UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: James J. Hoecker, Chairman;
Vicky A. Bailey, William L. Massey,
Linda Breathitt, and Curt Hébert, Jr.

Open Access Same-time Information ) Docket No. RM95-9-007
System (OASIS) and Standards of )
Conduct )

ORDER APPROVING EXPERIMENT FOR PROCESSING REQUESTS FOR NEXT-HOUR
TRANSMISSION SERVICE ON THE OASIS

(Issued September 29, 1998)

As discussed below, we will grant a request from the
Commercial Practices Working Group (CPWG) 1/ to conduct a four-
month experiment, starting on November 1, 1998, to test their
proposed procedures to promote development of a next-hour market
for power.

Background

On June 11, 1998, the CPWG filed a letter with the
Commission seeking approval to conduct the above-referenced
experiment on next-hour transactions. CPWG's letter explains
how, under its proposal, requests for next-hour transmission
service would be processed:

For a next-hour transmission service request made
within one hour of the start time, a Customer shall
have the option of entering the reservation and
schedule requests electronically or verbally. If a
reservation is confirmed verbally, the Provider shall
have the option of requiring the Customer to enter the

1/ CPWG states that it is an independent industry-initiated and
managed group that has committed itself to providing an open
forum dedicated to the development of consensus-based
business practices in support of reliable and competitive
bulk electricity markets in North America. CPWG's
membership includes members from various segments of the
wholesale electric industry, including Transmission
Providers and Customers.
reservation on OASIS electronically, after-the-fact, within one hour of the start of the reservation.

If a Provider's OASIS and scheduling process allow that a Customer's reservation and scheduling requests are accepted or denied within 15 minutes of the queue time, then the Provider may require that reservations and schedules be entered electronically by the Customer prior to the scheduling deadline. If after 15 minutes the Provider has not responded to the reservation and schedule requests, the Customer has the option to call the Provider to verbally confirm the reservation and schedule. 2/

CPWG asks us to approve the implementation of its proposal for a four-month experiment on next-hour transactions.

Notice and Comments


On July 16, 1998, Enron Power Marketing, Inc. (EPMI) filed comments in support of the experimental next-hour procedures proposed by CPWG. EPMI asserts that the proposed experiment will be beneficial to market development. EPMI states that OASIS will work better and faster if all system users are equally dependent on the OASIS to make their purchases of transmission service.

On July 17, 1998, Virginia Electric and Power Company (VEPCO) filed comments in support of the experimental procedures. VEPCO states that it currently responds to 98 percent of all transmission requests made over the OASIS within 15 minutes. VEPCO seeks clarification of whether, under the proposed experiment, if a transmission provider can meet the proposed 15 minute response time, it may require all customers to enter reservations and schedules electronically on the OASIS.

Discussion

In Order No. 889, we promulgated regulations that require transmission providers to establish and operate OASIS sites and to comply with Standards of Conduct. 3/ The OASIS regulations

2/ CPWG letter at 2.

3/ Open Access Same-Time Information System (Formerly Real-Time Information Networks) and Standards of Conduct, Order No. 889, FERC Stats. & Regs. ¶ 31,035 at 31,583, 61 Fed. Reg. (continued...
provide, at 18 C.F.R. § 37.6(e)(1) (1998), that "[a]ll requests for transmission services offered by Transmission Providers under the pro forma tariff [must] be made on the OASIS."

At the industry's request, to permit development of the next-hour market, we issued an order on December 27, 1996, 4/ clarifying how reservations for next-hour service would be made during OASIS Phase I. We stated,

a request for transmission service made after 2:00 p.m. of the day preceding the commencement of such service, will be "made on the OASIS" if it is made directly on the OASIS or, if it is made by facsimile or telephone and promptly (within one hour) posted on the OASIS by the Transmission Provider. 5/

The December 1996 clarification permits, at a Transmission Provider's option, next-hour reservations to be made by phone and fax as long as the reservation is posted on the OASIS within one hour. The experiment proposed by CPWG would require Transmission Providers to give customers the option of using phone and fax for next-hour reservations if a Transmission Provider cannot consistently respond to requests for reservations over OASIS within 15 minutes.

