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Speaker Notes – FERC Order 888 Technical Conference

Introduction

- **Thank the Commission** for providing NAESB with the opportunity to participate in the Order 888 reform process
- **We applaud your effort** to increase transparency and clarity to the underlying business processes and practices that will enable non-discriminatory open access transmission services.
- I would like to begin my remarks by **framing the respective roles** that are essentially these: FERC does Policy and Requirements, NERC does reliability and NAESB does business practice standards.
- Through the WEQ, which is comprised of five segments representing End Users, LSE's, Transmission, Generation and Marketers (and I might add a potential sixth segment representing independent grid operators), NAESB has both **the structure and process in place to develop the necessary business practice standards**.
- However, even with the right process and structure in place, NAESB's ultimate success in meeting the Commissions objectives will depend on a few key factors.
 - **Clarity** from the Commission in terms of both policy and expectations.
 - **Engagement** on the part of industry participants in the NAESB standards setting process.
 - **Collaboration and coordination** with the other organizations such as NERC to ensure a seamless linkage between reliability and business practice standards.

ATC

- Regarding the issues surrounding ATC, or more appropriately TTC, and the apparent lack of transparency/potential for discriminatory practices, the challenges from a NAESB perspective are rooted in two fundamental areas:
 - The **methodology employed and resultant models used** to calculate TTC and ATC that has a direct impact on reliability.
 - The **assumptions** used in the models in terms of inputs/operating parameters and timeliness/availability of the results.
- In terms of the former, NERC is leading the effort to **standardize ATC calculations** that affect not only the provisioning of transmission service but the fundamental reliability of the grid. Ultimately, whether there is one industry-wide methodology for calculating ATC, standardization of constituent inputs and component capabilities, commonality of calculation techniques or regional differences, this will be determined through the NERC process.
- In terms of the latter, **NAESB** is currently working to **develop transmission service request and scheduling standards using TTC/ATC/AFC and CBM/TRM** to ensure standardization and transparency of the business practice standards.
- To ensure **compatibility** between these two efforts and the standards approved by each organization, **NERC and NAESB have implemented a joint collaborative effort** between the respective technical committees.

Next Steps/Going Forward

- In order to facilitate the timely development of these standards, NAESB requests that the Commission provide clarity around their expectations and address policy issues up front rather than leaving these subject to potentially endless debate and a fruitless effort to develop standards. Let me put that into the context of what NAESB fundamental does and what a business practice standards really entails (data, record layout, posting requirements, who is responsible for what information, etc.). With that in mind, we need:
 - **Clarity** - As articulated in NAESB's comments filed with the Commission in this docket, **clarity and guidance would benefit our process** by reducing ambiguity and leaving less room for interpretation, thus expediting the development of business practice standards. In terms of ATC, for example, there is ambiguity and a broad spectrum of opinions regarding the specific data and associated posting requirements which can be boiled down to what I would describe as the issues surrounding triggers and transparency.
 - For example, triggers refers to when and under what circumstances ATC should be re-calculated. Without clarity, NAESB could be caught in an endless debate deciding such issues as:
 - Posted only on constrained elements/paths or all posted paths
 - When requests for transmission service are evaluated or when confirmed transactions are impacted
 - Or when a certain threshold has been met (e.g., is there an impact and threshold test with regard to ATC recalculation and posting requirements)
 - Regarding transparency, the issues that will be debated include:
 - How often and what type of information should be contained in the required after the fact narrative postings
 - Does the narrative posting requirements apply to ATC changes in Day Ahead/Real Time as well as longer term planning studies
 - Is acknowledgement of when a planning study was performed sufficient or should the detailed assumptions/results of the study also be posted
 - Should the results be made available to only certain parties or all market participants
 - Even such minor details as whether the posting should be on OASIS with a consistent/standard format or is any publicly available website sufficient to meet the posting requirements

Ultimately, it is difficult at best to develop the business practice standards necessary to support the Commission's goal of transparency when the requirements as expressed to date in the NOPR are opaque to some and clear to others or a broad interpretation in between.

- **Policy Direction** – The Commission is strongly encouraged to **provide clear policy guidance around issues such as confidentiality in the context of disclosure requirements, frequency of when information should be updated and posted, burden of compliance, commonality of methodology versus regional differences and the affiliate rule.**
Experience has taught us that unresolved policy issues create unnecessary delay and lessen the likelihood of developing business practice standards that meet the Commission’s objectives.

In Summary, the key elements for success are:

- Policy Guidance from the Commission
- Clarity around granularity, type of data and frequency
- Broad and active participation in the NAESB process
- Collaboration to meet clear objectives and defined timelines

So, the guiding principle that I would like to leave you with is FERC does Policy and Requirements, NERC does reliability and NAESB does business practice standards.