

151 FERC ¶ 61,151
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;
Philip D. Moeller, Cheryl A. LaFleur,
Tony Clark, and Colette D. Honorable.

California Independent System
Operator Corporation

Docket No. ER15-531-000

ORDER ON REQUESTS FOR WAIVER

(Issued May 18, 2015)

1. On December 1, 2014, California Independent System Operator Corporation (CAISO) filed a petition for waiver in response to the compliance requirements of Order No. 676-H.¹ Order No. 676-H revised the Commission's regulations to incorporate by reference, with certain enumerated exceptions, the latest version (Version 003) of the Standards for Business Practices and Communication Protocols for Public Utilities (Business Practice Standards) adopted by the Wholesale Electric Quadrant (WEQ) of the North American Energy Standards Board (NAESB) as mandatory enforceable requirements. In this order we grant in part and dismiss in part CAISO's requests for waiver, and direct a compliance filing to be submitted within 60 days of the date of this order.

I. Background

2. On September 18, 2014, the Commission issued Order No. 676-H, which amends the Commission's regulations under the Federal Power Act² to incorporate by reference,

¹ *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676-H, 79 Fed. Reg. 56,939 (Sept. 24, 2014), FERC Stats. & Regs. ¶ 31,359 (2014) (Order No. 676-H), *as modified, errata notice*, 149 FERC ¶ 61,014 (2014), *order on reh'g*, 151 FERC ¶ 61,046 (2015) (Order No. 676-H Rehearing Order).

² 16 U.S.C. § 791a (2012).

with certain enumerated exceptions, Version 003 of the Business Practice Standards.³ In addition, in Order No. 676-H, the Commission listed, as guidance, NAESB's Smart Grid Standards (Standards WEQ-016, WEQ-017, WEQ-018, WEQ-019 and WEQ-020) in Part 2 of the Commission's Regulations but did not incorporate these standards by reference into its regulations.⁴

3. The Version 003 Business Practice Standards update earlier versions of the WEQ standards that the Commission previously incorporated by reference into its regulations.⁵ These revised standards include modifications to support Order Nos. 890, 890-A, 890-B and 890-C,⁶ including standards to support Network Integration Transmission Service (NITS) on an Open Access Same-Time Information System (OASIS), Service Across Multiple Transmission Systems (SAMTS), standards to support the Commission's policy regarding rollover rights for redirects on a firm basis, standards that incorporate the functionality for Transmission Providers to credit redirect requests with the capacity of the parent reservation, and standards modifications to support consistency across the OASIS-related standards.⁷

4. In Order No. 676-H, the Commission explained that public utilities have a number of options with respect to compliance with Order No. 676-H. The Commission explained that public utilities can incorporate the complete set of NAESB standards into their tariffs without modification by submitting a compliance filing containing a single statement acknowledging their obligation to comply with Version 003 Business Practice Standards

³ The specific NAESB standards that the Commission incorporated by reference in Order No. 676-H are WEQ-000, WEQ-001, WEQ-002, WEQ-003, WEQ-004, WEQ-005, WEQ-006, WEQ-007, WEQ-008, WEQ-011, WEQ-012, WEQ-013, WEQ-015, and WEQ-021. *See* Order No. 676-H, 151 FERC ¶ 31,359 at P 18.

⁴ *See id.* P 1; Order No. 676-H Rehearing Order, 151 FERC ¶ 61,046 at P 2 (citations omitted).

⁵ 18 C.F.R. § 38.2 (2014).

⁶ *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*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g and clarification*, Order No. 890-C, 126 FERC ¶ 61,228 (2009), *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009). The Version 002 standards also included revisions made in response to Order No. 890.

