

156 FERC ¶ 61,055  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

18 CFR Part 38

[Docket No. RM05-5-025]

Standards for Business Practices and Communication Protocols for Public Utilities

(July 21, 2016)

AGENCY: Federal Energy Regulatory Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Federal Energy Regulatory Commission (Commission) proposes to incorporate by reference the latest version (Version 003.1) of certain Standards for Business Practices and Communication Protocols for Public Utilities adopted by the Wholesale Electric Quadrant (WEQ) of the North American Energy Standards Board (NAESB). These standards mainly modify and update NAESB's WEQ Version 003 Standards. The Commission also proposes to revise its regulations to incorporate NAESB's updated Smart Grid Business Practice Standards in the Commission's General Policy and Interpretations.

DATES: Comments are due **[INSERT DATE 60 days after publication in the FEDERAL REGISTER]**.

ADDRESSES: Comments, identified by Docket No. RM05-5-025, may be filed in the following ways:

- Electronic Filing through <http://www.ferc.gov>. Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not in a scanned format.
- Mail/Hand Delivery: Those unable to file electronically may mail or hand-deliver comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street, NE, Washington, DC 20426.

INSTRUCTIONS: For detailed instructions on submitting comments and additional information on the rulemaking process, see the Comment Procedures Section of this document.

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SUPPLEMENTARY INFORMATION:

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Standards for Business Practices and Communication  
Protocols for Public Utilities

Docket No. RM05-5-025

NOTICE OF PROPOSED RULEMAKING

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Standards for Business Practices and Communication  
Protocols for Public Utilities

Docket No. RM05-5-025

NOTICE OF PROPOSED RULEMAKING

(July 21, 2016)

1. In this notice of proposed rulemaking (NOPR), the Federal Energy Regulatory Commission (Commission) proposes to amend its regulations under the Federal Power Act<sup>1</sup> to incorporate by reference the latest version of certain Standards for Business Practices and Communication Protocols for Public Utilities (Version 003.1) adopted by the Wholesale Electric Quadrant (WEQ) of the North American Energy Standards Board (NAESB) and filed with the Commission on October 26, 2015 (October 26 Filing). We also propose to list informationally, as guidance, NAESB's updated Smart Grid Business Practice Standards in Standard WEQ-019. In addition, as explained further below, there are several NAESB standards included in the WEQ Version 003.1 package of standards that we are not proposing in this NOPR to incorporate by reference.

2. These revised NAESB standards update earlier versions of these standards that the Commission previously incorporated by reference into its regulations at 18 CFR 38.1 in

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<sup>1</sup> 16 U.S.C. 791a, *et seq.*

Order Nos. 676-E,<sup>2</sup> 676-H,<sup>3</sup> 764,<sup>4</sup> and 890.<sup>5</sup> In addition, NAESB developed two new suites of standards in coordination with the North American Electric Reliability Corporation (NERC) (the Commission-certified “electric reliability organization” responsible for developing and enforcing mandatory Reliability Standards).<sup>6</sup> These two NAESB proposals would establish: (1) NAESB Electric Industry Registry (EIR) business practice standards that replace the NERC Transmission System Information Networks (TSIN) as the tool to be used by wholesale electric markets to conduct electronic transactions via electronic tagging (e-Tags); and (2) Modeling Business

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<sup>2</sup> *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676-E, 74 FR 63288 (Dec. 3, 2009), FERC Stats. & Regs. ¶ 31,299 (2009).

<sup>3</sup> *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676-H, 79 FR 56939 (Sept. 24, 2014), FERC Stats. & Regs. ¶ 31,359, at n.81 (2014), *corrected*, 149 FERC ¶ 61,014 (2014).

<sup>4</sup> *Integration of Variable Energy Resources*, Order No. 764, 77 FR 41,482 (July 13, 2012), FERC Stats. & Regs. ¶ 31,331 (2012).

<sup>5</sup> *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 72 FR 12266 (Mar. 15, 2007), FERC Stats. & Regs. ¶ 31,241 (2007).

<sup>6</sup> NERC is the Commission-certified “electric reliability organization” responsible for developing and enforcing mandatory Reliability Standards. *See* section 215 of the Federal Power Act, 16 U.S.C. 824o (2012).

Practice Standards to support and complement NERC's proposed retirement of its "MOD A" Reliability Standards.<sup>7</sup>

3. NAESB's WEQ Version 003.1 Business Practice Standards include modifications to the following set of existing standards:<sup>8</sup>

<u>WEQ</u>	<u>Business Practice Standards</u>
000	Abbreviations, Acronyms, and Definition of Terms
001	Open Access Same-Time Information System (OASIS)
002	OASIS Standards and Communication Protocols (S&CP)
003	OASIS S&CP Data Dictionaries
004	Coordinate Interchange
006	Manual Time Error Corrections
012	Public Key Infrastructure (PKI)
013	OASIS Implementation Guide
019	Customer Energy Usage Information Communication

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<sup>7</sup> In a February 19, 2014 petition, NERC proposed to retire Reliability Standards MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-2, MOD-029-1a, and MOD-030-2 and requested approval of new Reliability Standard MOD-001-2. Generally, the "MOD" series of NERC Reliability Standards pertain to transmission system modeling. The Commission issued a NOPR in Docket No. RM14-7-000 that addressed NERC's proposal, and the matter is currently pending before the Commission. *Modeling, Data, and Analysis Reliability Standards, Notice of Proposed Rulemaking*, 79 FR 36269 (June 26, 2014), 147 FERC ¶ 61,208 (2014) (MOD NOPR).

<sup>8</sup> On October 26, 2015, NAESB filed a report with the Commission (previously referenced as the October 26 Filing) presenting all the modifications it has made to the WEQ Version 003 Business Practice Standards since those standards were incorporated by reference by the Commission in 2014 in Order No. 676-H, as well as two new suites of standards that it has developed, which are further described below in P 12.

4. Additionally, the Version 003.1 standards include two new suites of standards:

<b><u>WEQ</u></b>	<b><u>Business Practice Standards</u></b>
022	Electric Industry Registry (EIR)
023	Modeling

5. These NAESB standards, developed through the NAESB standards development process or the NAESB minor correction process, build upon the Version 003 WEQ Business Practice Standards that NAESB filed with the Commission on September 18, 2012 and that the Commission incorporated by reference into its regulations in Order No. 676-H, a final rule issued by the Commission on September 18, 2014.<sup>9</sup>

#### **I. Background**

6. NAESB is a non-profit standards development organization established in late 2001 (as the successor to the Gas Industry Standards Board (GISB), which was established in 1994) and serves as an industry forum for the development of business practice standards and communication protocols for the wholesale and retail natural gas and electricity industry sectors. Since 1995, NAESB and its predecessor, the GISB, have been accredited members of the American National Standards Institute (ANSI), complying with ANSI's requirements that its standards reflect a consensus of the affected industries.<sup>10</sup>

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<sup>9</sup> See *supra* n.3.

<sup>10</sup> Prior to the establishment of NAESB in 2001, the Commission's development of business practice standards for the wholesale electric industry was aided by two *ad hoc* industry working groups established during the rulemaking proceeding that resulted in issuance of Order No. 889 and the creation of the OASIS, while GISB's efforts involved

(continued...)

7. NAESB's standards include business practices intended to standardize and streamline the transactional processes of the natural gas and electric industries, as well as communication protocols and related standards designed to improve the efficiency of communication within each industry. NAESB supports all three quadrants of the gas and electric industries – wholesale gas, wholesale electric, and retail markets quadrant.<sup>11</sup> All participants in the gas and electric industries are eligible to join NAESB and participate in standards development.

8. NAESB develops its standards under a consensus process so that the standards draw support from a wide range of industry members. NAESB's procedures are designed to ensure that all persons choosing to participate can have input into the development of a standard, regardless of whether they are members of NAESB, and each standard NAESB adopts is supported by a consensus of the relevant industry segments. Standards that fail to gain consensus support are not adopted. NAESB's consistent practice has been to submit a report to the Commission after it has made revisions to existing business practice standards or has developed and adopted new business practice standards. NAESB's standards are voluntary standards, which become mandatory for public utilities upon incorporation by reference by the Commission.

