



NORTH AMERICAN ENERGY STANDARDS BOARD

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February 10, 2020
Filed Electronically

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street N.E., Room 1A
Washington, D.C. 20426

RE: NAESB Status Report Concerning Standards for Business Practices and Communication Protocols for Public Utilities (Docket No. RM05-5-027)

Dear Ms. Bose:

The North American Energy Standards Board ("NAESB") voluntarily submits this status report to inform the Federal Energy Regulatory Commission ("FERC" or "Commission") of the completion of standards development efforts by the NAESB Wholesale Electric Quadrant ("WEQ") as part of coordination with the North American Electric Reliability Corporation ("NERC") concerning the proposed retirements of NERC Reliability Standards. Several of the NERC Reliability Standards proposed for retirement are currently the subject of a Notice of Proposed Rulemaking issued by the Commission on January 23, 2020 in Docket Nos. RM19-16-000 and RM19-17-000. As a result of the coordination efforts with NERC, NAESB made revisions to several suites of the NAESB WEQ Business Practice Standards. This report is supplemental to the previous report filed by NAESB on June 5, 2019 in Docket No. RM05-5-027 and submitted for informational purposes. NAESB will make a subsequent filing with the Commission following the publication of NAESB WEQ Business Practice Standards Version 003.3 in the coming months. Version 003.3 of the publication will incorporate all standard revisions discussed within this report.

The cover letter and comments are being filed electronically in Adobe Acrobat® Portable Document Format (.pdf). The entire filing is also available on the NAESB web site (www.naesb.org). Please feel free to call the office at (713) 356-0060 or refer to the NAESB website (www.naesb.org) should you have any questions or need additional information regarding the standards development effort.

Respectfully submitted,

Ms. Rae McQuade

President & COO, North American Energy Standards Board

cc: Chairman, Neil Chatterjee, Federal Energy Regulatory Commission
Commissioner, Richard Glick, Federal Energy Regulatory Commission
Commissioner, Bernard L. McNamee, Federal Energy Regulatory Commission

Ms. Anna Cochrane, Director, Office of Energy Market Regulation, Federal Energy Regulatory Commission

Mr. James Danly, General Counsel of the Commission, Federal Energy Regulatory Commission

Mr. Andrew Dodge, Director, Office of Electric Reliability, Federal Energy Regulatory Commission

Ms. Jignasa Gadani, Director, Office of Energy Policy and Innovation, Federal Energy Regulatory Commission

Mr. Michael Goldenberg, Senior Attorney, Office of General Counsel, Federal Energy Regulatory Commission

Mr. Jonathan Booe, Vice President and CAO, North American Energy Standards Board

Mr. William P. Boswell, General Counsel, North American Energy Standards Board

Mr. Michael Desselle, Chairman and Chief Executive Officer, North American Energy Standards Board

Mr. James B. Robb, President and Chief Executive Officer, North American Electric Reliability Corporation

Mr. Mark Lauby, Senior Vice President and Chief Engineer, North American Electric Reliability Corporation

Ms. Sonia Mendonca, Senior Vice President, General Counsel, and Corporate Secretary, North American Electric Reliability Corporation



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**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

**Standards for Business Practices and Communication)
Protocols for Public Utilities)**

Docket No. RM05-5-027

The North American Energy Standards Board (“NAESB”) voluntarily submits this status report to inform the Federal Energy Regulatory Commission (“FERC” or “Commission”) of new and modified standards developed by the NAESB Wholesale Electric Quadrant (“WEQ”) as part of ongoing coordination efforts with the North American Electric Reliability Corporation (“NERC”). These standard development efforts resulted in modifications to NAESB WEQ-000 Abbreviations, Acronyms, and Definition of Terms Business Practice Standards, NAESB WEQ-001 Open Access Same-Time Information System (OASIS) Business Practice Standards, NAESB WEQ-004 Coordinate Interchange Business Practice Standards, and NAESB WEQ-023 Modeling Business Practice Standards. This status report is informational in nature and intended to supplement a previous filing made by NAESB on June 5, 2019 in Docket No. RM05-5-27.¹ As part of that filing, NAESB indicated that a status report would be filed following the completion of standard development efforts to inform the Commission of any resulting changes to the standards. The standard modifications described in this status report will be incorporated into NAESB WEQ Business Practice Standards Version 003.3, scheduled for publication in the coming months.