⁷ *See* Order No. 676-H, FERC Stats. & Regs. ¶ 31,359 at P 2.

as specified in Part 38 of the Commission's regulations as updated and revised.⁸ Alternatively, public utilities may incorporate the complete set of Version 003 Business Practice Standards into their tariffs, without modification, if they so choose.⁹ The Commission also indicated that a public utility can file a request for waivers of specific provisions, along with its reasons supporting the request.¹⁰

5. The Commission required public utilities to make compliance filings by December 1, 2014 in order to achieve compliance with the incorporated Version 003 Business Practice Standards by February 2, 2015.¹¹ Subsequently, the February 2, 2015 deadline was extended to May 15, 2015.¹²

6. On April 16, 2015, the Commission issued the Order No. 676-H Rehearing Order, which addressed various requests for rehearing of Order No. 676-H. With respect to entities seeking waivers of certain NAESB WEQ standards, the Commission clarified that:

[r]equiring a public utility to file (and the Commission to process) a waiver request for standards that on their face specifically state [that they] are only applicable to entity groups that the potential waiver requestor does not belong to is an unnecessary expenditure of time and effort for both the potential waiver requestors and the Commission, since the standard itself makes clear to whom it applies.¹³

⁸ *See id.* PP 87-88, 95.

⁹ *See id.* P 89.

¹⁰ *See id.* P 88.

¹¹ *See id.* PP 20, 88, 95. The Commission also established a separate 18-month compliance schedule for Standard 002-5.10.3 regarding the implementation of NITS OASIS templates, which are not at issue in this compliance filing.

¹² *Standards for Business Practices and Communication Protocols for Public Utilities*, Notice Granting Limited Time Extension, Docket No. RM05-5-024 (issued Jan. 15, 2015).

¹³ Order No. 676-H Rehearing Order, FERC Stats. & Regs. ¶ 61,046 at P 20.

Thus, the Commission stated that, going forward, any request for waivers of standards that by their terms do not apply to an entity potentially requesting waivers during the time frame the standards are effective would be dismissed as unnecessary.¹⁴

II. Instant Filing

7. On December 1, 2014, CAISO filed a request for waiver of certain new and updated Version 003 standards.¹⁵ CAISO states that its ancillary service and imbalance energy markets and financial transmission model differ significantly from the business model and physical transmission services stated in the *pro forma* Open Access Transmission Tariff (OATT), upon which the Version 003 standards are based; therefore, CAISO states that certain of the Version 003 standards, identified below, are not applicable.¹⁶

8. CAISO states that the Commission has previously granted CAISO waiver of certain NAESB WEQ business practice standards. In this filing, CAISO renews its prior waiver requests.¹⁷ Specifically, CAISO requests renewed waiver of WEQ-002, WEQ-003, and WEQ-013, as well as a renewal of a partial waiver of the WEQ-001 and WEQ-012. CAISO states the circumstances warranting waiver of these standards under its market design have not changed and, as a result, the previously granted waivers continue to apply. CAISO also requests renewed waiver of WEQ-008 because it applies only to transmission providers operating in the Eastern Interconnection.

9. In addition, CAISO seeks waiver of the newly adopted Version 003 standards that are based on the transmission service model embodied in the *pro forma* OATT. Specifically, CAISO seeks waiver of: (1) new standards included in WEQ-001, WEQ-002, and WEQ-003 to support NITS on an OASIS; (2) new standards included in WEQ-001, WEQ-002, WEQ-003, and WEQ-013 to support SAMTS; (3) new standards included in WEQ-001, WEQ-002, and WEQ-013 to support the Commission's policy

¹⁴ *Id.* P 19.

¹⁵ CAISO concurrently submitted a separate compliance filing to revise its tariff to incorporate by reference the Version 003 standards and reflect that it has applied for a waiver of certain Version 003 standards. The proposed tariff revisions were accepted for filing via delegated letter order. *Cal. Indep. Sys. Operator Corp.*, Docket No. ER15-526-000 (Apr. 23, 2015) (delegated letter order).

¹⁶ December 1, 2014 Filing Transmittal at 1, 5.

