



**Federal Energy Regulatory Commission
September 18, 2014
Open Commission Meeting
Staff Presentation
Item E-5**

"Good morning, Chairman and Commissioners. We are here to present a draft Final Rule to incorporate into the Commission's regulations by reference Version 003 of the Wholesale Electric Quadrant Business Practice Standards adopted by the North American Energy Standards Board (NAESB). The draft rule adopts the majority of the Version 003 standards as mandatory requirements to reflect policy determinations made by the Commission in the Order Nos. 890 series of orders and other orders. In addition to these mandatory requirements, the Commission is for the first time listing informationally several Smart Grid-related standards as guidance.

"Key highlights of the Version 003 standards include:

"The Version 003 standards reflect updates to the Version 002.1 standards to support the OASIS functionality associated with Network Integration Transmission Service (NITS). In Order No. 890, the Commission required the use of OASIS to request designation of new network resources and to terminate designation of network resources. The updated standards are designed to provide functionality that:

- allows transmission providers to handle requests on a customer-by-customer basis,
- allows the option of tracking designated network resource scheduling rights, and
- allows a customer to designate an agent to administer OASIS transactions on its behalf.

"The new and revised standards related to Service Across Multiple Transmission Systems (SAMTS) address the coordination of point-to-point transmission service and/or network transmission service requests across multiple transmission systems. The SAMTS standards were developed based on the Commission's guidance in Order No. 890 for transmission providers to work with NAESB to develop a process for customers to complete cross-regional transactions. The process requires each affected transmission provider to independently evaluate its portion of a linked request with the opportunity for reconciliation by the customer once all evaluations are complete. The customer communicates reconciled information to each of the affected providers.

"Consistent with today's order denying rehearing in the Entergy proceeding in Docket No. ER05-1065-008, on the issue of redirects, the Commission declines to incorporate certain standards that are inconsistent with that precedent and we request that NAESB review its standards in this area and modify those standards that are inconsistent with the Commission's Dynegy precedent. The Commission's Dynegy order held that, when a customer makes a request for a redirect, it doesn't lose its rights on the existing path until the redirect request is both confirmed and has become unconditional.

"In the draft final rule, in addition to the standards the Commission is incorporating by reference into its regulations as mandatory requirements, several NAESB-developed Smart Grid-related standards are being listed informationally. Their use encourages development of new technologies and fosters Smart Grid interoperability by defining a set of business processes that serve as an input into the development of a broader Smart Grid information model. We note that these are "building blocks" that support ongoing efforts to develop future smart grid standards. In consideration of this and other concerns expressed by

commenters, this rule does not make compliance with these Smart Grid standards mandatory.

"This Final Rule calls for public utilities to make compliance filings to update their tariffs and to present any waiver requests by Dec. 1, 2014. However, compliance with requirements related to NITS OASIS templates is due 16 months after the effective date of the rule to allow time for necessary software changes. We've also given filers the option of making a tariff filing informing customers that they will comply with the version of the business practice standards currently in effect. If this option is used, a public utility will avoid the need for future compliance filings whenever NAESB standards are updated, so long as it is not seeking waivers.

"This completes our presentation."

