

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

**California Independent System            )       Docket No. ER15-\_\_\_\_-000  
Operator Corporation                    )**

**PETITION OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION FOR WAIVER OF CERTAIN BUSINESS PRACTICE  
STANDARDS ADOPTED IN ORDER NO. 676-H**

The California Independent System Operator Corporation (“CAISO”)<sup>1</sup> submits this petition for waiver of certain business practice standards promulgated by the Wholesale Electric Quadrant (“WEQ”) of the North American Electric Standards Board (“NAESB”) and adopted in Order No. 676-H.<sup>2</sup> As the CAISO has explained in several previous petitions for waiver of NAESB standards and in other filings with the Commission, the CAISO’s ancillary service and imbalance energy markets and transmission services differ significantly from the business model and the transmission services contemplated in the *pro forma* Open Access Transmission Tariff (“OATT”). The Commission has acknowledged these differences and granted the CAISO a series of waivers from specific NAESB standards. This petition seeks to extend these waivers to both updated and new NAESB standards adopted in Order No. 676-H that continue to be, or are, inapplicable to and incompatible with the CAISO’s markets and transmission

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<sup>1</sup> Capitalized terms not otherwise defined herein have the meanings set forth in appendix A to the CAISO tariff.

<sup>2</sup> *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676-H, 79 Fed. Reg. 56939-01 (Sept. 24, 2014), 148 FERC ¶ 61,205, as corrected, 79 Fed. Reg. 60953-01 (Oct. 9, 2014), 149 FERC ¶ 61,014 (2014) (“Order No. 676-H”). The CAISO submits this petition for waiver pursuant to Rule 207 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.207, and the procedures set forth in Order No. 676-H.

services. The CAISO requests that the Commission grant the waivers requested in this petition consistent with the waivers of NAESB standards that the Commission has previously granted to the CAISO.

## **I. Background**

### **A. NAESB WEQ Version 003**

In Order No. 676-H, the Commission amended its regulations to incorporate by reference the latest version (Version 003) of specified business practice standards that NAESB filed with the Commission on September 18, 2012 and January 29, 2013. The Version 003 NAESB standards include updates to standards that the Commission previously incorporated by reference into its regulations. The Version 003 standards also include the following five new categories of standards that NAESB developed in response to the Order No. 890 series of orders:<sup>3</sup>

- (1) standards to support network integration transmission service on an Open Access Same-Time Information System (“OASIS”);<sup>4</sup>
- (2) standards to support Service Across Multiple Transmission Systems (“SAMTS”);<sup>5</sup>
- (3) standards to support the Commission’s policy regarding rollover rights for redirects on a firm basis;<sup>6</sup>

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<sup>3</sup> 148 FERC ¶ 61,205, at PP 2, 10.

<sup>4</sup> These standards are included in Version 003 of WEQ-000, WEQ-001, WEQ-002, and WEQ-003. 148 FERC ¶ 61,205, at P 50; September 18, 2012 NAESB filing at 6-7.

<sup>5</sup> These standards are included in Version 003 of WEQ-000, WEQ-001, WEQ-002, WEQ-003, and WEQ-013. September 18, 2012 NAESB filing at 4-5.

<sup>6</sup> These standards are included in Version 003 of WEQ-001, WEQ-002, and WEQ-013.

- (4) standards that incorporate the functionality for transmission providers to credit redirect requests with the capacity of the parent reservation;<sup>7</sup> and
- (5) modifications to standards to support consistency across the OASIS-related standards.<sup>8</sup>

The Version 003 standards also include modifications to the OASIS-related standards to support Order Nos. 676, 676-A, 676-E, and 717, and to ensure consistency. In addition, the Version 003 standards include modifications to the Coordinate Interchange standards to complement updates to e-tag specifications, modifications to the Gas Coordination Standards to provide consistency between the gas and electric markets, and reorganized and revised definitions to create a standard set of terms, definitions, and acronyms applicable to all the standards.<sup>9</sup>

Order No. 676-H directed public utilities to revise their OATTs to incorporate the following NAESB standards by reference:

- WEQ-000, Abbreviations, Acronyms, and Definition of Terms, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Oct. 4, 2012, Nov. 28, 2012 and Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013);
- WEQ-001, Open Access Same-Time Information System (OASIS), OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final

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September 18, 2012 NAESB filing at 5-6.

