

126 FERC ¶ 61,260
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Sudeen G. Kelly, Marc Spitzer,
and Philip D. Moeller.

California Independent System Operator Corporation Docket No. ER09-572-000

ORDER GRANTING REQUEST FOR WAIVERS

(Issued March 23, 2009)

1. On January 23, 2009, the California Independent System Operator Corporation (CAISO) filed a request for waivers from certain Open Access Same-Time Information Systems (OASIS) standards adopted by the Commission in Order Nos. 676 and 889.¹ In this order, the Commission grants the requested waivers, as discussed below.

I. Background

2. In 2006, the Commission issued Order No. 676, incorporating 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 OASIS standards, and also include business practices to complement reliability standards of the North American Electric Reliability Council (NERC) (Standards WEQ-004, 005, 006, and 007).

¹ *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676, FERC Stats. & Regs., Regulations Preambles 2006-2007 ¶ 31,216, *order denying reh'g*, Order No. 676-A, 116 FERC ¶ 61,255 (2006); *Open Access Same-Time Information System and Standards of Conduct*, Order No. 889, FERC Stats. & Regs., Regulation Preambles January 1991-June 1996 ¶ 31,035 (1996), *order on reh'g*, Order No. 889-A, FERC Stats. & Regs., Regulations Preambles July 1996-December 2000 ¶ 31,049, *reh'g denied*, Order No. 889-B, 81 FERC ¶ 61,253 (1997).

3. In Order No. 890,² issued in 2007, the Commission reformed the *pro forma* OATT to clarify and expand the obligations of transmission providers to ensure that transmission service is provided on a non-discriminatory basis. Among other things, Order No. 890 amended the *pro forma* OATT to require greater consistency and transparency in the calculation of available transfer capability, open and coordinated planning of transmission systems, and standardization of charges for generator and energy imbalance services.³

4. Finally, in 2008, the Commission issued Order No. 676-C,⁴ incorporating by reference the latest version (Version 001) of certain standards adopted by NAESB's WEQ, and directing public utilities to comply with the revised standards and revise their open access transmission tariffs to include the revised standards. The NAESB WEQ standards (1) revise the Open Access Same-Time Information Systems (OASIS) business practice standards and communications protocols (Standards WEQ-001, 002, and 003); (2) revise four business practice standards relating to interchange matters (Standards WEQ-004, 005, 006, and 007); (3) add new standards on transmission loading relief for the Eastern Interconnection (WEQ-008); (4) add new standards regarding Gas/Electric Coordination (WEQ-011); (5) add new standards for key public infrastructure (WEQ-012); and (6) add a new OASIS implementation guide (WEQ-013).⁵

5. As an alternative to complying with the standards, Order No. 676 permitted public utilities to request a waiver of specific standards by explaining the reasons why the waiver should be granted. Moreover, public utilities, independent system operators (ISOs) and regional transmission organizations (RTOs) that have existing waivers 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 in which it previously

² *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs., Regulations Preambles 2006-2007 ¶ 31,241 (2007), *order on reh'g*, Order No. 890-A, 73 Fed. Reg. 2984 (Jan. 16, 2008), FERC Stats. & Regs., Regulations Preambles 2006-2007 ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008).

³ *See* Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 83-85.

⁴ *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676-C, 73 Fed. Reg. 43,848 (July 21, 2008), FERC Stats. & Regs. ¶ 31,274 (2008).

⁵ *See* Order No. 676-C, FERC Stats. & Regs. ¶ 31,274 at P 9.

received the waiver. In addition, an applicant must certify that the circumstances warranting its waiver(s) have not changed.⁶

II. Request for Waiver

A. Description of the Applicant

6. The CAISO is a non-profit public benefit corporation responsible for the reliable operation of California's wholesale electric transmission grid. As such, the CAISO is subject to the Commission's OASIS requirements. The CAISO states, however, that since its inception, neither its services nor its business model have been contemplated by the OATT or OASIS standards. As a result, the CAISO considers the OASIS standards inapplicable to and/or incompatible with the CAISO's operations under the Market Redesign and Technology Upgrade (MRTU), scheduled for implementation on March 31, 2009. The CAISO therefore requests waiver of OASIS standards.⁷