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the development of business practice standards for the wholesale natural gas industry. Once formally established, NAESB took over the standards development previously handled by GISB and by the electric working groups.

<sup>11</sup> The retail gas quadrant and the retail electric quadrant were combined into the retail markets quadrant. NAESB continues to refer to these working groups as "quadrants" even though there are now only three quadrants.

9. In Order No. 676,<sup>12</sup> the Commission not only incorporated by reference into its regulations business practice standards and communication protocols for the wholesale electric industry, it also established a formal ongoing process for reviewing and upgrading the Commission's OASIS standards and other wholesale electric industry business practice standards. In later orders in this series, the Commission incorporated by reference revisions to these standards.<sup>13</sup>

10. The WEQ Version 003.1 Business Practice Standards include six OASIS-related standards<sup>14</sup> that NAESB modified in response to directives and guidance provided in Order Nos. 676-E, 676-H, and 890. Specifically, in response to the Commission's guidance in Order No. 676-E, NAESB modified its OASIS standards to explicitly permit a transmission provider to extend the performance of the biennial assessment. In response to the Commission's guidance in Order No. 676-H, NAESB made four modifications to the OASIS suite of standards regarding: (1) the treatment of redirects

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<sup>12</sup> *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676, FERC Stats. & Regs. ¶ 31,216 (2006).

<sup>13</sup> *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676-C, FERC Stats. & Regs. ¶ 31,274, *reh'g denied*, Order No. 676-D, 124 FERC ¶ 61,317 (2008); *See supra* n.2; *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676-F, FERC Stats. & Regs. ¶ 31,309 (2010); *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676-G, 78 FR 14654 (Mar. 7, 2013), FERC Stats. & Regs. ¶ 31,343 (2013); *See supra* n.3.

<sup>14</sup> The OASIS suite of standards is used collectively by NAESB to reference four business practice standards: WEQ-001 Open Access Same-Time Information System (OASIS); WEQ-002 OASIS Standards and Communication Protocols (S&CP); WEQ-003 OASIS S&CP Data Dictionaries; and WEQ-013 OASIS Implementation Guide.

for transmission service from conditional parent reservations; (2) the one-day requirement for the posting of Available Transfer Capability (ATC) Narratives; (3) the treatment of point-to-point reservations under Service Across Multiple Transmission Systems (SAMTS); and (4) the clarification of the requirements under which a transmission provider may deny a request to terminate service. To implement Commission guidance in Order No. 890, NAESB modified standards to allow for the consistent posting of Available Flowgate Capability (AFC) related data on OASIS sites.

11. In addition, as part of the standards development process, NAESB made two additional revisions to the OASIS suite of standards that were not made in response to Commission orders. First, NAESB modified WEQ-001 and WEQ-013 to require resellers to enter off-OASIS resale transactions into OASIS sites in the “accepted” status to provide the assignee of the resale the opportunity to confirm the transaction on the OASIS. Second, NAESB revised WEQ-002-4.3.6.2 to allow for the unmasking of the source and sink of a request for transmission when that request is moved to any final state.

12. NAESB has adopted certain new and revised WEQ Version 003.1 Business Practice Standards based on developments involving NERC. First, NAESB developed the WEQ-022 Electric Industry Registry (EIR) Business Practice Standards to complement the transfer of registry functions from the NERC TSIN to the NAESB EIR. The EIR database serves as a central repository of information required for commercial interactions, including electronic transactions via e-Tags. Second, NAESB developed the WEQ-023 Modeling Business Practice Standards in response to a NERC petition to

delete and retire the six “MOD A” Reliability Standards. As mentioned above, NERC filed a petition with the Commission on February 10, 2014 proposing to retire NERC’s six MOD A Reliability Standards and replace them with Reliability Standard MOD-001-2, which NERC states will focus exclusively on the reliability aspects of ATC and AFC.<sup>15</sup> On February 7, 2014, NERC submitted a request to NAESB (Standards Request 14002)<sup>16</sup> asking NAESB to consider adopting standards that address the commercial and business aspects of the MOD standards proposed for retirement. NAESB subsequently developed the WEQ-023 Business Practice Standards to support and complement the proposed retirement of the MOD A Reliability Standards. The WEQ-023 Business Practice Standard specifies the requirements for calculating ATC and AFC and supports the task of reporting on the commercial aspects of these calculations.<sup>17</sup>

13. Third, NAESB has adopted revisions to NAESB standards that need to match up with NERC’s Interchange Scheduling and Coordination (INT) Reliability Standards. In this regard, NAESB modified certain WEQ-000 and WEQ-004 Business Practice Standards to complement NERC’s proposal to modify the INT Reliability Standards, including removal of the Load Serving Entity (LSE) category as one of the functional registration categories in the NERC Compliance Registry.<sup>18</sup>

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<sup>15</sup> As mentioned above, NERC proposes to retire Reliability Standards MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-2, MOD-029-1a, and MOD-030-2.

<sup>16</sup> <https://www.naesb.org/pdf4/r140>.

<sup>17</sup> These terms are defined in WEQ-000-1.

<sup>18</sup> NAESB October 26 Filing at 3.

14. NAESB also includes as part of its Version 003.1 Business Practice Standards additional non-OASIS standards modifications to WEQ Version 003.1 that it made in the course of normal standards development. In Order No. 764, the Commission required transmission providers to provide for the scheduling of interchange in 15-minute intervals. In response, NAESB made two changes to the WEQ-004 Coordinate Interchange Business Practice Standards. NAESB also modified WEQ-019 to ensure consistency between WEQ Business Practice Standards and other standards organizations' standards. Additionally, NAESB modified WEQ-000 to harmonize definitions with NAESB Retail Market Quadrant efforts.

15. In Order 676-H, the Commission incorporated by reference WEQ Business Practice Standards to support Public Key Infrastructure (PKI). The WEQ Version 003.1 Business Practice Standards include additional PKI modifications to WEQ-002, WEQ-004, and WEQ-012 to support the NAESB Authorized Certification Authority (Certification Authority) Certification Program and to account for technological advances.

16. NAESB also has in place a process to make necessary minor corrections to its standards, when needed. The WEQ Version 003.1 Business Practice Standards include seven new minor corrections made by NAESB.<sup>19</sup>

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<sup>19</sup> These corrections are identified and explained in the October 26 Filing.

## II. Discussion

17. As discussed below, with certain enumerated exceptions, we propose to incorporate by reference (into the Commission's regulations at 18 CFR 38.1(b)) the NAESB WEQ Version 003.1 Business Practice Standards.<sup>20</sup> The Version 003.1 standards will replace the Version 003 standards currently incorporated by reference into the Commission's regulations. Where we have proposed in this NOPR to incorporate a NAESB Business Practice Standard by reference into the Commission's regulations, this has been based on a preliminary determination that the standard at issue is consistent with the Commission's findings in Order No. 676-H and does not appear inconsistent with any Commission directives or findings in other orders.

