

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

California Independent System Operator Corporation)	Docket Nos. ER23-427-____ RM05-5-029 RM05-5-030
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**AMENDED PETITION OF THE CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION FOR WAIVER OF CERTAIN BUSINESS
PRACTICE STANDARDS ADOPTED IN ORDER NO. 676-J**

The California Independent System Operator Corporation (CAISO)¹ submits this amended 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-J.²

Order No. 676-J requires public utilities to revise their open access transmission tariffs to include the WEQ Version 003.3 Standards in two separate compliance filings. Specifically, in accordance with the schedule set forth in Order No. 676-J, public utilities are required to submit compliance filings for the WEQ cybersecurity standards and the parallel flow visualization (PFV) standards nine months after the publication of Order No. 676-J in the Federal Registry (*i.e.*, March 2, 2022). Public utilities' compliance filings for the rest of the WEQ Version 003.3 Standards are due twelve months after implementation of the WEQ Version 003.2 Standards, or no earlier than October 27, 2022. As with prior

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

² *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676-J, 175 FERC ¶ 61,139 (2021) ("Order No. 676-J"). The CAISO submits this amended 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-J.

orders, Order No. 676-J also provides that public utilities may seek waiver of the standards for newly developed or revised standards and for renewal of existing waivers.

Here, the CAISO requests waiver of the cybersecurity standards set forth in WEQ-001 and WEQ-002 and identified in Appendix I to Order No. 676-J.

Finally, the CAISO seeks leave to submit this part of its waiver petition out of time. Due to an administrative oversight, and the fact that the CAISO currently has a waiver of the WEQ-001³ and WEQ-002 standards that include the changes required by the March 2 deadline, a waiver petition was not submitted at that time.

I. Background

A. NAESB WEQ Version 003.3

In Order No. 676-J, the Commission amended its regulations to incorporate by reference the latest version (Version 003.3) of specified business practice standards that NAESB filed with the Commission on March 30, 2020. The Version 003.3 NAESB standards include updates to standards that the Commission previously incorporated by reference into its regulations.

Specifically, the Version 003.3 standards include revisions related to the surety assessment on cybersecurity performed by Sandia National Laboratories (Sandia) designed to strengthen the practices and cybersecurity protections

³ The CAISO has a comprehensive waiver for the WEQ-001 standard, with the exception of the requirements set forth in WEQ-001-13.1.1, WEQ-001-13.1.4, WEQ-001-13.1.5, and WEQ-001-16.

established within the standards.⁴ The standards also include additions, revisions, and reservations made to the WEQ-008 Transmission Load Relief (TLR) – Eastern Interconnection Business Practice Standards, which NAESB advises completes the standards development effort for the Parallel Flow Visualization enhanced congestion management process.⁵

Order No. 676-J 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 003.1, September 30, 2015) (including only the definitions of Interconnection Time Monitor, Time Error, and Time Error Correction);
- WEQ–000, Abbreviations, Acronyms, and Definition of Terms (WEQ Version 003.3, March 30, 2020);
- WEQ–001, Open Access Same-Time Information Systems (OASIS), (WEQ Version 003.3, March 30, 2020);
- WEQ–002, Open Access Same-Time Information Systems (OASIS) Business Practice Standards and Communication Protocols (S&CP), (WEQ Version 003.3, March 30, 2020);
- WEQ–003, Open Access Same-Time Information Systems (OASIS) Data Dictionary, (WEQ Version 003.3, March 30, 2020);
- WEQ–004, Coordinate Interchange (WEQ Version 003.3, March 30, 2020);
- WEQ-005, Area Control Error (ACE) Equation Special Cases (WEQ Version 003.3, March 30, 2020);
- WEQ-006, Manual Time Error Correction (WEQ Version 003.1, Sept. 30, 2015);

⁴ Order No. 676-J at P 11.

⁵ *Id.* at P 14.

- WEQ-007, Inadvertent Interchange Payback (WEQ Version 003.3, March 30, 2020);
- WEQ-008, Transmission Loading Relief (TLR)—Eastern Interconnection (WEQ Version 003.3, March 30, 2020);
- WEQ-011, Gas/Electric Coordination (WEQ Version 003.3, March 30, 2020);
- WEQ-012, Public Key Infrastructure (PKI) (WEQ Version 003.3, March 30, 2020);
- WEQ-013, Open Access Same-Time Information Systems (OASIS) Implementation Guide, (WEQ Version 003.3, March 30, 2020);
- WEQ-015, Measurement and Verification of Wholesale Electricity Demand Response (WEQ Version 003.3, March 30, 2020);
- WEQ-021, Measurement and Verification of Energy Efficiency Products (WEQ Version 003.3, March 30, 2020);
- WEQ-022, Electric Industry Registry (WEQ Version 003.3, March 30, 2020); and
- WEQ-023, Modeling. (WEQ Version 003.3, March 30, 2020).⁶

The Commission directed public utilities to submit their Order No. 676-J compliance filings by October 27, 2022,⁷ and to make the OATT revisions in those filings with an open-ended effective date of 12/31/9998.⁸ 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 must file its request

⁶ *Id.* at P 51. The Commission also incorporated those NAESB standards into its regulations by reference. *Id.*

⁷ *Id.* at P 48.