B. Basis for Granting Waiver

1. Past Waivers

7. In its petition, the CAISO observes that the Commission has previously granted the CAISO waivers from various OASIS requirements, because of its unique service model and service offerings.⁸ On June 1, 2006, for example, the CAISO petitioned for waiver of the OASIS requirements and business practice standards adopted by the Commission in Order No. 676.⁹ On November 16, 2006, the Commission issued an order granting the CAISO's request for waiver of OASIS standards WEQ-001 through WEQ-003 adopted in Order No. 676.¹⁰ The Commission also noted that it had previously granted the CAISO waiver of the OASIS requirements of Order No. 889 and

⁶ Order No. 676, FERC Stats. & Regs. ¶ 31,216 at P 79.

⁷ CAISO Petition at 1-2.

⁸ See CAISO Petition at 2-3 (citing *Pac. Gas & Elec. Co., et al.*, 81 FERC ¶ 61,122, at 61,460 (1997); *Cal. Indep. Sys. Operator Corp.*, 89 FERC ¶ 61,153, at 61,437-38 (1999)).

⁹ CAISO Petition at 3; *Cal. Indep. Sys. Operator Corp.*, 117 FERC ¶ 61,196, at P 1 (2006) (November 2006 Order).

¹⁰ CAISO Petition at 3; see *Cal. Indep. Sys. Operator Corp.*, 117 FERC ¶ 61,196 at P 9.

stated that it was continuing the waiver because the circumstances leading to the grant of the waiver remained valid.¹¹ The Commission also granted the CAISO's request for waiver of the WEQ standards relating to redirects and multiple requests, because these standards were incompatible with the transmission services the CAISO provides under its tariff.¹²

8. In addition, the Commission granted waiver of all OASIS standards (WEQ-001 through WEQ-003) until the MRTU is implemented, and directed the CAISO either to comply or seek further waiver sixty days prior to the date on which it implements the MRTU.¹³ Subsequently, in 2008, the CAISO incorporated by reference WEQ Standards (WEQ-004, 005, 006, and 007) and requested a continuation of the full waiver of WEQ Standards (WEQ-001, 002, 003, 008, and 013) and limited waiver of WEQ Standard (WEQ-012). The Commission also granted this request.¹⁴

9. As part of its Order No. 890 compliance filing, the CAISO also sought waiver of the revised OASIS posting requirements pertaining to denials of service, the designation of network resources, and the posting of system impact studies, facilities studies and transmission provider network resource studies, on the ground that the CAISO did not provide such services and studies.¹⁵ The Commission approved the compliance filing and accepted this aspect of the CAISO's compliance demonstration.¹⁶

10. In that same filing, the CAISO also requested partial waiver of the Order No. 890 requirement that transmission providers post load data, such as load forecasts and daily peak load, for each load-serving entity or control area in their footprints. Instead, the CAISO proposed to post the load data for each of the three former investor-owned utility

¹¹ CAISO Petition at 3-4; *Cal. Indep. Sys. Operator Corp.*, 117 FERC ¶ 61,196 at P 7, 9.

¹² CAISO Petition at 4; *Cal. Indep. Sys. Operator Corp.*, 117 FERC ¶ 61,196 at P 10.

¹³ CAISO Petition at 4; *Cal. Indep. Sys. Operator Corp.*, 117 FERC ¶ 61,196 at P 10, Ordering Paragraph (B).

¹⁴ CAISO Petition at 5-6; *Cal. Indep. Sys. Operator Corp.*, 125 FERC ¶ 61,380, at P 7 (2008) (December 2008 Order).

¹⁵ CAISO Petition at 4; *Cal. Indep. Sys. Operator Corp.*, 123 FERC ¶ 61,180, at P 9 (2008).