### A. Revisions to WEQ OASIS Business Practice Standards in Light of Commission Policies

#### 1. Overview

18. The NAESB WEQ Version 003.1 Business Practice Standards contain six modifications to the OASIS suite of standards that NAESB developed to ensure

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<sup>20</sup> Consistent with our past practice, we do not propose to incorporate by reference into the Commission's regulations the following standards: Standards of Conduct for Electric Transmission Providers (WEQ-009); Contracts Related Standards (WEQ-010); and WEQ/WGQ eTariff Related Standards (WEQ-014). We also do not propose to incorporate by reference at this time the WEQ-023 Modeling Business Practice Standards. We do not propose to incorporate by reference standard WEQ-009 because it contains no substantive standards and merely serves as a placeholder for future standards. We do not propose to incorporate by reference standard WEQ-010 because this standard contains an optional NAESB contract regarding funds transfers and the Commission does not require utilities to use such contracts. Moreover, as discussed more specifically in the section below on Redirects from Conditional Parent Reservations, we do not propose in this NOPR to incorporate by reference certain portions of WEQ-001.

consistency with certain policies articulated by the Commission in Order Nos. 676-H, 676-E, and 890. NAESB states that four of the six modifications align the OASIS suite of standards with guidance provided by the Commission in Order No. 676-H concerning the treatment of redirects for transmission service from conditional parent reservations, the one-day requirement for the posting of ATC Narratives, the treatment of point-to-point reservations under SAMTS, and new clarification of the requirements under which a transmission provider may deny a request to terminate service. In response to a directive in Order No. 676-E, NAESB also modified standards to explicitly permit a transmission provider to extend the performance of the biennial reassessment. Additionally, to implement the Commission's guidance provided in Order No. 890, NAESB modified pertinent standards to allow for the consistent posting of AFC-related data on OASIS sites.

## **2. Redirects from Conditional Parent Reservations**

19. In Order No. 676-H, the Commission declined to incorporate by reference NAESB Standards WEQ-001-9.5 and WEQ-001-10.5. The Version 003.0 WEQ-001-9.5 stated that, "upon confirmation of the request to Redirect on a firm basis, the Capacity Available to Redirect shall be reduced by the amount of the redirected capacity granted for the time period of that Redirect." The Version 003.0 WEQ-001-10.5 contained nearly identical language relating to the confirmation of requests to redirect on a non-firm basis. The Commission explained that it found both of these standards inconsistent with the

Commission's precedent in *Dynegy Power Marketing, Inc.*<sup>21</sup> and *Entergy Services, Inc.*<sup>22</sup>

With regard to Standard WEQ-001-9.5, the Commission explained that, "as we found in these orders, reducing the capacity available to redirect prior to the passage of the conditional reservation deadline could lead to a customer paying firm transmission charges and losing capacity on both its original path and its redirect path."<sup>23</sup> The Commission further explained that the *Dynegy* policy "effects a reasonable balancing of interests between the customer and the transmission owner by ensuring that the customer does not potentially lose rights to capacity, while at the same time still permitting the transmission owner to sell available capacity on a short term basis until the redirect becomes unconditional." The Commission also found that Standard WEQ-001-10.5 raised similar concerns regarding the confirmation of requests to redirect on a non-firm basis and also declined to incorporate by reference Standard WEQ-001-10.5 and requested that NAESB, likewise, give consideration to reworking this standard.

20. As the Commission stated in *Entergy*,<sup>24</sup> our guiding precedent on the issue of when a customer requesting redirect loses rights on the original path was set in *Dynegy*.<sup>25</sup> In *Dynegy*, the Commission found that a transmission customer receiving firm

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<sup>21</sup> 99 FERC ¶ 61,054, at P 9 (2002) (*Dynegy*).

<sup>22</sup> 143 FERC ¶ 61,143, at P 25 & n.68 (2013) (*Entergy*).

<sup>23</sup> *Id.* P 47.

<sup>24</sup> *Id.* P 25 & n.68.

<sup>25</sup> *Dynegy*, 99 FERC ¶ 61,054 at P 9.

transmission service does not lose its rights to its original path until the redirect request satisfies all of the following criteria: (1) it is accepted by the transmission provider; (2) it is confirmed by the transmission customer; and (3) it passes the conditional reservation deadline under section 13.2 of its Open Access Transmission Tariff.

21. Having NAESB revise its standards to accommodate the Commission's policy in this area will help avoid confusion by public utilities as to their responsibilities under the Commission's policy and under the NAESB standards. The Commission's concern in *Dynegy* and *Entergy* was that a redirecting customer would lose its rights to the unconditional parent path and be left with no transmission service during the redirect period if the requested redirect was preempted by a competing service request.

22. We appreciate the extensive work that NAESB and its stakeholder have undertaken in response to our directive in Order 676-H. NAESB has reached consensus on standards relating to redirects related to unconditional parent reservations, and we propose to incorporate those standards by reference into our regulations.

23. NAESB reports, however, that it was unsure whether and to what extent the *Dynegy* policy applies to conditional parent reservations and non-firm service, and no consensus could be reached with respect to such standards. It therefore adopted a standard (WEQ-001-9.5) that allows individual transmission providers to craft provisions in their individual tariffs for how they will address redirects of requests for firm transmission service, rather than having an industry-wide business practice for such transactions. Because it could not reach consensus on these issues, the standards also do not prescribe when a public utility must reduce uncommitted capacity to account for

redirects. NAESB also adopted a similar rewrite of the standard (WEQ-001-10.5) on redirects on a non-firm basis.

24. The concern about the negative effects of the potential loss of the customer's parent path when the parent reservation is conditional and subject to competition arguably is much less compelling than when the parent reservation is unconditional. While *Dynegy* carved out an exception for unconditional parent reservations, the Commission has not explicitly ruled on whether *Dynegy* applies to conditional parent reservations, and such an extension may go beyond the policy concern with losing firm service articulated in *Entergy*.

25. We, therefore, invite comment on whether the Commission should apply the *Dynegy* policy to conditional and non-firm redirects. Parties also should address the four redirect-related issues on which stakeholders have been unable to reach consensus. These are: (1) the treatment of a firm redirect for transmission service following the preemption of the conditional parent reservation; (2) the circumstances under which a firm redirect for transmission service may return to the conditional parent reservation; (3) the number of subsequent firm redirects for transmission service that can stem from the original firm redirect for transmission service; and (4) the proper treatment of requests to redirect requests for non-firm transmission service. Based on these responses, the Commission will consider whether it will adopt regulations regarding redirects from conditional parent reservations and non-firm service.

### 3. Requirement to Post ATC Narrative within One Day

26. NAESB developed Standard WEQ-001-14 to meet the requirement in Order No. 890 for transmission providers to post a narrative in instances when ATC remains unchanged at a value of zero for six months or longer. In addition, Standard WEQ-001-15 requires transmission providers to post a brief narrative that explains the reason for a change in monthly or yearly ATC values on a constrained path when a monthly or yearly ATC value changes as a result of a 10 percent change in total transfer capability. In Order No. 676-H, the Commission declined to incorporate by reference Standards WEQ-001-14.1.3 and WEQ-011-15.1.2 after determining that these standards did not meet the Commission's requirement to post the ATC narrative as soon as feasible.<sup>26</sup> The Commission requested that NAESB "revise these standards to provide for a one-day posting requirement."<sup>27</sup> In response, NAESB modified Standards WEQ-001-14.1.3 and WEQ-011-15.1.2 and adopted business practice standards to support the one-day posting requirement.

27. NAESB's revised standards appear consistent with our findings in Order No. 676-H and do not appear inconsistent with any Commission directives or findings in other orders. Moreover, as we explained above,<sup>28</sup> below,<sup>29</sup> and in previous orders, the NAESB

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<sup>26</sup> Order No. 676-E, FERC Stats. & Regs. ¶ 31,299 at P 39.

<sup>27</sup> *Id.* P 29.

<sup>28</sup> *See supra* P 8.

<sup>29</sup> *See infra* P 57.

standards are developed in an open consensus process that assures that the standards draw support from a wide range of industry members before being developed and adopted. Accordingly, we propose to incorporate by reference, into the Commission's regulations at 18 CFR 38.1, NAESB's revised standards on the timing of the required posting of ATC narratives, as set forth in NAESB's WEQ Version 003.1 Business Practice Standards.

#### **4. SAMTS Point-to-Point Treatment**

28. The NAESB SAMTS business practice standards that the Commission incorporated by reference in Order No. 676-H were developed in response to a Commission finding in Order No. 890 requesting that NAESB develop business practice standards in this area.<sup>30</sup> In Order No. 676-H, the Commission found reasonable a NAESB request to treat a conditional point-to-point reservation included in a coordinated group displaced through preemption as comparable to a reservation being superseded as a result of preemption.<sup>31</sup> NAESB therefore includes in the Version 003.1 standards modifications to the SAMTS-related standards to permit a customer with preempted transmission capacity from a reservation associated with a coordinated group to alter (reduce or terminate) the capacity of coordinate requests in the coordinated group.

