

178 FERC ¶ 61,158  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Richard Glick, Chairman;  
James P. Danly, Allison Clements,  
Mark C. Christie, and Willie L. Phillips.

California Independent System  
Operator Corporation

Docket Nos. ER21-2495-000  
ER21-2496-001

ORDER ON COMPLIANCE AND REQUEST FOR WAIVERS

(Issued March 7, 2022)

1. On July 23, 2021, as amended on October 21, 2021, California Independent System Operator Corporation (CAISO) filed a compliance filing<sup>1</sup> and a request for waivers<sup>2</sup> in response to the compliance requirements of Order No. 676-I.<sup>3</sup> In Order No. 676-I, the Commission revised its regulations to incorporate by reference Version 003.2 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 accept CAISO's Amended Compliance Filing, effective May 1, 2022, subject to an additional compliance filing being submitted within 30 days of the date of this order, as described below, and grant CAISO's request for waivers.

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<sup>1</sup> Calif. Indep. Sys. Operator Corp., Docket No. ER21-2496-000, July 23, 2021 Compliance Filing (Compliance Filing) and Calif. Indep. Sys. Operator Corp., Docket No. ER21-2496-001, October 21, 2021 Amendment Filing (Amended Compliance Filing).

<sup>2</sup> Calif. Indep. Sys. Operator Corp., July 23, 2021 Waiver Request (Waiver Request), Docket No. ER21-2495-000.

<sup>3</sup> *Standards for Bus. Pracs. & Commc'n Protocols for Pub. Utils.*, Order No. 676-I, 85 Fed. Reg. 10,571 (Feb. 25, 2020), 170 FERC ¶ 61,062 (2020) (Order No. 676-I).

## I. Background

2. On February 4, 2020, the Commission issued Order No. 676-I, which amends the Commission's regulations under the Federal Power Act (FPA)<sup>4</sup> to incorporate by reference, with certain enumerated exceptions, the WEQ Version 003.2 of the Business Practice Standards adopted by NAESB. The NAESB Business Practice Standards are intended to standardize and streamline the transactional processes of the natural gas and electric industries, as well as the communication protocols and related standards designed to improve the efficiency of communication within each industry. The WEQ Version 003.2 Business Practice Standards include the WEQ Version 003.1 Business Practice Standards in their entirety, with certain modifications made in WEQ Version 003.2.<sup>5</sup>

3. In Order No. 676-I, the Commission incorporated by reference 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, WEQ-021, WEQ-022, and WEQ-023.<sup>6</sup> The Commission did not adopt the NOPR proposal to incorporate by reference NAESB's latest version of the WEQ-006 Manual Time Error Correction Business Practice Standards. However, the Commission did update NAESB's Smart Grid Standards (set out in Business Practice Standards WEQ-018 and WEQ-019) that the Commission listed for informational purposes in Part 2 of the Commission's Regulations.<sup>7</sup> In addition, the Commission incorporated by reference the proposed WEQ-022 Electric Industry Registry (EIR) Business Practice Standards, but did not incorporate by reference the entirety of the proposed WEQ-023 Modeling Business

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<sup>4</sup> 16 U.S.C. § 791a, *et seq.*

<sup>5</sup> NAESB filed WEQ Version 003.1 of the Standards for Business Practices and Communication Protocols for Public Utilities on October 26, 2015. The WEQ Version 003.1 Business Practice Standards were the subject of a Notice of Proposed Rulemaking (NOPR) but never separately incorporated by reference by the Commission. *See Standards for Bus. Pracs. & Comm'n Protocols for Pub. Utils.*, Notice of Proposed Rulemaking, 156 FERC ¶ 61,055 (2016).

<sup>6</sup> Order No. 676-I, 170 FERC ¶ 61,062 at PP 70-86.