<sup>7</sup> These standards are included in Version 003 of WEQ-001. 148 FERC ¶ 61,205, at P 10; September 18, 2012 NAESB filing at 6.

<sup>8</sup> These modifications are included throughout the Version 003 standards. September 18, 2012 NAESB filing at 7.

<sup>9</sup> Order No. 676-H at PP 3, 11-17.

actions ratified on Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013) excluding Standards 001-9.5, 001-10.5, 001-14.1.3, 001-15.1.2 and 001-106.2.5;

- WEQ-002, Open Access Same-Time Information System (OASIS) Business Practice Standards and Communication Protocols (S&CP), OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Nov. 28, 2012 and Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013);
- WEQ-003, Open Access Same-Time Information System (OASIS) Data Dictionary Business Practice Standards, OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013).
- WEQ-004, Coordinate Interchange, WEQ Version 003, July 31, 2012 (with Final Action ratified on December 28, 2012);
- WEQ-005, Area Control Error (ACE) Equation Special Cases, WEQ Version 003, July 31, 2012;
- WEQ-006, Manual Time Error Correction, WEQ Version 003, July 31, 2012;
- WEQ-007, Inadvertent Interchange Payback, WEQ Version 003, July 31, 2012;
- WEQ-008, Transmission Loading Relief (TLR) – Eastern Interconnection, WEQ Version 003, July 31, 2012 (with minor corrections applied November 28, 2012);
- WEQ-011, Gas / Electric Coordination, WEQ Version 003, July 31, 2012;
- WEQ-012, Public Key Infrastructure (PKI), WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Oct. 4, 2012);
- WEQ-013, Open Access Same-Time Information System (OASIS) Implementation Guide, OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013);
- WEQ-015, Measurement and Verification of Wholesale Electricity Demand Response, WEQ Version 003, July 31, 2012; and
- WEQ-021, Measurement and Verification of Energy Efficiency Products,

WEQ Version 003, July 31, 2012.<sup>10</sup>

The Commission directed public utilities to submit their Order No. 676-H compliance filings by December 1, 2014, and to make the OATT revisions in those filings effective as of February 2, 2015.<sup>11</sup> The Commission stated that if a public utility seeks either to renew an existing waiver or to request a new waiver of any of the NAESB standards listed above, it should file its request for waiver by December 1.<sup>12</sup>

## **B. Prior CAISO Waivers**

As the CAISO explained in its petitions for waiver of NAESB standards implemented in Order Nos. 676, 676-C, and 676-E, the CAISO's ancillary service and imbalance energy markets and financial transmission model differ significantly from the business model and the physical transmission services articulated in the Order No. 888 and later in the Order No. 890 *pro forma* OATT, upon which many of the NAESB standards are based. These differences have led the Commission to grant the following waivers to the CAISO:

- The Commission granted the CAISO an interim waiver of the OASIS requirements when it authorized the CAISO's operation as an independent system operator. The Commission cited as relevant factors in this

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<sup>10</sup> 148 FERC ¶ 61,205, at P 89; 149 FERC ¶ 61,014, at P 1. The Commission also incorporated those NAESB standards into its regulations by reference. *Id.* The Version 003 standards also included Smart-Grid-related standards, which the Commission incorporated into its regulations by reference for informational purposes but did not require public utilities to include in their OATTs. 148 FERC ¶ 61,205, at PP 19, 77-78.

<sup>11</sup> 148 FERC ¶ 61,205, at P 95. The Commission stated that filings to comply with Standard WEQ-002-5.10.3 (which concerns the Network Integration Transmission Service OASIS template) are due by January 24, 2016. *Id.* at P 86; 149 FERC ¶ 61,014, at P 2.