29. The Commission finds that NAESB's revised standards are consistent with our findings in Order No. 676-H and do not appear inconsistent with any Commission

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<sup>30</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 1377.

<sup>31</sup> Order No. 676-H, FERC Stats. & Regs. ¶ 31,359 at P 65.

directives or findings in other orders. Accordingly, we propose to incorporate by reference, into the Commission's regulations at 18 CFR 38.1, NAESB's revised standards on SAMTS-Related standards as set forth in the WEQ Version 003.1 Business Practice Standards.

**5. Clarification of Discretion of Transmission Providers to Deny Service Requests under Standard WEQ-001-106.2.5**

30. In Order No. 676-H, the Commission declined to incorporate by reference Standard WEQ-001-106.2.5, explaining that the standard was "unclear in its application and could be read to allow Transmission Providers discretion to deny requests to terminate service in situations where this might not be warranted."<sup>32</sup> In response, NAESB modified Standard WEQ-001-106.2.1, added Standard WEQ-001-106.2.1.1, and deleted Standard WEQ-001-106.2.5. Together, these revised standards clarify that a transmission customer should submit an accurate termination request and, if the transmission customer fails to do so, the transmission provider may deny the request.

31. NAESB's revised standards appear consistent with our findings in Order No. 676-H and do not appear inconsistent with any Commission directives or findings in other orders. Accordingly, we propose to incorporate by reference, into the Commission's regulations at 18 CFR 38.1, NAESB's revised Standards WEQ-WEQ-001-106.2.21, WEQ-001-106.2.1.1, and WEQ-001-106.2.5, as set forth in the WEQ Version 003.1 Business Practice Standards.

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<sup>32</sup> *Id.* P 58.

6. **Modifications to Allow a Transmission Provider to Extend the Time to Perform its Biennial Reassessment**

32. In Order No. 676-E, the Commission stated “we reiterate here the Commission’s finding in Order No. 890 that a transmission provider is permitted to extend the timeframe to reassess the availability of conditional firm service. Since the Version 002.1 Standards do not specifically address this issue, we would ask the industry, working through NAESB, to continue to look at additional business practice standards facilitating a transmission provider’s extension of its right to perform a reassessment.”<sup>33</sup> In response to this request, NAESB, in its Version 003.1 Standards, adopted modifications to five standards in the WEQ-001 OASIS Business Practice Standards and one standard in the WEQ-013 OASIS Implementation Guide Business Practice Standards that explicitly allow a transmission provider to extend the deadline by which it must perform its biennial reassessment of the availability on its system of conditional firm service.

33. NAESB’s revised standards appear consistent with our findings in Order No. 676-E and do not appear inconsistent with any Commission directives or findings in other orders. Accordingly, we propose to incorporate by reference, into the Commission’s regulations at 18 CFR 38.1, NAESB’s revisions to five standards to extend the deadline by which a transmission provider must perform its biennial reassessment of the availability on its system of conditional firm service, as set forth in the WEQ Version 003.1 Business Practice Standards.

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<sup>33</sup> Order No. 676-E, FERC Stats. & Regs. ¶ 31,299 at P 72.

7. **Industry-Wide Mechanism for Consistent Posting of AFC-Related Data**

34. In Order No. 890-A, the Commission explained that “[t]o the extent MidAmerican or its customers find it beneficial also to post AFC, MidAmerican is free to post both ATC and AFC values.”<sup>34</sup> In the WEQ Version 003.1 Business Practice Standards, NAESB includes revisions to provide an industry-wide mechanism for posting of AFC-related data. NAESB adds three new data elements to the list of valid data element values for SYSTEM\_ATTRIBUTE and SYSTEM\_ELEMENT\_TYPE in WEQ-003 OASIS Data Dictionary and to the system data OASIS template in WEQ-013 OASIS Implementation Guide Business Practice Standards.

35. NAESB’s revised standards appear consistent with our findings in Order No. 890-A and do not appear inconsistent with any Commission directives or findings in other orders. Accordingly, we propose to incorporate by reference, into the Commission’s regulations at 18 CFR 38.1, NAESB’s revisions to the data elements in the OASIS Data Dictionary and to the data OASIS Template in Standard WEQ-013 to provide an industry-wide mechanism for posting of AFC-related data, as set forth in the WEQ Version 003.1 Business Practice Standards.

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<sup>34</sup> Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 51.

## 8. Use of DUNS Numbers

36. In Order No. 768, the Commission eliminated the requirement to use DUNS numbers<sup>35</sup> in Electronic Quarterly Report filings and stated that “DUNS numbers have proven to be imprecise identification systems, as entities may have multiple DUNS numbers, only one DUNS number, or no DUNS number at all.”<sup>36</sup> NAESB has adopted revisions to Standard WEQ-001-3.1 to eliminate the use of a DUNS number to identify an organization in OASIS postings. For consistency, NAESB also adopted changes or modifications to the Standard WEQ-000 Abbreviations, Acronyms, and Definition of Terms Business Practice Standards, WEQ-001 OASIS Business Practice Standards, WEQ-003 OASIS Data Dictionary Business Practice Standards, and WEQ-013 OASIS Implementation Guide Business Practice Standards.

37. NAESB’s revised standards appear consistent with the Commission’s findings in Order No. 768 and do not appear inconsistent with any Commission directives or findings in other orders. Accordingly, we propose to incorporate by reference, into the Commission’s regulations at 18 CFR 38.1, NAESB’s revisions to Standard WEQ-002-4.3.6.2.

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<sup>35</sup> The Data Universal Numbering System, abbreviated as DUNS or D-U-N-S, is a proprietary system developed and regulated by [Dun & Bradstreet](#) that assigns a unique numeric identifier, referred to as a "DUNS number" to a single business entity.

<sup>36</sup> *Electricity Market Transparency Provisions of Section 220 of the Federal Power Act*, Order No. 768, 77 FR 61896, FERC Stats. & Regs. ¶ 31,336, at P 171 (2012).

**B. Revised and New Standards Designed to Complement NERC Reliability Standards and Developments**

**1. NERC Compliance Registry**

38. The WEQ Version 003.1 standards include modifications to the WEQ-004 Coordinate Interchange Business Practice Standards to include in the EIR items eliminated by NERC, in Docket No. RR15-4-000, from the NERC Compliance Registry including the elimination of the LSE, the Purchase Selling Entity, and the Interchange Authority roles. This proposal was accepted by the Commission in orders issued on March 19, 2015<sup>37</sup> and on October 15, 2015.<sup>38</sup> Because the Commission has accepted the elimination of the LSE function from the NERC Compliance Registry, we propose to incorporate by reference, into the Commission's regulations at 18 CFR 38.1, the NAESB modifications of WEQ-004 pertaining to Coordinate Interchange Business Practices.

**2. Electric Industry Registry Standards**

39. On November 13, 2012, the NAESB EIR replaced the NERC TSIN as the industry registry, a tool previously used by wholesale electric markets to help them develop e-Tags for electronic scheduling. Thus, the NAESB EIR is now the tool the industry uses to support OASIS users in the electronic scheduling of transactions by acting as the central repository for information used by the wholesale electric industry in the creation of e-Tags. The WEQ-004 Coordinate Interchange Business Practice Standards and e-Tag

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<sup>37</sup> *North American Electric Reliability Corporation*, 150 FERC ¶ 61,213 (2015).

<sup>38</sup> *North American Electric Reliability Corporation*, 153 FERC ¶ 61,024, at P 20 (2015).

Functional Specifications and Schema provide the commercial framework for e-Tagging. The new WEQ-022 EIR Business Practice Standards establish business practices for the NAESB EIR and provide guidance for registry users.