⁸ *Id.* at P 51.

for waiver at the same time with its compliance filing.⁹

In addition, the Commission directed public utilities to submit their compliance filings related to the Version 003.3 revisions regarding cybersecurity and PFV by March 2, 2022 and to make the OATT revisions in those filings effective as of June 2, 2022.¹⁰

B. Prior CAISO Waivers

As the CAISO explained in its petitions for waiver of NAESB standards implemented in Order Nos. 676, 676-C, 676-E, 676-H and 676-I, 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 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 meant the Commission found it appropriate to grant the following waivers to the CAISO:

- The Commission granted the CAISO an interim waiver of OASIS requirements when it authorized the CAISO's operation as an independent system operator. The Commission cited as relevant factors in this 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.¹¹

⁹ *Id.*

¹⁰ *Id.* at PP 49-50.

¹¹ *Pac. Gas & Elec. Co.*, 81 FERC ¶ 61,122, at 61,459-60 (1997). 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.

- The Commission extended the interim waiver of the OASIS requirements upon approval of the CAISO's firm transmission rights proposal.¹²
- 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.¹³
- 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.¹⁴
- 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-012.¹⁵
- 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 marginal pricing that would be implemented on April 1, 2009.¹⁶
- 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-013.¹⁷
- The Commission granted the CAISO's requests for waiver of certain of the new and revised standards adopted in Order No. 676-H, including waiver

¹² *Cal. Indep. Sys. Operator Corp.*, 89 FERC ¶ 61,153, at 61,437-38 (1999).

¹³ *Cal. Indep. Sys. Operator Corp.*, 117 FERC ¶ 61,196 (2006).

¹⁴ *Cal. Indep. Sys. Operator Corp.*, 123 FERC ¶ 61,180 (2008).

¹⁵ *Cal. Indep. Sys. Operator Corp.*, 125 FERC ¶ 61,380 (2008).

¹⁶ *Cal. Indep. Sys. Operator Corp.*, 126 FERC ¶ 61,260 (2009).

¹⁷ 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).

of specified standards under WEQ-001, WEQ-002, WEQ-003, WEQ-012, and WEQ-013.¹⁸

- The Commission granted the CAISO's requests for waiver of certain of the new and revised standards adopted in Order No. 676-I, including waiver of specified standards under WEQ-001, WEQ-002, WEQ-003, WEQ-012, WEQ-013, and WEQ-023, and a limited waiver of WEQ-006 to the extent certain requirements related to manual time error correction are inconsistent with the Western Interconnection's use of automatic time error correction.¹⁹

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 Waiver of Cybersecurity Standards in WEQ-001 and WEQ-002

In Order No. 676, the Commission stated that public utilities with existing waivers of certain 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.²⁰ The Commission reiterated these requirements in Order No. 676-J.²¹

Here, NAESB modified the WEQ-001 and WEQ-002 standards identified in Appendix I of Order No. 676-J to: (1) align the standards' security

¹⁸ *Cal. Indep. Sys. Operator Corp.*, 151 FERC ¶ 61,151 (2015).

¹⁹ *Cal. Indep. Sys. Operator Corp.*, 178 FERC ¶ 61,158 (2022).

²⁰ *Standards for Bus. Practices & Comm'n Protocols for Pub. Utils*, Order No. 676, FERC Stats. & Regs. ¶ 31,216, at P 79 (2006).

²¹ Order No. 676-J at P 51.

requirements with other cybersecurity guidelines and best practices; (2) remove legacy functionality that potentially provides a vehicle for cyber-attacks; and (3) incorporate more secure communication and encryption.²² Specifically, NAESB revised WEQ-001-13.1.3 to include a reference to 18 CFR 37.7. NAESB also revised WEQ-002 to, in part, require transmission providers, or the agent to whom a transmission provider has delegated the responsibility of meeting any requirements associated with OASIS, to apply industry-recognized best practices in the implementation and maintenance of OASIS nodes and supporting infrastructure.

As mentioned above, the Commission has granted the CAISO a comprehensive waiver for WEQ-002, including the requirements related to OASIS network infrastructure and cybersecurity.²³ The CAISO also has a waiver of nearly all the requirements in WEQ-001, including WEQ-001-13.1.3.

The CAISO hereby certifies that the circumstances warranting Commission waiver of the NAESB standards discussed above have not changed. The WEQ-001 and WEQ-002 requirements identified in Appendix I of Order 676-J 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 its market participants. Specifically, the OASIS cybersecurity requirements are inapplicable to the CAISO because its market

²² See *id.* at PP 16-22.

²³ See, e.g., WEQ-002-2 and WEQ-002-5.1.

participants do not designate or un-designate resources via OASIS (because the CAISO does not have a traditional “network” transmission service like that offered under the pro forma OATT). Likewise, market participants do not exchange confidential or personal information with the CAISO (and *vice-versa*) via OASIS. The sole purpose of the CAISO’s OASIS is for the CAISO to post public transmission and market operations-related data. All of the information posted on the CAISO’s OASIS site is public information and, thus, does not require PKI protection or encryption.

While the CAISO inadvertently missed the March 2, 2022 compliance deadline due to an administrative oversight, it has been operating under its existing NAESB waivers for WEQ-001 and WEQ-002. Accordingly, the CAISO respectfully requests renewed waivers of WEQ-001 and WEQ-002 with respect to the cybersecurity standards identified in Appendix I of Order No. 676-J and consistent with prior waivers of these standards that the Commission has granted.

III. Communications

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

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IV. Conclusion

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

Respectfully submitted,

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Date: January 24, 2023

CERTIFICATE OF SERVICE

I certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 24th day of January 2023.

/s/ Jacqueline Meredith

Jacqueline Meredith
An employee of the California ISO