#####  March 19, 2018

**TO:** All Interested Parties

**FROM:** Elizabeth Mallett, NAESB Deputy Director

**RE: Update to the Board of Directors – FERC Order No. 890 Update**

In 2018, NAESB anticipates closing out the last two annual plan items to address the series of FERC Order No. 890 orders. On February 16, 2007, the Federal Energy Regulatory Commission (FERC or the Commission) issued FERC Order No. 890 *Preventing Undue Discrimination and Preference in Transmission Service* in Docket Nos. RM05-17-000 and RM05-25-000. In the order, the Commission explained that it sought to both remedy opportunities for undue discrimination and address deficiencies in the pro forma OATT that the Commission believed became apparent since the issuance of FERC Order Nos. 888 and 889.

In June of 2007, NAESB filed a status report with the Commission containing a FERC Order No. 890 Work Plan, a description of the coordination efforts between NAESB and NERC, and the activities within the NAESB Wholesale Electric Quadrant (WEQ) Business Practices Subcommittee (BPS), Electronic Scheduling Subcommittee (ESS), and Information Technology Subcommittee (ITS) to develop NAESB Business Practices. As indicated in the 2007 NAESB filing, many of the NAESB standards were to be developed to complement NERC Reliability Standards in the areas of Existing Transfer Capability, Capacity Benefit Margin, and Transmission Reliability Margins. Other NAESB standards would address the posting of information on the Open Access Same-Time Information Systems (OASIS), a system that manages the electronic scheduling of wholesale electricity.

There are numerous milestones in the electric industry’s push to address the series of FERC Order No. 890 orders through the NAESB process. In 2008, the industry reached consensus on new standards and modified existing standards for conditional firm service. The adoption of the network integration transmission service (NITS) standards offered a new functionality for the grid, which only previously supported point-to-point transmission services. The WEQ OASIS Subcommittee (formerly the ESS/ITS) began work on the NITS standards in 2007 and the recommendation was subsequently ratified by the NAESB membership in June of 2012. Also, in response to the series of FERC Order No. 890 orders, NAESB developed the standards process for coordinated requests which led to functionality for Service Across Multiple Transmission Systems (SAMTS) on OASIS. On the heels of the completion of the NITS and SAMTS standards, in 2012, the WEQ OASIS Subcommittee began to develop a recommendation addressing preemption and the right of first refusal (ROFR). After a brief interlude to address FERC Order No. 676-H, the subcommittee reconvened to continue the discussion on the preemption and ROFR standards that were subsequently ratified by the NAESB membership in November of last year.

As noted above, the WEQ OASIS and the WEQ Business Practices Subcommittee are working to close out the final two items on the NAESB annual plans in response to FERC Order No. 890. In April, the WEQ Executive Committee will consider a recommendation in response to Paragraph 1139 of FERC Order No. 890 (2018 WEQ Annual Plan Item 2.a.i.2). That paragraph contained a directive for Transmission Providers to modify their OASIS to allow for the posting of third party offers to supply planning redispatch service. Additionally, under 2018 WEQ Annual Plan Item 2.a.i.1, the WEQ OASIS Subcommittee and the WEQ BPS have continued to consider the language in Paragraph 1627 of FERC Order No. 890 regarding the posting of additional information regarding firm transmission curtailments.