<sup>7</sup> *Id.* P 4. These revisions update earlier versions of the WEQ-018 and WEQ-019 Business Practice Standards that the Commission previously listed in Part 2 of the Commission's regulations as non-mandatory guidance at 18 C.F.R. § 2.27 (2021) in Order No. 676-H. *Standards for Bus. Pracs. & Comm'n Protocols for Pub. Utils.*, Order No. 676-H, 148 FERC ¶ 61,205, at P 77 (2014).

Practice Standards.<sup>8</sup> All of these Business Practice Standards, except for WEQ-022 and WEQ-023, update and replace standards that the Commission previously incorporated by reference in Order No. 676-H.<sup>9</sup>

4. In Order No. 676-I, the Commission explained that public utilities could comply with the final rule, and any subsequent Commission orders incorporating NAESB Business Practice Standards, by incorporating the complete set of NAESB Business Practice Standards into their tariffs without modification by making a filing with the Commission to include the following language in their tariffs: “[t]he current versions of the NAESB WEQ Business Practice Standards incorporated by reference into the Commission’s regulations as specified in Part 38 of the Commission’s regulations (18 CFR part 38) are incorporated by reference into this tariff.”<sup>10</sup> Alternatively, public utilities must make a compliance filing providing a list of the NAESB Business Practice Standards included in their tariff and any waivers they have been granted by the Commission.<sup>11</sup>

5. The Commission initially directed public utilities to submit their Order No. 676-I compliance filings by May 25, 2020, and to make the tariff revisions in those filings using an indeterminant effective date (12/31/9998) for the tariff records.<sup>12</sup> However, in response to a motion for extension of time, the Commission extended the date for compliance and waiver filings to July 27, 2021.<sup>13</sup>

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<sup>8</sup> See Order No. 676-I, 170 FERC ¶ 61,062 at P 5.

<sup>9</sup> In Order No. 676-I, the Commission updated the reference to Business Practice Standard WEQ-019 in Part 2 of its regulations, which houses statements of general policy and interpretations of the Commission. The references to the other smart grid standards are listed informationally, in Part 2 of the regulations, at 18 C.F.R. § 2.27, as non-mandatory guidance, were unchanged, and do not require updating. These are Business Practice Standards WEQ-016, WEQ-017, and WEQ-020. The Commission also listed for informational purposes, as non-mandatory guidance, Business Practice Standard WEQ-018.

<sup>10</sup> Order No. 676-I, 170 FERC ¶ 61,062 at P 67.

<sup>11</sup> *Id.* P 66. The Commission provided that a public utility requesting waivers of any Business Practice Standards, as well as continuation of existing waivers, must file a request for waivers of each specific provision, along with its reasons supporting the request. *See id.* P 20.

<sup>12</sup> *Id.* PP 20, 65.

<sup>13</sup> *Standards for Bus. Pracs. & Comm’n Protocols for Pub. Utils.*, Notice of

6. In addition, on March 3, 2020, the Commission issued a notice explaining that in publishing the final rule, the *Federal Register* made various formatting and editorial changes to the text of the regulations, 18 C.F.R. §§ 2.27 and 38.1 (2021), where the Commission incorporates by reference NAESB's WEQ Business Practice Standards.<sup>14</sup> The Commission stated that the regulatory text included with the Commission's Order No. 676-I, as issued by the Commission, would be revised by the March 3, 2020 notice to reflect the regulatory text as published in the *Federal Register*.<sup>15</sup>

## II. CAISO's Filings

7. In its Compliance Filing and Amended Compliance Filing, CAISO states that the adoption of the NAESB standards in Order No. 676-I do not require substantive changes or revisions to existing provisions of CAISO's Open Access Transmission Tariff (Tariff). CAISO explains that its filing revises section 7.3.3 of its Tariff to incorporate the NAESB Business Practice Standards by reference, as prescribed by Order No. 676-I. CAISO also explains that its filing revises section 7.3.3 to specify the NAESB Business Practice Standards for which it has requested waiver.<sup>16</sup> CAISO requests an effective date of 12/31/9998 for its eTariff record, consistent with the instruction set out in Order No. 676-I.<sup>17</sup>