40. NAESB's revised Standard WEQ-004 appears reasonable and does not appear inconsistent with any Commission directives or findings in other orders. Accordingly, we propose to incorporate by reference, into the Commission's regulations at 18 CFR 38.1, NAESB's revised Standard WEQ-004 as set forth in the WEQ Version 003.1 Business Practice Standards.

### 3. WEQ-023 Modeling Business Practice Standards

41. WEQ's Version 003.1 Business Practice Standards includes a new suite of standards, the WEQ-023 Modeling Business Practice Standards, which address technical issues affecting the calculation of ATC for wholesale electric transmission services. NAESB developed these Modeling standards after NERC proposed to retire the bulk of its MOD A Reliability Standards, which address ATC calculation, and NERC requested that NAESB consider developing replacement Business Practice Standards for requirements that NERC identified as being potentially relevant for commercial purposes.<sup>39</sup> WEQ-023 includes two new requirements not previously included in the NERC Reliability Standards related to contract path management. These two standards, WEQ-023-1.4 and WEQ-023-1.4.1, limit the amount of firm transmission service across a path between balancing authorities to the contract path limit for that given path.

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<sup>39</sup> NERC's proposal is currently pending before the Commission in the rulemaking proceeding in Docket No. RM14-7-000, *see supra* n.7.

42. The Commission is considering NERC's proposed retirement of its ATC-related Reliability Standards in Docket No. RM14-7-000. In addition, the Commission has established a proceeding in Docket No. AD15-5-000 to consider proposed changes to the calculation of ATC, and has conducted a technical conference and received comments regarding such changes.<sup>40</sup> As a result, we are not proposing to incorporate by reference the WEQ-023 Modeling Business Practice Standards in this NOPR, but will consider these standards as part of the overall inquiry into ATC calculation.

**C. Revisions to WEQ Business Practice Standards Not Requested by Commission or Developed to Comply with a Commission Directive**

43. In addition to the standards revisions that NAESB made to comply with various Commission directives and requests, NAESB also developed and adopted five revisions to the Business Practice Standards at its own initiative. These revisions: (1) introduce a requirement for resellers to post off-OASIS resale transactions on the OASIS in the "accepted" status to provide the assignee of the resale the opportunity to confirm the transaction on the OASIS; (2) allow for the unmasking of the source and sink of a request for transmission service, once that request is moved to any final state; (3) modify the Commission's existing non-mandatory guidance on Smart Grid standards; (4) modify the WEQ Abbreviations, Acronyms, and Definition of Terms in Standard WEQ-000 to maintain consistency between the defined terms used in the NAESB standards, including

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<sup>40</sup> See, e.g., the December 18, 2014 status report filed by NAESB in Docket Nos. RM05-5-000 and RM14-7-000, and the Commission's April 21, 2015 workshop, *Available Transfer Capability Standards for Wholesale Electric Transmission Services*, Docket No. RM15-5-000.

revisions to the terms “Demand Reduction Value” and “Energy Efficiency” to mirror definitions proposed by the Retail Market Quadrant and prevent industry confusion; and (5) modify the Commission’s PKI-related standards. We will now separately discuss each of these revisions.

### **1. Proper Method to Post Off-OASIS Resale Transactions**

44. NAESB’s WEQ Version 003.1 Business Practice Standards include a revision to the WEQ-013 OASIS Implementation Guide Business Practice Standards to allow off-OASIS resale transactions to be posted directly to the OASIS under an “accepted” status. Prior to the modification to WEQ-013-2.6.7.2, these transactions were posted only as confirmed transactions. NAESB has also adopted a revision to the WEQ-001 OASIS Business Practice Standards (WEQ-013-2.6.7.2) as a conforming change requiring a service agreement between an assignee and a transmission provider to be executed once the assignee has confirmed the resale transaction on the OASIS.

45. NAESB’s revised standards on this subject appear reasonable and do not appear inconsistent with any directives or findings in any Commission orders. Accordingly, we propose to incorporate by reference, into the Commission’s regulations at 18 CFR 38.1, NAESB’s revisions to Standard WEQ-013-2.6.7.2 and to the WEQ-013 OASIS Implementation Guide Standards.

### **2. Unmasking of Final State Source and Sink Requests**

46. NAESB’s WEQ Version 003.1 Business Practice Standards modify Standard WEQ-002-4.3.6.2 to unmask the source and sink for a request for transmission service for all instances where the request for transmission service is moved to any final state. Prior

to this modification, masking of the source and sink of a request for transmission service was permitted until the status of that request was confirmed.

47. NAESB's revised standards appear reasonable and do not appear inconsistent with any directives or findings in any Commission order. Accordingly, we propose to incorporate by reference, into the Commission's regulations at 18 CFR 38.1, NAESB's revisions to Standard WEQ-002-4.3.6.2.

### **3. Modifications to Smart Grid Standards**

48. In Order 676-H, the Commission recognized the values of the Smart Grid standards and encouraged "further developments in interoperability, technological innovation and standardization in this area." In Order No. 676-H, the Commission adopted in its regulations as non-mandatory guidance five Smart Grid related standards:

(1) WEQ-016 Specifications for Common Electricity Product and Pricing Definition Business Practice Standards; (2) WEQ-017 Specifications for Common Schedule Communication Mechanism for Energy Transactions; (3) WEQ-018 Specifications for Wholesale Standard Demand Response Signals Business Practice Standards; (4) WEQ-019 Customer Energy Usage Information Communication Business Practice Standards; and (5) WEQ-020 Smart Grid Standards Data Elements Table Business Practice Standards. This guidance is published in the Federal Register at 18 CFR 2.27.

49. In its Version 003.1 Business Practice Standards, NAESB has modified the Standard WEQ-019 Customer Energy Usage Information Communication Business Practice Standards. NAESB made this modification so that the revised standard will operate in harmony with other smart grid standards, including the Smart Energy Profile

2.0, the International Electrotechnical Commission Information Model, the NAESB REQ.21 Energy Service Providers Interface, and standards developed by the American Society of Heating, Refrigerating, and Air-Conditioning Engineers.

50. Standard WEQ-019 provides for energy usage information and this revision allows consumers access to their energy usage information. These standards will not only be used by the wholesale electric industry, but also are important initiatives for use in ongoing utility programs for consumer data access. We, therefore, propose to revise our non-mandatory guidance that we listed in 18 CFR 2.27(d) to reference NAESB's updated Standard WEQ-019 as set out in the Version 003.1 package of WEQ Business Practice Standards, replacing the existing reference in 18 CFR 2.27(d) to Standard WEQ-019 as set out in the Version 003 WEQ Business Practice Standards.

**4. Modification to Standards on Abbreviations, Acronyms and Definitions of Terms**

51. Also included in Version 003.1 is a modification to WEQ Abbreviations, Acronyms, and Definition of Terms in Standard WEQ-000 to maintain consistency between the defined terms used in the NAESB standards, and modified the terms "Demand Reduction Value" and "Energy Efficiency" to mirror definitions proposed by the Retail Market Quadrant and prevent industry confusion.

52. NAESB's revised standards appear reasonable and do not appear inconsistent with any directives or findings in any Commission orders. Accordingly, we propose to incorporate by reference, into the Commission's regulations at 18 CFR 38.1, NAESB's revisions to Standard WEQ-000.