<sup>12</sup> 148 FERC ¶ 61,205, at PP 72-73, 86-88. However, the Commission stated that filings to comply with standard WEQ-002-5.10.3 (which concerns the network integration transmission service OASIS template) and any requests for waiver of that NAESB standard are due by January 24, 2016. *Id.* at PP 86, 94; 149 FERC ¶ 61,014, at P 2.

determination the lack of reserved firm and non-firm point-to-point transmission service under the CAISO tariff and the incompatibility of the CAISO computer communication system with the OASIS standards and protocols incorporated into the Commission's regulations.<sup>13</sup>

- The Commission extended the interim waiver of the OASIS requirements upon approval of the CAISO's firm transmission rights proposal.<sup>14</sup>
- The Commission accepted the CAISO's request for a comprehensive waiver of OASIS-related standards WEQ-001, WEQ-002, and WEQ-003 adopted in Order No. 676. This waiver was limited to the period prior to implementation of the CAISO's new market design based on locational marginal pricing.<sup>15</sup>
- The Commission accepted the CAISO's filing to comply with Order No. 890, including waivers of the OASIS posting requirements and associated NAESB business practice standards pertaining to denials of service, the designation of network resources, and the posting of system impact studies, facilities studies, and studies performed for the transmission provider's own network resources.<sup>16</sup>
- The Commission granted the CAISO's requests for waiver of the revised OASIS requirements and associated NAESB standards adopted in Order No. 676-C, including waiver of WEQ-001, WEQ-002, WEQ-003, WEQ-008 and WEQ-013, and limited waiver of WEQ-012.<sup>17</sup>
- The Commission granted the CAISO's request for waiver of OASIS-related standards and communication protocols set forth in the Commission's regulations that would be inapplicable to and incompatible with operations under the CAISO's market design based on locational

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<sup>13</sup> *Pacific Gas and Electric Co.*, 81 FERC ¶ 61,122, at 61,459-60 (1997) (Docket No. EC96-19-000). Although the Commission granted interim waiver, it also found that the CAISO's communication system "meets the needs of . . . Market Participants, including the [CAISO's] transmission customers." *Id.* at 61,460.

<sup>14</sup> *California Independent System Operator Corp.*, 89 FERC ¶ 61,153, at 61,437-38 (1999) (Docket No. ER98-3594-000).

<sup>15</sup> *California Independent System Operator Corp.*, 117 FERC ¶ 61,196 (2006) ("Docket No. ER06-1094-009).

<sup>16</sup> *California Independent System Operator Corp.*, 123 FERC ¶ 61,180 (2008) (Docket No. OA08-12-000).

<sup>17</sup> *California Independent System Operator Corp.*, 125 FERC ¶ 61,380 (2008) (Docket No. ER08-1591-000).

marginal pricing that would be implemented on April 1, 2009.<sup>18</sup>

- The Commission granted the CAISO's requests for waiver of certain of the new and revised standards adopted in Order No. 676-E, including waiver of specified standards under WEQ-001, WEQ-002, WEQ-003, WEQ-008, and WEQ-013.<sup>19</sup>

## **II. The Commission Should Grant Waiver of Those NAESB Business Practice Standards that Are Inapplicable to and Incompatible with the CAISO's Business Model**

### **A. Request for Renewed Waivers**

In Order No. 676, the Commission stated that public utilities with existing waivers of OASIS standards and related NAESB standards may reapply for such waivers using simplified procedures. These procedures require an applicant to identify the specific standards from which it seeks waiver and provide the caption, date, and docket number of the proceeding in which the entity received the waiver. In addition, the applicant must certify that the circumstances warranting the waivers have not changed.<sup>20</sup>

The CAISO requests renewed waivers of the Version 003 NAESB standards consistent with prior waivers the Commission granted the CAISO for earlier versions of these NAESB standards. Specifically, the CAISO requests comprehensive waiver of WEQ-002, WEQ-003, WEQ-008, and WEQ-013, and waiver of the provisions of WEQ-001 and WEQ-012, consistent with prior waivers

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<sup>18</sup> *California Independent System Operator Corp.*, 126 FERC ¶ 61,260 (2009) (Docket No. ER09-572-000).

<sup>19</sup> Commission Letter Order, Docket No. ER11-3099-000 (Feb. 15, 2013); Commission Letter Order, Docket Nos. ER11-3096-000 and ER11-3096-001 (Mar. 13, 2013).