As described in the previous filing to the Commission, NERC submitted two requests for standards development to NAESB in May 2019, Standards Request R19007 and Standards Request R19008. The submittal of these requests was a direct result of staff coordination regarding the NERC Standards Efficiency Review.² Standards Requests R19007 and R19008 proposed that NAESB, in the interest of continued coordination, review the retirements within the NERC Modeling, Data, and Analysis (“MOD”) and Interchange Scheduling and Coordination (“INT”) Reliability Standards approved by the NERC Board of Trustees to evaluate if modifications were needed to the NAESB WEQ Business Practice Standards. Currently, several of the reliability standard requirements proposed for retirement by NERC and considered by NAESB as part of the standard development efforts described in this status

¹ The June 5, 2019 NAESB Report to FERC, *Federal Energy Regulatory Commission Standards for Business Practices and Communication Protocols for Public Utilities Notice of Proposed Rulemaking*, was filed in Docket No. RM05-5-027 and may be accessed at the following link: https://www.naesb.org/pdf4/naesb060519_comments_ferc_nopr051619_weqv003.2.pdf.

² The NERC Standards Efficiency Review is an effort by NERC to identify potential requirements not essential for reliability purposes or those that could be simplified or consolidated and propose either retirement or modifications. Information on the NERC Standards Efficiency Review is posted to the NERC website and can be accessed at the following link: <https://www.nerc.com/pa/Stand/Pages/Standards-Efficiency-Review.aspx>.

report are the subject of a Notice of Proposed Rulemaking issued by the Commission on January 23, 2020 in Docket Nos. RM19-16-000 and RM19-17-000.³

Standards Request R19007

Standards Request R19007 was assigned to the NAESB WEQ Business Practices Subcommittee (“BPS”). As part of the standards request, NERC identified for retirement all requirements within the following applicable NERC MOD Reliability Standards: MOD-001-1a Available Transmission System Capability, MOD-004-1 Capacity Benefit Margin, MOD-008-1 Transmission Reliability Margin Calculation Methodology, MOD-028-2 Area Interchange Methodology, MOD-029-2a Rated System Path Methodology, and MOD-030-3 Flowgate Methodology. These standards are collectively known as the NERC MOD-A Reliability Standards. Additionally, the standards request noted NERC’s intention to withdraw its petition for approval of NERC Reliability Standard MOD-001-2, which at the time was pending consideration before the Commission in Docket No. RM14-7-000.⁴ To address the standards request, the NAESB WEQ BPS determined to limit its review to NERC Reliability Standard MOD-001-2, as NAESB had previously evaluated the entirety of the NERC MOD-A Reliability Standards as part of a separate standards development effort that resulted in the creation of the NAESB WEQ-023 Modeling Business Practice Standards. Within NERC Reliability Standard MOD-001-2, the subcommittee evaluated all forty-five requirements and sub-requirements. In total, the NAESB WEQ BPS met five times between June and September 2019 before voting out a recommendation that proposed modifications to three suites of the NAESB WEQ Business Practice Standards to incorporate NERC Reliability Standard MOD-001-2 as well as to make corresponding changes.

On September 6, 2019, the NAESB WEQ BPS voted out the recommendation to address Standards Request R19007. The NAESB office then distributed the recommendation for a thirty-day formal comment period that ended on October 7, 2019. Four sets of comments were submitted. The NAESB WEQ BPS met to review the formal comments and, in response, developed late formal comments to respond to the formal commenters and propose further modifications to the recommendation. On October 15, 2019, the NAESB WEQ Executive Committee adopted the recommendation as modified during the meeting to incorporate the revisions proposed by the late formal comments of the NAESB WEQ BPS. NAESB WEQ membership ratified the standards on November 15, 2019.

As a whole, these modifications to the standards incorporate commercially relevant requirements needed by the industry for the calculation of Available Transfer Capability and Available Flowgate Capability. The revisions span three suites of the standards and will be incorporated into NAESB WEQ Business Practice Standards Version 003.3. The modifications to NAESB WEQ-000 Abbreviations, Acronyms, and Definition of Terms Business Practice Standards add seven new defined terms. The modifications to NAESB WEQ-001 OASIS Business Practice Standards revise WEQ-001-13.1.5 to replace references to NERC MOD-A Reliability Standards with references to NAESB WEQ-023 Modeling Business Practice Standards as well as correct an unrelated typographical error. Finally, the modifications to NAESB WEQ-023 Modeling Business Practice Standards add seventeen new standards and modify

³ Notice of Proposed Rulemaking, *Electric Reliability Organization Proposal to Retire Requirements in Reliability Standards Under the NERC Standards Efficiency Review*, 85 Fed. Reg. 6831 (January 23, 2020).