¹⁷ *Cal. Indep. Sys. Operator Corp.*, 126 FERC ¶ 61,260 (2009); *Cal. Indep. Sys. Operator Corp.*, Docket No. ER11-3099-000 (Feb. 15, 2013) (delegated letter order).

regarding rollover rights for redirects on a firm basis; (4) new standards included in WEQ-001 that incorporate the functionality for transmission providers to credit redirect requests with the capacity of the parent reservation; and (5) modifications to support consistency across the OASIS-related standards, to the extent the modifications are included in standards for which the Commission has granted waiver. CAISO states that the aforementioned Version 003 standards are inapplicable to CAISO because it does not offer firm or non-firm point-to-point transmission service or NITS. Additionally, CAISO states that, as part of its Commission-approved transmission service model, it does not provide formal transmission service requests and reservations, transmission service reassignments, redirects, network resources, transfers of transmission service rights, capacity benefit margins, or rollover rights.¹⁸

III. Notice of Filings

10. Notice of the December 1, 2014 Filing was published in the *Federal Register*, 79 Fed. Reg. 73,061 (2014), with interventions and protests due on or before December 22, 2014. Timely motions to intervene were filed by Exelon Corporation and Pacific Gas and Electric Company. No protests or comments were filed.

11. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,¹⁹ the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

IV. Discussion

12. With the exception of WEQ-008, we will grant CAISO's requests for continued waiver of WEQ-002, WEQ-003, and WEQ-013, as well as a renewed partial waiver of WEQ-001 and WEQ-012. These standards pertain to public utilities that provide point-to-point transmission service (whether firm or non-firm) and NITS pursuant to the *pro forma* OATT. CAISO does not offer these types of services as it does not have physical reservations for transmission service. Instead, users of the CAISO controlled grid must schedule their use each day and cannot reserve available transfer capability beyond the day-ahead timeframe. Also, under CAISO's existing market service model, scheduling coordinators submit bids for the supply of or demand for energy to CAISO. Thus, CAISO has demonstrated that its existing waivers should continue and that the newly adopted requirements in the Version 003 standards for which CAISO seeks waiver are inapplicable to and incompatible with CAISO's markets and transmission service model.

¹⁸ December 1, 2014 Filing Transmittal at 11.

¹⁹ 18 C.F.R. § 385.214 (2014).

13. We dismiss as unnecessary CAISO's request for waiver of WEQ-008. This standard on its face is inapplicable to CAISO because CAISO does not operate within the Eastern Interconnection. As clarified in the Order No. 676-H Rehearing Order, requiring a public utility to file (and the Commission to process) a waiver request for standards that on their face specifically state that they are only applicable to entity groups that the potential waiver requestor does not belong to is an unnecessary expenditure of time and effort for both the potential waiver requestors and the Commission. The Commission explained that including such standards in the public utility's tariff will have no adverse effects on the company, since the standards would not impose the compliance obligation prescribed by the standard on that entity.²⁰ The Commission stated that in each public utility's compliance filing in which it submits a tariff revision incorporating the NAESB standards, the public utility must either incorporate by reference each standard or indicate in its tariff that it has obtained a waiver of that standard.²¹

14. Finally, with respect to the granted waiver of WEQ-002, WEQ-003, and WEQ-013, and partial waiver of WEQ-001 and WEQ-012, CAISO must make a compliance filing, within 60 days of the date of this order, to revise section 7.3.3 of its tariff to indicate those standards for which the Commission has granted waiver, and for each of those standards granted waiver, to include a cite to the order granting the waiver requests.

The Commission orders:

(A) CAISO's requests for waiver of WEQ-002, WEQ-003, WEQ-013 and for partial waiver of WEQ-001 and WEQ-012 are hereby granted, as discussed in the body of this order.

(B) CAISO's request for waiver of WEQ-008 is hereby dismissed, as discussed in the body of this order.

(C) CAISO is hereby directed to submit a further compliance filing within 60 days of the date of this order, as discussed in the body of this order.

²⁰ Order No. 676-H Rehearing Order, 151 FERC ¶ 61,046 at P 20.

²¹ *Id.* P 21.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.