<sup>20</sup> *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676, FERC Stats. & Regs. ¶ 31,216, at P 79 (2006).

of these standards that the Commission has granted.<sup>21</sup> While some of the earlier versions of the NAESB standards have been modified in Version 003, the revised standards remain strictly focused on transmission providers that offer physical reservation transmission service or, in the case of WEQ-008, transmission providers operating within the Eastern Interconnection. The CAISO does not operate within the Eastern Interconnection and, as discussed below and in its prior waiver requests, the CAISO does not offer physical reservation transmission service.

For these reasons, the circumstances warranting Commission waiver of the NAESB standards discussed above have not changed. The Version 003 standards for which the CAISO seeks waiver continue to be inapplicable to and incompatible with the CAISO's markets and transmission service, and CAISO compliance with those NAESB standards would not serve to enhance information available to CAISO market participants.

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<sup>21</sup> See 125 FERC ¶ 61,380; 126 FERC ¶ 61,260. In the latter order, the Commission found that "the standards at issue are incompatible with the transmission services provided under both the CAISO's current tariff and the [revised market design], 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." *Id.* at P 29.



## B. Request for Waivers of Newly Adopted Standards

The newly adopted OASIS requirements and NAESB standards are based on the transmission service model embodied in the *pro forma* OATT.<sup>22</sup> That service model contemplates that electric utilities provide two types of transmission service: (1) point-to-point transmission service (which can be either firm or non-firm) and (2) network integration transmission service. Under the *pro forma* OATT service model, customers submit formal transmission service requests to the transmission provider in order to reserve capacity. Users may also, on a first-come, first-served basis, reserve available transmission capacity for the long-term. The *pro forma* OATT service model also accommodates resale transactions (*i.e.*, reassignments) and transfers of transmission reservation rights, as well as firm and non-firm redirects.

The CAISO does not offer the two distinct transmission services (*i.e.*, point-to-point service and network integration transmission service) contemplated in the *pro forma* OATT. Rather, the CAISO provides a single service, available daily to all eligible customers on a nondiscriminatory basis.<sup>23</sup> Energy transmitted under the CAISO tariff is treated as “new firm use” and scheduled on a day-to-

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<sup>22</sup> In the filing the CAISO submitted to comply with Order No. 890, it demonstrated that its “daily” transmission service model differs substantially from the transmission service model in the *pro forma* OATT and that the transmission service-related changes (*e.g.*, changes related to network integration and point-to-point transmission services, capacity reassignments, and rollover rights) adopted in Order No. 890 did not apply to, and/or were incompatible with, the CAISO’s service model. The CAISO also demonstrated that its transmission service model was consistent with or superior to the *pro forma* OATT service model as revised in Order No. 890. The Commission accepted the CAISO’s compliance demonstration on these matters. 123 FERC ¶ 61,180, at P 18.

<sup>23</sup> The open access transmission service provided by the CAISO is essentially a network-type service, but with more flexibility than the network integration transmission service provided under the *pro forma* OATT.

day basis by transmission customers (with the exception of certain transactions scheduled pursuant to grandfathered contracts that preceded the existence of the CAISO). All users of the CAISO controlled grid must schedule their use each day and cannot reserve available transmission capacity beyond the day-ahead timeframe.<sup>24</sup> There are no long-term reservations of physical transmission capacity under the CAISO's service model, and there is no application process for transmission service requests, use of capacity benefit margins, or performance of transmission service request studies.

Under the CAISO's existing market service model, scheduling coordinators submit bids (including self-schedules) for the supply or demand for energy to the CAISO. 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 transmission services provided under the *pro forma* OATT, customers that take service under the CAISO's market need not formally designate network resources. The CAISO utilizes a bid-based, security constrained economic dispatch and re-dispatch process to balance real-time control area requirements, utilize the full capability of the grid to maximize the transmission service that can be provided to eligible customers, provide customers with maximum flexibility to

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<sup>24</sup> Under the CAISO's Commission-approved service model, there are no long-term reservations of transmission capacity or rollover rights. As the Commission recognized, the CAISO's "proposal to schedule transmission on a day-ahead and hour-ahead basis is not compatible with the long-term reservation of discrete physical transmission rights." 81 FERC ¶ 61,122, at 61,472. Accordingly, the Commission has ordered customers with grandfathered contracts to take service under the CAISO tariff upon expiration of such contracts. *Id.* at 61,463-65. The Commission found that the right-of-first-refusal provision under Order No. 888 does not apply to customers in the CAISO service territory because the service model under the Order No. 888 *pro forma* OATT does not apply to the CAISO. *Sacramento Municipal Utility District v. Pacific Gas & Electric Co.*, 105 FERC ¶ 61,237 (2004), *aff'd sub nom. Sacramento Municipal Utility District v. FERC*, 428 F.3d 294 (D.C. Cir. 2005).