8. In its Waiver Request, CAISO explains that its ancillary service and imbalance energy markets and financial transmission model differ significantly from the business model and physical transmission services in the *pro forma* Open Access Transmission Tariff (OATT), upon which the Version 003.2 Business Practice Standards are based. Therefore, CAISO states that certain of the Version 003.2 Business Practice Standards, identified below, are not applicable.<sup>18</sup> CAISO states that the Commission has previously

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Extension of Time, Docket No. RM05-5-028 (Apr. 3, 2020). The Notice stated that the Commission would not establish an implementation date earlier than October 27, 2021.

<sup>14</sup> *Standards for Bus. Pracs. & Comm'n Protocols for Pub. Utils.*, Errata Notice, Docket No. RM05-5-025, *et al.* (Mar. 3, 2020).

<sup>15</sup> An additional notice was issued on July 20, 2021, to correct the filing code to be used to submit tariff sheets in compliance with Order No. 676-I as Type of Filing Code 80. *Standards for Bus. Pracs. & Comm'n Protocols for Pub. Utils.*, Errata Notice, Docket No. RM05-5-025, *et al.* (July 20, 2021).

<sup>16</sup> Compliance Filing at 4.

<sup>17</sup> Amended Compliance Filing at 4.

<sup>18</sup> Waiver Request at 5.

granted CAISO waiver of certain NAESB WEQ Business Practice Standards.<sup>19</sup> CAISO requests continued waiver of these Business Practice Standards, as described in more detail below.

9. First, CAISO seeks comprehensive renewed waiver of Business Practice Standards WEQ-002, WEQ-003, and WEQ-013, and certain provisions of Business Practice Standards WEQ-001 and WEQ-012 consistent with prior waiver requests.<sup>20</sup> CAISO argues that good cause exists to grant waiver of these provisions because CAISO does not offer physical reservation transmission service, and the circumstances warranting waiver have not changed from the Commission's prior acceptance.

10. Second, CAISO seeks waiver of the newly adopted Version 003.2 Business Practice Standards requirements related to Open Access Same-Time Information System (OASIS) that are based on the transmission service model embodied in the *pro forma* OATT. CAISO explains that its transmission service model does not include *pro forma* OATT features such as 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, and rollover rights.<sup>21</sup> Therefore, CAISO seeks waiver of certain OASIS-related requirements in Business Practice Standards WEQ-001, WEQ-002, WEQ-003, WEQ-013, and WEQ-023, and in provisions of WEQ-001 and WEQ-012, for which the Commission has previously granted a CAISO petition for waiver.<sup>22</sup>

11. Finally, CAISO seeks waiver of the newly adopted Version 003.2 Business Practice Standards in WEQ-006-5 and WEQ-006-9 pertaining to the time monitoring and time error notification, respectively. CAISO explains that the Western Interconnection

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<sup>19</sup> *Id.* at 5-6 (citing *Pac. Gas & Elec. Co.*, 81 FERC ¶ 61,122, at 61,459-60 (1997); *Cal. Indep. Sys. Operator Corp.*, 89 FERC ¶ 61,153 (1999); *Cal. Indep. Sys. Operator Corp.*, 117 FERC ¶ 61,196 (2006); *Cal. Indep. Sys. Operator Corp.*, 123 FERC ¶ 61,180 (2008); *Cal. Indep. Sys. Operator Corp.*, 125 FERC ¶ 61,380 (2008); *Cal. Indep. Sys. Operator Corp.*, 126 FERC ¶ 61,260 (2009); *Cal. Indep. Sys. Operator Corp.*, Docket No. ER11-3099-000 (Feb. 15, 2013) (delegated order); *Cal. Indep. Sys. Operator Corp.*, Docket Nos. ER11-3096-000 and ER11-3096-001 (Mar. 13, 2013) (delegated order); and *Cal. Indep. Sys. Operator Corp.*, 151 FERC ¶ 61,151 (2015).