The CPWG indicates that its members are having difficulty completing next-hour transactions in a timely manner over the OASIS. To remedy this problem, the CPWG proposes the instant experiment.

After a review of CPWG's request and related comments, we find that CPWG's proposal may promote the next-hour market by having fewer transactions prevented by slow electronic response time. We would view such a development as an improvement to the status quo and are pleased at CPWG's efforts in this direction. Accordingly, during the specified four-month period, we will allow transmission providers who are able to respond consistently to electronic requests for reservations and schedules within 15 minutes the opportunity to require customers to comply with procedures for electronic reservations and schedules.

3/ (...continued)


To avoid confusion, however, we clarify that we do not interpret CPWG's proposal to allow a transmission provider to impose such a requirement on some customers and not others. To the contrary, as suggested by VEPCO's comments, we are approving an experiment whereby -- when a transmission provider reasonably believes it can consistently process requests for hourly transmission service within 15 minutes -- that transmission provider may uniformly impose the requirement on customers that they (including the Transmission Provider's wholesale merchant function) must make requests for next-hour service electronically on the OASIS.

Consistent with this, and to promote clarity, we have restated CPWG's proposal to state:

If a Transmission Provider's OASIS and scheduling process allow for acceptance or denial of a Customer's reservation or scheduling request for hourly transmission service within 15 minutes of queue time on a consistent basis, then the Transmission Provider may require Customers to enter the reservations and schedules electronically on the OASIS prior to the scheduling deadline, as long as it does so for all Customers seeking service subject to the OASIS requirement. If after 15 minutes the Transmission Provider has not responded to the reservation and schedule requests, a Customer has the option to call the Provider to verbally confirm the reservations and schedule.

If the Transmission Provider is not able to respond consistently to Customers' reservations or schedule requests for hourly transmission service within 15 minutes of queue time, then the Customer retains the option of providing the Transmission Provider with a confirmation of the reservation or schedule by means of telephone or facsimile. If a reservation is entered or confirmed by telephone or facsimile, the Transmission Provider may require the Customer to enter the reservation on the OASIS electronically, after-the-fact, within one hour of the start of the reservation. It is up to the Transmission Provider (and not the individual Customer) to determine whether it can consistently handle such hourly transmission service requests within 15 minutes during the pendency of the experiment.

If a transmission provider cannot respond consistently within 15 minutes, the transmission provider cannot require customers to enter reservations and schedules electronically prior to the scheduling deadline.
We emphasize that it is Commission policy that all requests for transmission service must be made exclusively on the OASIS. In our December 1996 clarification, in order to facilitate the development of the next hour market, we granted a partial exception by allowing phone and fax reservations in certain circumstances. The next-hour experiment requires a Transmission Provider to accept phone and fax reservations for next-hour service if it cannot consistently respond within 15 minutes to electronic requests. In spite of these exceptions, we expect Transmission Providers to use their best efforts to accommodate electronic reservations for the services for which we have allowed phone and fax reservations during OASIS Phase I. Furthermore, we reiterate that during OASIS Phase II, Transmission Providers and Customers will be required to make all reservations, including next hour reservations, electronically on the OASIS.

The Commission orders:

(A) The request of CPWG for a four-month experiment of next-hour procedures is hereby granted, as discussed in the body of this order. The four-month period will commence on November 1, 1998.

(B) CPWG is hereby directed to file a report by March 31, 1999, assessing the new procedures, comparing the next-hour market before and after the implementation of the experiment, and advising the Commission on what, if any, revisions to the Commission's regulations are needed to accomplish any proposed changes in procedures.

By the Commission.

(SEAL)

David P. Boerger, Secretary.