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 does not offer conditional firm transmission service. Order No. 890 did not require it to do so.<sup>25</sup> Further, in contrast to traditional transmission services provided under the *pro forma* OATT, CAISO customers that take service need not formally designate and un-designate network resources.

In short, the CAISO's transmission service model does not have any of the following features typically associated with *pro forma* OATT transmission service: separate network integration and point-to-point transmission services; non-firm transmission services; formal transmission service requests (and applications); transmission service reservations; re-sales (or reassignments); redirects; network resources; or transfers of transmission reservation rights, capacity benefit margins, or rollover rights.

Consistent with the foregoing discussion, the CAISO requests that the Commission grant waivers of the following new Version 003 NAESB standards adopted in Order No. 676-H:

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<sup>25</sup> In Order No. 890, the Commission stated that it would be inappropriate to require Independent System Operators and Regional Transmission Organizations with real-time energy markets to provide conditional firm point-to-point service. *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, at P 992 (2007). Because the CAISO has a real-time energy market it is not required to provide conditional firm point-to-point service. The Commission accepted this aspect of the CAISO's compliance demonstration in approving the CAISO's filing to comply with Order No. 890. See 123 FERC ¶ 61,180, at PP 9, 18.

- (1) The new standards included in WEQ-001, WEQ-002, and WEQ-003 to support network integration transmission service on an OASIS. As explained above, the CAISO does not offer a distinct network integration transmission service or maintain an OASIS based on the transmission service model embodied in the *pro forma* OATT.<sup>26</sup>
- (2) The new standards included in WEQ-001, WEQ-002, WEQ-003, and WEQ-013 to support SAMTS. The SAMTS standards solely “address the coordination of point-to-point transmission service and/or network transmission service requests across multiple transmission systems.”<sup>27</sup> As explained above, the CAISO does not offer these distinct types of transmission service.<sup>28</sup>
- (3) The new standards included in WEQ-001, WEQ-002, and WEQ-013 to support the Commission’s policy regarding rollover rights for redirects on a firm basis. As explained above, the CAISO’s Commission-approved transmission service does not provide for firm point-to-point transmission service or rollover rights.
- (4) The new standards included in WEQ-001 that incorporate the functionality for transmission providers to credit redirect requests

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<sup>26</sup> The CAISO does not seek waiver of these new standards included in WEQ-000, because WEQ-000 only contains abbreviations, acronyms, and definitions of terms and does not otherwise include provisions implementing the standards.

<sup>27</sup> 148 FERC ¶ 61,205, at P 60. See also September 18, 2012 NAESB filing at 4.

<sup>28</sup> For the reasons explained in note 26 above, the CAISO does not seek waiver of these new standards set forth in WEQ-000.

with the capacity of the parent reservation. As explained above, the CAISO's market model does not include redirect requests.

- (5) The modifications to standards to support consistency across the OASIS-related standards, to the extent the modifications are included in WEQ-002, WEQ-003, WEQ-008, and WEQ-013, or in provisions of WEQ-001 and WEQ-012 for which the Commission has previously granted a CAISO petition for waiver.

### **III. Communications**

Correspondence and other communications regarding this filing should be directed to:

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### **IV. Service**

The CAISO has served copies of this filing on the California Public Utilities Commission, the California Energy Commission, and all parties with scheduling coordinator agreements under the CAISO tariff. In addition, the CAISO has posted a copy of the filing on the CAISO website.

**V. Conclusion**

For the reasons set forth in this filing, the CAISO respectfully requests that the Commission grant this petition for waiver.

Respectfully submitted,

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Date: December 1, 2014