Business Practices and Communication Docket No. RM05-5-018
Protocols for Public Utilities

ORDER GRANTING CLARIFICATION AND DENYING REHEARING

(Issued February 18, 2010)

1. In this order, the Commission denies a request by Southern Company Services, Inc. (Southern) for rehearing of Order No. 676-E.¹ However, we will grant Southern's request that we clarify certain questions it raises about the order.

I. Background

2. On Nov. 24, 2009, the Commission issued Order No. 676-E, a Final Rule that incorporated by reference the latest version (Version 002.1) of certain business practice standards adopted by the Wholesale Electric Quadrant of the North American Energy Standards Board (NAESB). NAESB's Version 002.1 Standards include standards adopted by NAESB in response to Order Nos. 890, 890-A, and 890-B.² The Version 002.1 Standards incorporated by reference in Order No. 676-E modified NAESB's Commercial Timing Table (WEQ-004 Appendix D) and Transmission Loading Relief Standards (WEQ-008), and amended certain ancillary services definitions appearing in the Open Access Same-Time Information Systems Standards (WEQ-001) relating to the inclusion of demand response resources as potential providers of ancillary services.

¹ *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676-E, 74 Fed. Reg. 63,288 (Dec. 3, 2009), FERC Stats. & Regs. ¶ 31,299 (Nov. 24, 2009).

² *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241 (2007); *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007); *order on reh'g and clarification*, Order No. 890-B, 123 FERC ¶ 61,299 (2008).

3. On Dec. 22, 2009, Southern filed a motion for clarification and/or rehearing asking for clarification regarding its obligations relating to the study process for Conditional Firm Service. Southern states that section 19.3 of the *pro forma* Tariff and Order No. 890 at P 958 provide that when the Transmission Customer requests that the conditional curtailment option be studied, the Transmission Provider is required to identify in the System Impact Study both the specific system condition(s) and the annual number of hours when conditional curtailment may apply.³ Southern concludes that, pursuant to the procedure outlined in Order No. 890, a Transmission Customer agreeing to take Conditional Firm Service (after completion by the Transmission Provider of the System Impact Study that studied both system conditions and hours when curtailment would apply) would then select either the system conditions option or the number of hours option.⁴

4. Southern points out that Standard 21.1.3.1 provides that the Transmission Customer is to specify in the System Impact Study agreement that the Transmission Provider is to study “either (i) the System-Conditions Criteria, or (ii) the Number-of-Hours Criteria or (iii) both.” Southern raises the issue of whether section 19.3 of the *pro forma* Tariff and Standard 21.1.3.1 are consistent with each other and whether the Commission erred when we incorporated Standard 21.1.3.1 by reference in our regulations at 18 CFR § 38.2.

5. Southern Companies request clarification as to which procedure accurately reflects the Commission’s intended policy, so that Southern Companies can ensure they are complying with Commission requirements.

II. Discussion

6. We find no inconsistency between compliance with Standard 21.1.3.1 and Order No. 890. In Order No. 890, the Commission specified that when a Transmission Provider conducts a system impact study in response to a request for long-term point-to-point firm transmission service that cannot be satisfied out of existing capacity, that study must identify both the system conditions and number of hours during which a request for conditional firm service may be curtailed. Through NAESB Standard 21.1.3.1, the industry reached consensus that requiring a transmission owner to study both system

³ Southern Motion at 4.

⁴ *Id.*

conditions and number of hours in the situation in which the customer only requests service based on either systems conditions or numbers of hours may impose unnecessary costs with no net benefit to a customer.

7. The customer, of course, can insist on having the full study performed if it desires, but limiting the scope of the study may enable the transmission customer to reduce costs. Indeed, as we recognized in Order No. 890, customers should have the option of declining a study if doing so would avoid the imposition of additional study costs.

If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. Once informed, the Eligible Customer shall timely notify the Transmission Provider if it elects not to have the Transmission Provider study redispach or conditional curtailment as part of the System Impact Study. If notification is provided prior to tender of the System Impact Study Agreement, the Eligible Customer can avoid the costs associated with the study of these options.^[5]

This is also consistent with the language in Order No. 890 where we stated that the transmission provider shall, at the request of the customer and in the system impact study, identify (1) the transmission upgrades necessary to provide the service, and (2) the options for providing service during the period prior to completion of those transmission upgrades.^[6]

8. In adopting the NAESB standard, we did not revise the requirements of Order No. 890; rather we adopted a business process for implementing those requirements that would be more efficient and may help reduce costs for the transmission customer requesting service. Adopting more efficient business processes is one of the benefits derived from the standards process.

9. We therefore clarify that Southern will be in compliance with Order No. 890 and the Commission regulations if it follows the NAESB standard and provides the customer with a choice as to whether it wants to study system conditions, numbers of hours, or both with respect to requests for conditional firm service. Since we have provided

⁵ Order No. 890, Appendix C (emphasis added).

⁶ Order No. 890, P 957 (emphasis added).

Southern with the clarification it requested, we will deny Southern's request for rehearing.

The Commission orders:

The request for clarification is granted, and the request for rehearing is denied as discussed in the body of the order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.