¹⁶ *See Cal. Indep. Sys. Operator Corp.*, 123 FERC ¶ 61,180 at P 9, 17-18.

regions that now compose the CAISO control area. The Commission granted the partial waiver and accepted the CAISO's proposal.¹⁷

11. Finally, the CAISO points to an audit of its compliance with the OASIS requirements under 18 C.F.R § 37.6 (2008), conducted by the Commission's Division of Audits, Office of Enforcement. The audit covered the period from March 17, 2008 through June 13, 2008, and included review of information posted on the CAISO's OASIS website, interviews with CAISO personnel, and consideration of documentation prepared by the CAISO to support and explain the waivers in place. In a letter order and report, the Division of Audits confirmed the waivers then in effect, found no instances of non-compliance, and determined that no corrective action was necessary.¹⁸

12. Although the Commission recently granted the CAISO waiver from WEQ-001, WEQ-002, WEQ-003, WEQ-008 and WEQ-013 business standards in the December 2008 Order, the CAISO has included these provisions as part of its waiver request in order to (1) consolidate the applicability or waiver of all OASIS requirements into one application; and (2) confirm the continuation of the waiver of these standards under the MRTU.¹⁹ The CAISO considers the OASIS standards at issue here inapplicable to and/or incompatible with the CAISO's service model under the MRTU and believes they should be waived.²⁰ The CAISO adds that the information that it will post on its OASIS under the MRTU will meet the needs of all market participants.²¹

2. Waivers Going Forward

13. The CAISO states that it currently does not offer the network or point-to-point service contemplated in the *pro forma* OATT. Instead, the CAISO describes itself as providing a single transmission service available daily to all eligible customers on a non-discriminatory basis. Moreover, energy transmitted under the CAISO tariff is treated as

¹⁷ CAISO Petition at 5; *Cal. Indep. Sys. Operator Corp.*, 123 FERC ¶ 61,180 at P 36-39.

¹⁸ CAISO Petition at 6 (citing *Cal. Indep. Sys. Operator Corp.*, Docket No. PA08-20-000 (Aug. 22, 2008) (unpublished letter order)).

¹⁹ CAISO Petition at 14-15.

²⁰ *Id.* at 9-10.

²¹ *Id.* at 15.

“new firm use” and scheduled on a day-to-day basis by transmission customers, with the exception of transactions scheduled pursuant to “Existing Contracts” that predate the existence of the CAISO. Further, all users of the CAISO-controlled grid must schedule their use each day and cannot reserve available transmission capacity beyond the day ahead timeframe. As such, the CAISO service model permits no long-term reservations of physical transmission capacity, nor does it provide for an application process for transmission service requests or the performance of transmission service request studies.²²

14. Under its MRTU transmission service model, the CAISO states that its scheduling coordinators will submit bids (including self-schedules) for the supply or demand for energy to the CAISO. The scheduling coordinators have equal access to all available capacity every day and can make changes to their bids on an hourly basis. In contrast to traditional transmission services provided under the *pro forma* OATT, customers that take transmission service under the MRTU tariff need not formally designate network resources. The CAISO utilizes a bid-based, security-constrained economic dispatch/redispach process to balance real-time control area requirements, utilize the full capability of the grid, maximize the transmission service that can be provided to eligible customers, provide customers with maximum flexibility to schedule transactions, and ration capacity when demand for transfer capability exceeds supply. Thus, the CAISO’s transmission service provides comparable treatment to all customers and encourages efficient and flexible use of the transmission system. The CAISO notes that it does not offer conditional firm transmission service, was not required to do so by Order No. 890, and will not undertake that type of service under the MRTU.²³

15. In sum, the CAISO’s transmission service model does not have any of the following features typically associated with *pro forma* OATT transmission service: network or point-to-point transmission service; non-firm transmission service; formal transmission service requests or applications; transmission service reservations; resales or reassignments; redirects; network resources; or transfers of transmission reservation rights or rollovers rights.²⁴ Accordingly, the CAISO contends that the OASIS requirements at issue cannot be applied to the CAISO’s transmission service model and should therefore be waived.²⁵

²² *Id.* at 7-8.

²³ *Id.* at 8-9.

²⁴ CAISO Petition at 9.