## 5. Public Key Infrastructure-Related Standards

53. NAESB includes three modifications to support the WEQ-012 PKI Business Practice Standards previously incorporated by reference by the Commission in Order No. 676-H.<sup>41</sup> The three PKI-related modifications made in the Version 003.1 Standards were to the WEQ-012 PKI Business Practice Standards, the WEQ-002 OASIS Standards and Communication Protocols Business Practice Standards, and the WEQ-004 Coordinate Interchange Business Practice Standards. NAESB modified WEQ-012 to accommodate technology changes and security advances as well as to remove standards specifying criteria a certificate authority must meet. NAESB moved the standards specifying criteria that must be met out of the Version 003.1 Business Practice Standards and into a second document that outlines the prerequisites a certificate authority must meet to become a NAESB Certification Authority.<sup>42</sup>

54. NAESB modified five standards and added three standards WEQ-002, which require the use of a certificate issued by a NAESB Certification Authority to access an OASIS site and include requirements related to support the implementation of PKI on OASIS sites as well as revisions to reflect the transmission of the registry from the NERC

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<sup>41</sup> These three modifications were not included in the Version 003 filing NAESB made on September 18, 2012 but rather were filed separately by NAESB on January 29, 2013 following the conclusion of standards development. *See* Submittal of Modifications to the NAESB Public Key Infrastructure Standards and Other Standards to support the Public Key Infrastructure, Docket Nos. RM05-5-000 and RM05-5-022, January 29, 2013.

<sup>42</sup> The specifications document was created in recognition that certificate authorities may not be subject to the Commission's jurisdictional authority under the Federal Power Act and that specification requirements can be modified through an accelerated process versus standards development.

TSI to the NAESB EIR. NAESB includes one new standard, WEQ-004-2.3, which requires all e-Tagging communication to be secured by certifications issued by a NAESB Certification Authority. NAESB also includes modifications to WEQ-000 for consistency purposes.

55. In Order No. 676-H, the Commission incorporated by reference the WEQ-012 PKI Business Practice Standards. In Version 003.1, NAESB has filed three modifications to support these standards, requesting that the Commission also incorporate by reference these modifications. We propose to incorporate these revised standards by reference into the Commission's regulations. These revised standards will require public utilities to conduct transactions securely when using the internet and will eliminate confusion over which transactions involving public utilities must follow the approved PKI procedures to secure their transactions. The revisions support the NAESB Authorized Certification Authority (ACA) Certification Program and account for technological advances following the original adoption of the standards by NAESB.<sup>43</sup>

#### **D. Implementation**

56. Consistent with the policy that we introduced in Order No. 676-H,<sup>44</sup> we propose upon issuance of a final rule, to establish a specific date by which all public utilities must file compliance filings revising their tariffs to acknowledge their responsibility to comply with the revised standards. In Order No. 676-H, we permitted public utilities that wish to

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<sup>43</sup> We note the NAESB ACA Certification Program is solely a service offered by NAESB, and is not include in WEQ-012.

<sup>44</sup> Order No. 676-H, FERC Stats. & Regs. ¶ 31,359 at P 71.

incorporate the complete set of NAESB standards into their tariffs without modification to avoid having to make future compliance filings by specifying in their compliance filing that they are incorporating into their tariff all of the standards incorporated by reference by the Commission as specified in Part 38 of the Commission's Rules of Practice and Procedure as updated and revised. Those public utilities that followed this approach after the issuance of Order No. 676-H will not need to make a compliance filing revising their tariff after issuance of a final rule in this proceeding as long as they continue to incorporate all of the standards without modification. Public utilities that have not availed themselves of this option in complying with Order No. 676-H would be free to do so in complying with a final rule in this proceeding.

### **III. Notice of Use of Voluntary Consensus Standards**

57. The NAESB WEQ Version 003.1 Business Practice Standards were adopted by NAESB under NAESB's consensus procedures.<sup>45</sup> As the Commission found in Order No. 676, adoption of consensus standards is appropriate because the consensus process helps ensure the reasonableness of the standards by requiring that the standards draw support from a broad spectrum of all segments of the industry. Moreover, since the industry itself has to conduct business under these standards, the Commission's regulations should reflect those standards that have the widest possible support. In

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<sup>45</sup> Under this process, to be approved a standard must receive a super-majority vote of 67 percent of the members of the WEQ's Executive Committee with support from at least 40 percent from each of the five industry segments - transmission, generation, marketer/brokers, distribution/load serving entities, and end users. For final approval, 67 percent of the WEQ's general membership must ratify the standards.

section 12(d) of the National Technology Transfer and Advancement Act of 1995, Congress affirmatively requires federal agencies to use technical standards developed by voluntary consensus standards organizations, like NAESB, as a means to carry out policy objectives or activities unless use of such standards would be inconsistent with applicable law or otherwise impractical.<sup>46</sup>

58. Office of Management and Budget Circular A-119 (section 11) (February 10, 1998) provides that Federal Agencies should publish a request for comment in a NOPR when the agency is seeking to issue or revise a regulation proposing to adopt a voluntary consensus standard or a government-unique standard. In this NOPR, the Commission is proposing to incorporate by reference voluntary consensus standards developed by the WEQ of NAESB.

#### **IV. Incorporation By Reference**

59. The Office of the Federal Register requires agencies incorporating material by reference in final rules to discuss, in the preamble of the final rule, the ways that the materials it incorporates by reference are reasonably available to interested parties and how interested parties can obtain the materials.<sup>47</sup> The regulations also require agencies to summarize, in the preamble of the final rule, the material it incorporates by reference. The NAESB standards we are proposing to incorporate by reference in this Final Rule can be summarized as follows:

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<sup>46</sup> Pub. L. No. 104-113, 12(d), 110 Stat. 775 (1996), 15 U.S.C. 272 note (1997).

<sup>47</sup> 1 CFR 51.5. *See* Incorporation by Reference, 79 FR 66267 (Nov. 7, 2014).

- **Revisions to OASIS Standards.** The Version 003.1 standards include revisions to six OASIS-related standards made to conform to directives and guidance provided by the Commission in Order Nos. 676-E, 676-H, and 890. In addition, NAESB modified WEQ-001 and WEQ-013 to require resellers to enter off-OASIS resale transactions into OASIS sites in the “accepted” status to provide the assignee of the resale the opportunity to confirm the transaction on the OASIS and revised WEQ-002-4.3.6.2 to allow for the unmasking of the source and sink of a request for transmission when that request is moved to any final state. Finally, NAESB modified WEQ-001, WEQ-003, and WEQ-013 to be consistent with the Commission’s treatment of Data Universal Numbering System (DUNS) numbers.
- **Revisions to NERC-Related Standards.** NAESB modified existing standards and developed new standards based on developments involving NERC. In addition, NAESB has adopted revisions to NAESB standards that need to match up with NERC’s Interchange Scheduling and Coordination (INT) Reliability Standards. The Commission is proposing to incorporate by reference the WEQ-022 standards and the standards relating to NERC’s INT standards.<sup>48</sup>
- **Standards Development.** NAESB also modified four additional standards in the course of normal standards development. In response to Order No. 764, NAESB modified WEQ-004 to provide for the scheduling of interchange in 15-minute

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<sup>48</sup> As discussed above, NAESB has also adopted modifications to NERC-related standards, such as WEQ-023, that we do not propose in this NOPR to incorporate by reference.

intervals and modified WEQ-019 to ensure consistency between WEQ Business Practice Standards and other standards organizations' standards. Additionally, NAESB modified WEQ-000 to harmonize definitions with NAESB Retail Market Quadrant efforts.

- **PKI Modifications.** The standards include additional PKI modifications to WEQ-002, WEQ-004, and WEQ-012 to support the NAESB Authorized Certification Authority (Certification Authority) Certification Program and to account for technological advances.
- **Minor Corrections.** Under its process to make necessary minor corrections to its standards, when needed, the WEQ Version 003.1 Business Practice Standards include seven new minor corrections made by NAESB.

60. Our regulations provide that copies of the NAESB standards incorporated by reference may be obtained from the North American Energy Standards Board, 801 Travis Street, Suite 1675, Houston, TX 77002, Phone: (713) 356-0060. NAESB's Web site is located at <http://www.naesb.org/>. Copies of the standards may be inspected at the Federal Energy Regulatory Commission, Public Reference and Files Maintenance Branch, 888 First Street, NE, Washington, DC 20426, Phone: (202) 502-8371, <http://www.ferc.gov>.<sup>49</sup>

61. NAESB is a private consensus standards developer that develops voluntary wholesale and retail standards related to the energy industry. The procedures used by

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<sup>49</sup> 18 CFR 284.12.