⁴ NERC subsequently filed a *Notice of Withdrawal of NERC for Proposed Reliability Standard MOD-001-2* on June 7, 2019 in Docket No. RM14-7-000. The petition is available at the following link: <https://www.nerc.com/FilingsOrders/us/NERC%20Filings%20to%20FERC%20DL/Notice%20of%20Withdrawal%20RM14-7%20MOD-001-2.pdf>.

six existing standards. These changes incorporate elements from all forty-five requirements and sub-requirements within NERC Reliability Standard MOD-001-2 and correct an unrelated, non-substantive issue discovered during standards development.

Standards Request R19008

Standards Request R19008 was assigned to the NAESB WEQ Coordinate Interchange Scheduling Subcommittee (“CISS”). As part of the standards request, NERC identified for retirement ten applicable requirements and sub-requirements within the following NERC INT Reliability Standards: INT-004-3.1 Dynamic Transfers (R1, R2, and R3), INT-006-5 Evaluation of Interchange Transactions (R3.1, R4, and R5), INT-009-3 Implementation of Interchange (R2), and INT-010-2.1 Interchange Initiation and Modification for Reliability (R1, R2 and R3). The NAESB WEQ CISS met five times between May and August 2019 to consider the request and develop a recommendation. Through the evaluation of the identified reliability standards, the NAESB WEQ CISS determined to modify the NAESB WEQ-004 Coordinate Interchange Business Practice Standards to incorporate five requirements from three NERC Reliability Standards: INT-004-3.1 R3, INT-006-5 R4, and INT-010-2.1 R1, R2, and R3. Two of the requirements, NERC Reliability Standard INT-004-3.1 R1 and R2, were not addressed as these requirements were incorporated into NAESB WEQ Business Practice Standards Version 003.2 as part of a previous standards development effort. The remaining three requirements were determined to be addressed by industry practices or to be duplicative of existing NAESB WEQ Business Practice Standards or NERC Reliability Standards and, as such, were not proposed for incorporation into the business practice standards.

On August 16, 2019, the NAESB WEQ CISS voted out a recommendation to address Standards Request R19008. The NAESB office then distributed the recommendation for a thirty-day formal comment period ending on September 18, 2019. Two sets of formal comments were submitted. One set of comments was submitted in support of the NAESB WEQ CISS recommendation, and the second set of comments proposed additional modifications to address a perceived issue with the registration of pseudo-ties in the NAESB Electric Industry Registry (“EIR”). The NAESB WEQ CISS met to review the formal comment proposing additional modifications but there was insufficient support within the subcommittee to propose additional revisions to the recommendation in support of the comment. Through discussion, the subcommittee reached a consensus position that adequate notice is provided regarding the expiration of data objects, such as pseudo-ties, within the NAESB EIR and that entities are responsible for ensuring all necessary information is registered in the NAESB EIR in compliance with any applicable federal regulations. On October 15, 2019, the NAESB WEQ Executive Committee adopted the recommendation as proposed by the NAESB WEQ CISS. NAESB WEQ membership ratified the standards on November 15, 2019.

The standards developed as a result of this effort will ensure the market-supported processes necessary to facilitate interchange transactions through electronic tagging will continue to function as needed for commercial purposes. The revisions, which will be incorporated into NAESB WEQ Business Practice Standards Version 003.3, modify the NAESB WEQ-004 Coordinate Interchange Business Practice Standards. The modifications will add four new standards and revise three existing standards.

NAESB appreciates the opportunity to provide this informational status report to the Commission. NAESB remains committed to its coordination efforts with NERC to ensure our organizations remain responsive to the commercial and reliability needs of the industry and that the business practices continue to support and serve as

complimentary to the reliability standards. As mentioned above, NAESB intends to make a subsequent filing with the Commission following the publication of the NAESB WEQ Business Practice Standards Version 3.3. This version of the standards will incorporate all modifications discussed above. If there are any questions or additional information is required, please do not hesitate to contact the NAESB office (713-356-0060 or naesb@naesb.org).