²⁵ Specifically, the CAISO requests a waiver or partial waiver from the following OASIS regulations: 18 C.F.R. § 37.2(b); 18 C.F.R. § 37.6(a)(1); 18 C.F.R. § 37.6(a)(4);

(continued)

3. New OASIS Site

16. The CAISO submits that it will post new information on OASIS following the implementation of the MRTU that will meet the needs of market participants, and that no market participant will be adversely affected. Upon MRTU start-up, this will include transmission grid and wholesale markets information, as well as enhancements that will allow users to more easily select and download information of interest. According to the CAISO, the information will be organized into major categories labeled Atlas, Prices, Transmission, System Demand, Energy, Ancillary, Congestion Revenue Rights (CRR), and Public Bids.²⁶

17. The CAISO states that the Atlas category will list detailed information related to system and market data points, such as market resource identification; pricing node locations and aggregated pricing node locations used in CAISO markets; load participation factors; load aggregation points; and trading hubs. The Atlas category also will provide mapping of the pricing nodes, aggregated pricing nodes, trading hubs, ancillary service regions, reliability unit commitment zones, intertie constraints, and transmission interfaces. In addition, the Atlas category will list OASIS publications and revisions and publication schedules, and it will contain operating system messages.²⁷

18. The Price category will provide access to market pricing information, which will be updated every hour and by interval, such as hourly and five-minute interval locational marginal prices; nomogram and branch shadow prices; hourly and five-minute ancillary services clearing prices; hourly intertie constraint shadow prices; 15-minute locational marginal prices for the hour ahead scheduling process; and the locational marginal price for the current interval.²⁸

19. The Transmission category will include information pertinent to the status of each transmission interface, such as the interface's current transmission capacity and usage, planned and actual outage events, usage resulting from CAISO market operations, and

18 C.F.R. § 37.6(a)(5); 18 C.F.R. § 37.6(b)(1), (b)(2)(i) and (ii), and (b)(3)(i), (ii) and (iii); 18 C.F.R. § 37.6(b)(2)(iii); 18 C.F.R. § 37.6(c)(1, 3-5); 18 C.F.R. § 37.6(c)(2); 18 C.F.R. § 37.6(d)(1); 18 C.F.R. § 37.6(d)(2-5); 18 C.F.R. § 37.6(e)(1-3); 18 C.F.R. § 37.6(f); 18 C.F.R. § 37.6(g)(1-4); 18 C.F.R. § 37.6(h)(1-4); 18 C.F.R. § 37.6(i)(1-4); and 18 C.F.R. § 37.6(j)(1, 2).

²⁶ CAISO Petition at 15.

²⁷ *Id.* at 15-16.

²⁸ *Id.* at 16.

available transmission capacity.²⁹

20. The System Demand category will provide a number of demand forecasts at the CAISO system level and for each transmission access charge (TAC) area, for time periods ranging from seven days in advance of the trading day to five-minute intervals. The earliest forecasts will be the CAISO's seven-day advance peak demand forecast for its control area and for each TAC area. Other CAISO system information will include a 24-hour demand forecast, a two-day ahead hourly forecast, a day-ahead market hourly forecast, a five-minute real time market load forecast, and actual hourly load. For each TAC area, the CAISO also will post a two-day ahead hourly forecast, a day-ahead market hourly forecast, and hourly actual load.³⁰

21. In the Energy category, the CAISO will publish system load and resource schedules by market for the CAISO total and for each TAC area; expected energy; exceptional dispatch; market power mitigation status; reliability must-run capacity; marginal losses by market; and resource adequacy and minimum load commitment data for each market. In addition, the Ancillary category will set forth: the ancillary services capacity requirements by region for the two-day ahead forecast, hour ahead scheduling process, and real time market; the capacity procured and self-scheduled for each ancillary service in each market, by region; and actual operating reserves.³¹

22. For CRRs, OASIS will provide the auction clearing price by pricing node and the daily inventory, for each market term. The Public Bids category will make bid data available for the CAISO markets, subject to limited measures necessary to preserve market integrity. The bid information may have certain fields replaced with pseudo data before it is posted and will be downloadable for a single day at a time.³²

23. The CAISO states that its new OASIS will provide market participants with extensive and relevant operational and market information pertinent to the CAISO's transmission service model and markets, as well as data by area, time period, and market activity. The CAISO believes that the new OASIS website will meet, if not exceed, the intent of the Commission's OASIS requirements that are otherwise applicable to services provided by transmission providers consistent with the *pro forma* OATT. The CAISO submits that the inapplicability and/or incompatibility of the OASIS requirements and OASIS business practice standards to the CAISO's service model, in conjunction with

²⁹ *Id.*

³⁰ *Id.*

³¹ CAISO Petition at 17.