<sup>20</sup> *Id.* at 7 (citing *Cal. Indep. Sys. Operator Corp.*, 125 FERC ¶ 61,380 (2008); *Cal. Indep. Sys. Operator Corp.*, 126 FERC ¶ 61,260 (2009)).

<sup>21</sup> *Id.* at 10-11.

<sup>22</sup> *Id.* at 11-14.

utilizes automatic Time Error Correction, under NERC Reliability Standard BAL-004, rather than the manual Time Error Correction contemplated in the newly adopted standards.<sup>23</sup> CAISO asserts that the newly adopted Business Practice Standards conflict with the Western Interconnection practices, and that its current procedures maintain interconnection frequency at an acceptable limit of true time, ultimately satisfying the purpose of WEQ-006.<sup>24</sup>

### **III. Notice and Responsive Pleadings**

12. Notice of CAISO's Compliance Filing and Waiver Request was published in the *Federal Register*, 86 Fed. Reg. 40,820 (July 29, 2021) with interventions and protests due on or before August 13, 2021. None was filed.

13. Notice of CAISO's Amended Compliance Filing was published in the *Federal Register*, 86 Fed. Reg. 59,701 (Oct. 28, 2021) with interventions and protests due on or before November 12, 2021. None was filed.

### **IV. Discussion**

14. We accept CAISO's Order No. 676-I revised tariff record filed in its October 21, 2021 Amended Compliance Filing effective May 1, 2022, grant for the requested waivers, and direct CAISO to make an additional compliance filing. Specifically, we accept CAISO's revised tariff record because it complies with the directives of Order No. 676-I, subject to the additional compliance filing discussed below. We grant CAISO's requests for waiver of Business Practice Standards WEQ-002, WEQ-003, and WEQ-013, and for waiver of certain provisions of Business Practice Standards WEQ-001 and WEQ-012, because the rationale under which the Commission previously granted the waivers has not changed.<sup>25</sup> We grant CAISO's request for waiver of newly adopted Version 003.2 Business Practice Standards under WEQ-001, WEQ-002, WEQ-003, WEQ-013, and WEQ-023, and in provisions of WEQ-001 and WEQ-012, for which the Commission has previously granted a CAISO petition for waiver, for good cause shown because they are not applicable to CAISO's transmission service model. For good cause shown, we also grant CAISO's request for waiver of WEQ-006-5 and WEQ-006-9, because they are not applicable in the Western Interconnection. We grant CAISO's request for waivers for good cause shown because CAISO has demonstrated that its

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<sup>23</sup> *Id.* at 15 (citing Regional Reliability Standard BAL-004-WECC-03 (Automatic Time Error Correction, available at: <https://www.nerc.com/files/BAL-004-WECC-3.pdf>).

<sup>24</sup> *Id.* at 16-17.

<sup>25</sup> *See supra* n.19.

existing waivers should continue and that the newly adopted requirements in the Version 003.2 Business Practice Standards for which CAISO seeks waiver are inapplicable to and incompatible with CAISO's markets and transmission service model.

15. Consistent with the foregoing determination, we will require CAISO to submit a compliance filing, within 30 days of the date of this order, to revise section 7.3.3 of its Tariff to indicate those Business Practice Standards for which the Commission has granted waiver, and for each of those Business Practice Standards granted waiver, to include a citation to the order granting the request for waivers.

The Commission orders:

(A) CAISO's revised tariff record in its Amended Compliance Filing is hereby accepted for filing, effective May 1, 2022, as discussed in the body of this order.

(B) CAISO's request for waivers is hereby granted as discussed in the body of this order.

(C) CAISO is hereby directed to make a compliance filing within 30 days of the date of issuance of this order, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.