NAESB make its standards reasonably available to those affected by the Commission regulations, which generally is comprised of entities that have the means to acquire the information they need to effectively participate in Commission proceedings.<sup>50</sup> NAESB provides a free electronic read-only version of the standards for a three business day period or, in the case of a regulatory comment period, through the end of the comment period.<sup>51</sup> Participants can join NAESB, for an annual membership cost of \$7,000, which entitles them to full participation in NAESB and enables them to obtain these standards at no additional cost.<sup>52</sup> Non-members may obtain a complete set of Standards Manuals, Booklets, and Contracts on CD for \$2,000 and the Individual Standards Manual or Booklets for each standard by email for \$250 per manual or booklet.<sup>53</sup> In addition, NAESB considers requests for waivers of the charges on a case by case basis based on need.

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<sup>50</sup> As a private, consensus standards developer, NAESB needs the funds obtained from its membership fees and sales of its standards to finance the organization. The parties affected by these Commission regulations generally are highly sophisticated and have the means to acquire the information they need to effectively participate in Commission proceedings.

<sup>51</sup> Procedures for non-members to evaluate work products before purchasing are available at [https://www.naesb.org/misc/NAESB\\_Nonmember\\_Evaluation.pdf](https://www.naesb.org/misc/NAESB_Nonmember_Evaluation.pdf). See Incorporation by Reference, 79 FR at 66271, n.51 & 53 (Nov. 7, 2014) (citing to NAESB's procedure of providing "no-cost, no-print electronic access," NAESB Comment at 1, <http://www.regulations.gov/#!documentDetail;D=OFR-2013-0001-0023>).

<sup>52</sup> North American Energy Standards Board Membership Application, <https://www.naesb.org/pdf4/naesbapp.pdf>.

<sup>53</sup> NAESB Materials Order Form, <https://www.naesb.org/pdf/ordrform.pdf>.

**V. Information Collection Statement**

62. The following collection of information contained in this proposed rule is subject to review by the Office of Management and Budget (OMB) under section 3507(d) of the Paperwork Reduction Act of 1995, 44 U.S.C. 3507(d).<sup>54</sup> OMB's regulations require approval of certain information collection requirements imposed by agency rules.<sup>55</sup> Upon approval of a collection(s) of information, OMB will assign an OMB control number and an expiration date. Respondents subject to the filing requirements of this rule will not be penalized for failing to respond to these collections of information unless the collections of information display a valid OMB control number.

63. The Commission solicits comments on the Commission's need for this information, whether the information will have practical utility, the accuracy of the provided burden estimates, ways to enhance the quality, utility, and clarity of the information to be collected, and any suggested methods for minimizing respondents' burden, including the use of automated information techniques.

64. The following burden estimate is based on the projected costs for the industry to implement the new and revised business practice standards adopted by NAESB and proposed to be incorporated by reference in this NOPR.<sup>56</sup>

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<sup>54</sup> 44 U.S.C. 3507(d).

<sup>55</sup> 5 CFR 1320.11.

<sup>56</sup> Commission staff estimates that industry is similarly situated in terms of hourly cost (wages plus benefits). Based on the Commission average cost (wages plus benefits) for 2016, \$74.50/hour is used.

<b>Revisions in NOPR in RM05-5-025</b>					
	<b>No. of Respondents (1)</b>	<b>Annual No. of Responses Per Respondent (2)</b>	<b>Total No. of Responses (1)*(2)=(3)</b>	<b>Average Burden (Hrs.) &amp; Cost (\$) Per Response (4)</b>	<b>Total Annual Burden Hrs. &amp; Total Annual Cost (\$) (3)*(4)=(5)</b>
FERC-516E <sup>57, 58</sup> (tariff filing)	132	1	132	6 \$447	792 hours \$59,004
FERC-717 (compliance with standards) <sup>59</sup>	132	1	132	30 <sup>60</sup> \$2,235	3,960 hours \$295,020
Total			264	36 hours \$2,682	4,752 hours \$354,024

<sup>57</sup> This burden category is intended for “FERC-516,” the Commission’s identifier that corresponds to OMB Control No. 1902-0096 (Electric Rate Schedules and Tariff Filings). However, another unrelated item is pending OMB review using this OMB Control No. and only one item per OMB Control No. may be pending at a time. Therefore, to ensure timely submission, Commission staff is using FERC-516E (OMB Control No. TBD), a temporary collection number.

<sup>58</sup> These information collection requirements are one-time burden estimates. After implementation in Year 1, the revision proposed in this NOPR would be complete.

<sup>59</sup> “FERC-717” is the Commission’s identifier that corresponds to OMB control no. 1902-0173 that identifies the information collection associated with Standards for Business Practices and Communication Protocols for Public Utilities.

<sup>60</sup> The 30-hour estimate was developed in Docket No. RM05-5-013, when the Commission prepared its estimate of the scope of work involved in transitioning to the NAESB Version 002.1 Business Practice Standards. *See* Order No. 676-E, FERC Stats. & Regs. ¶ 31,299 at P 134. We have retained the same estimate here, because the scope of the tasks involved in the transition to Version 003.1 of the Business Practice Standards is very similar to that for the transition to the Version 003 Standards.

Costs to Comply with Paperwork Requirements:

The estimated annual costs are as follows:

- FERC-516E: 132 entities \* 1 response/entity \* (6 hours/response \* \$74.50/hour) = \$57,024.
- FERC-717: 132 entities \* 1 response/entity \* (30 hours/response \* \$74.50/hour) = \$285,120.

Titles: Electric Rate Schedule Filing (FERC-516E); Open Access Same Time

Information System and Standards for Business Practices and Communication Protocols for Public Utilities (FERC-717).

Action: Proposed collection.

OMB Control Nos.: TBD (FERC-516E); 1902-0173 (FERC-717).

Respondents: Business or other for profit (Public Utilities – Generally not applicable to small businesses).<sup>61</sup>

Frequency of Responses: One-time implementation (business procedures, capital/start-up).

65. Necessity of the Information: This proposed rule, if implemented would upgrade the Commission's current business practice and communication standards and protocols modifications to support compliance with requirements established by the Commission in Order Nos. 890, 890-A, 890-B, and 890-C, as well as modifications to the OASIS-related standards to support Order Nos. 676, 676-A, 676-E, and 717.

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<sup>61</sup> See *infra* PP 72-73.

66. Internal Review: The Commission has reviewed the revised business practice standards and has made a preliminary determination that the proposed revisions that we propose here to incorporate by reference are both necessary and useful. In addition, the Commission has assured itself, by means of its internal review, that there is specific, objective support for the burden estimate associated with the information requirements.

67. Interested persons may obtain information on the reporting requirements by contacting the Federal Energy Regulatory Commission, Office of the Executive Director, 888 First Street, NE, Washington, DC 20426 [Attn: Ellen Brown, e-mail: DataClearance@ferc.gov, phone: (202) 502-8663, fax: (202) 273-0873].

68. Comments concerning the information collections proposed in this NOPR and the associated burden estimates should be sent to the Commission at this docket and by e-mail to the Office of Management and Budget, Office of Information and Regulatory Affairs [Attention: Desk Officer for the Federal Energy Regulatory Commission]. For security reasons, comments should be sent by e-mail to OMB at the following e-mail address: oira\_submission@omb.eop.gov. Please reference the docket number of this Notice of Proposed Rulemaking (Docket No. RM05-5-25) and OMB Control Nos. TBD (FERC-516E) and 1902-0173 (FERC-717) in your submission.

## **VI. Environmental Analysis**

69. The Commission is required to prepare an Environmental Assessment or an Environmental Impact Statement for any action that may have a significant adverse effect

on the human environment.<sup>62</sup> The Commission has categorically excluded certain actions from these requirements as not having a significant effect on the human environment.<sup>63</sup> The actions proposed here fall within categorical exclusions in the Commission's regulations for rules that are clarifying, corrective, or procedural, for information gathering, analysis, and dissemination, and for sales, exchange, and transportation of electric power that requires no construction of facilities.<sup>64</sup> Therefore, an environmental assessment is unnecessary and has not been prepared in this NOPR.