³² *Id.*

the robust OASIS website that will be deployed at MRTU startup, support and warrant approval of the waiver requested by the CAISO.³³

III. Notice of Filing

24. Notice of the initial filing was published in the *Federal Register* with comments, interventions, and protests due on or before February 13, 2009. A timely motion to intervene and protest was filed by the Modesto Irrigation District. On March 4, 2009, the CAISO filed an answer to the protest.

IV. Discussion

A. Procedural Matters

25. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2008), the timely unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

26. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a) (2008), prohibits an answer to a protest or to an answer unless otherwise ordered by the decisional authority. We will accept the CAISO's answer because it has provided information that assisted us in our decision-making process.

B. Motion to Intervene and Protest

1. Modesto Irrigation District

27. The Modesto Irrigation District (MID) states that on February 5, 2009, in Docket No. ER09-559-000, *et al.*,³⁴ it filed a protest to the CAISO's proposal to delete the requirement that the CAISO post total hour ahead scheduling process advisory schedules and ancillary services awards by scheduling point.³⁵ MID suggests the CAISO's

³³ *Id.* at 17-18.

³⁴ Although MID states that its issues are raised in Docket No. ER09-559-000, *et al.*, we find that MID intended to refer to Docket No. ER09-556-000. *See* MID, February 5, 2009, Motion to Intervene, Comments and Protest, Docket No. ER09-556-000, at 9.

³⁵ *See* MID, February 13, 2009, Motion to Intervene and Protest, Docket No. ER09-572-000, at 5-6 (MID Protest) (citing 18 C.F.R. §§ 37.6(d)(1)-(5) and 37.6(e)(1)-(3)).

proposal is contrary to the concept of transparency, and that unless this information is posted, market participants, other balancing authorities, and load serving entities would lack the ability to see and adjust for congestion after the day-ahead market, and this could lead to operational problems. MID files this protest to the extent the CAISO is seeking a similar waiver here.³⁶

2. CAISO Answer

28. The CAISO does not oppose MID's intervention but considers MID's protest beyond the scope of this proceeding.³⁷ The CAISO points out that MID has already raised this issue in Docket No. ER09-556-000, *et al.*, and not Docket No. ER09-559-000, *et al.*, as MID states.³⁸ The CAISO believes that MID's sole purpose in protesting the CAISO's request here is to ensure that any waiver the Commission grants in this proceeding does not resolve MID's concerns in Docket No. ER09-556-000, *et al.*³⁹ The CAISO submits that MID's concerns should be determined in that proceeding.⁴⁰

Commission Determination

29. Our review of the CAISO's request indicates that the standards at issue are incompatible with the transmission services provided under both the CAISO's current tariff and the MRTU, for the reasons the CAISO states. We also find that the CAISO's proposed alternative OASIS postings are consistent with our OASIS standards and business practices. We also note that the CAISO's request is uncontested but for MID's protest, which concerns an issue that it has raised in another pending proceeding. Accordingly, the Commission grants the CAISO's petition for waiver of the requested OASIS standards and business practices.

30. We grant a temporary waiver of the requirement that the CAISO post total hour ahead scheduling process advisory schedules and ancillary services awards by scheduling point. While we grant a temporary waiver of this requirement in this docket, we find that Docket No. ER09-556-000, *et al.* is the appropriate forum to consider MID's protest and the duration of the temporary waiver (that is, when it should expire and/or whether this

³⁶ MID Protest at 5-6.

³⁷ See CAISO, March 4, 2009, Motion for Leave to Answer and Answer to Intervention and Protest, Docket No. ER09-572-000, at 1-2 (CAISO Answer).

³⁸ See *id.*; see also MID Protest at 6.

³⁹ CAISO Answer at 3.

⁴⁰ *Id.*

waiver should be made permanent). Therefore, the Commission's actions here do not dispose of the issues raised by MID. These issues will be addressed in our order to be issued in Docket No. ER09-556-000, *et al.*

The Commission orders:

The CAISO's request for waivers of certain OASIS standards and business practices is hereby granted, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.