## **VII. Regulatory Flexibility Act Certification**

70. The Regulatory Flexibility Act of 1980 (RFA)<sup>65</sup> generally requires a description and analysis of proposed rules that will have significant economic impact on a substantial number of small entities. The RFA does not mandate any particular outcome in a rulemaking. It only requires consideration of alternatives that are less burdensome to small entities and an agency explanation of why alternatives were rejected.

71. The Small Business Administration (SBA) revised its size standards (effective January 22, 2014) for electric utilities from a standard based on megawatt hours to a standard based on the number of employees, including affiliates. Under SBA's

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<sup>62</sup> *Regulations Implementing the National Environmental Policy Act of 1969*, Order No. 486, 52 FR 47897 (Dec. 17, 1987), FERC Stats. & Regs., Regulations Preambles 1986-1990 ¶ 30,783 (1987).

<sup>63</sup> 18 CFR 380.4.

<sup>64</sup> *See* 18 CFR 380.4(a)(2)(ii), 380.4(a)(5), 380.4(a)(27).

<sup>65</sup> 5 U.S.C. 601-612.

standards, some transmission owners will fall under the following category and associated size threshold: electric bulk power transmission and control, at 500 employees.<sup>66</sup>

72. The Commission estimates that 5 of the 132 respondents are small. The Commission estimates that the impact on these entities is consistent with the paperwork burden of \$2,682 per entity used above.<sup>67</sup> The Commission does not consider \$2,682 to be a significant economic impact.

73. Based on the above, the Commission certifies that implementation of the proposed Business Practice Standards will not have a significant impact on a substantial number of small entities. Accordingly, no initial regulatory flexibility analysis is required.

### **VIII. Comment Procedures**

74. The Commission invites interested persons to submit comments on the matters and issues proposed in this notice to be adopted, including any related matters or alternative proposals that commenters may wish to discuss. Comments are due [**INSERT DATE 60 days after publication in the FEDERAL REGISTER**]. Comments must refer to Docket No. RM05-5-025 and must include the commenter's name, the organization they represent, if applicable, and their address in their comments.

75. The Commission encourages comments to be filed electronically via the eFiling link on the Commission's web site at <http://www.ferc.gov>. The Commission accepts

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<sup>66</sup> 13 CFR 121.201, Sector 22 (Utilities), NAICS code 221121 (Electric Bulk Power Transmission and Control).

<sup>67</sup> 36 hours at \$74.50/hour = \$2,682.

most standard word processing formats. Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not in a scanned format. Commenters filing electronically do not need to make a paper filing.

76. Commenters that are not able to file comments electronically must send an original of their comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street NE, Washington, DC 20426.

77. All comments will be placed in the Commission's public files and may be viewed, printed, or downloaded remotely as described in the Document Availability section below. Commenters on this proposal are not required to serve copies of their comments on other commenters.

#### **IX. Document Availability**

78. In addition to publishing the full text of this document in the Federal Register, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the Internet through the Commission's Home Page (<http://www.ferc.gov>) and in the Commission's Public Reference Room during normal business hours (8:30 a.m. to 5:00 p.m. Eastern time) at 888 First Street, NE, Room 2A, Washington, DC 20426.

79. From the Commission's Home Page on the Internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this

document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

80. User assistance is available for eLibrary and the Commission's website during normal business hours from the Commission's Online Support at (202) 502-6652 (toll free at 1-866-208-3676) or email at [ferconlinesupport@ferc.gov](mailto:ferconlinesupport@ferc.gov), or the Public Reference Room at (202) 502-8371, TTY (202) 502-8659. E-mail the Public Reference Room at [public.referenceroom@ferc.gov](mailto:public.referenceroom@ferc.gov).

List of subjects in 18 CFR Part 2

Electric utilities, Guidance and policy statements.

List of subjects in 18 CFR Part 38

Conflict of interests, Electric power plants, Electric utilities, Incorporation by reference, Reporting and recordkeeping requirements

By direction of the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

In consideration of the foregoing, the Commission proposes to amend Parts 2 and 38, Chapter I, Title 18, Code of Federal Regulations, as follows:

**PART 2- GENERAL POLICY AND INTERPRETATIONS**

1. The authority citation for Part 2 continues to read as follows:

Authority: 5 U.S.C. 601; 15 U.S.C. 717-717z, 3301-3432, 16 U.S.C. 792-828c, 2601-2645; 42 U.S.C. 4321-4370h, 7101-7352.

2. Amend § 2.27 by revising paragraph (d) to read as follows:

**§ 2.27 Availability of North American Energy Standards Board (NAESB) Smart Grid Standards as non-mandatory guidance.**

\* \* \*

(d) WEQ-019, Customer Energy Usage Information Communication (WEQ Version 003.1, Sep. 30, 2015); and

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**PART 38 – STANDARDS FOR PUBLIC UTILITY BUSINESS OPERATIONS AND COMMUNICATIONS**

3. The authority citation for Part 38 continues to read as follows:

Authority: 16 U.S.C. 791-825r, 2601-2645; 31 U.S.C. 9701; 42 U.S.C. 7101-7352.

4. Amend § 38.1, by revising paragraph (b) to read as follows:

**§ 38.1 Incorporation by reference of North American Energy Standards Board Wholesale Electric Quadrant standards.**

(b) \* \* \*

- (1) WEQ-000, Abbreviations, Acronyms, and Definition of Terms  
(Version 003.1, Sep., 30, 2015);
- (2) WEQ-001, Open Access Same-Time Information System (OASIS), OASIS  
Version 2.1 (WEQ Version 003.1, Sep. 30, 2015) with the exception of Standards 001-  
9.5, 001-10.5, 001-14.1.3, 001-15.1.2 and 001-106.2.5);
- (3) WEQ-002, Open Access Same-Time Information System (OASIS) Business  
Practice Standards and Communication Protocols (S&CP), OASIS Version 2.1 (WEQ  
Version 003.1, Sep. 30, 2015);
- (4) WEQ-003, Open Access Same-Time Information System (OASIS) Data  
Dictionary Business Practice Standards, OASIS Version 2.1 (WEQ Version 003.1, Sep.  
30, 2015);
- (5) WEQ-004, Coordinate Interchange (WEQ Version 003.1, Sep. 30, 2015);
- (6) WEQ-005, Area Control Error (ACE) Equation Special Cases  
(WEQ Version 003.1, Sep. 30, 2015);
- (7) WEQ-006, Manual Time Error Correction (WEQ Version 003, Sep. 30, 2015);
- (8) WEQ-007, Inadvertent Interchange Payback (WEQ Version 003.1, Sep.  
30, 2015);
- (9) WEQ-008, Transmission Loading Relief (TLR) – Eastern Interconnection  
(WEQ Version 003.1, Sep. 30, 2015);
- (10) WEQ-011, Gas/Electric Coordination (WEQ Version 003.1, Sep. 30, 2015);
- (11) WEQ-012, Public Key Infrastructure (PKI) (WEQ Version 003.1,  
Sep. 30, 2015);

- (12) WEQ-013, Open Access Same-Time Information System (OASIS) Implementation Guide, OASIS Version 2.1 (WEQ Version 003.1, Sep. 30, 2015);
- (13) WEQ-015, Measurement and Verification of Wholesale Electricity Demand Response (WEQ Version 003.1, Sep. 30, 2015);
- (14) WEQ-021, Measurement and Verification of Energy Efficiency Products (WEQ Version 003.1, Sep. 30, 2015).
- (15) WEQ-022, Electric Industry Registry Business Practice Standards (WEQ Version 003.1, Sep. 30, 2015); and
- (16) WEQ-023, Modeling Business Practice Standards (WEQ Version 003.1, Sep. 30, 2015).

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