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DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

18 CFR Parts 2 and 38

[Docket No. RM05–5–022; Order No. 676–H]

Standards for Business Practices and Communication Protocols for Public Utilities

AGENCY: Federal Energy Regulatory Commission, DOE.

ACTION: Final rule.

SUMMARY: The Federal Energy Regulatory Commission (Commission) is revising its regulations to incorporate by reference, with certain enumerated exceptions, the latest version (Version 003) of the 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) as mandatory enforceable requirements. These standards update NAESB's WEQ Version 002 and Version 002.1 Standards to reflect policy determinations made by the Commission in the Order Nos. 890 series of orders and other orders. In addition, the Commission is listing informationally, as guidance, NAESB's Smart Grid Standards (WEQ–016 through WEQ–020) in Part 2 of the Commission's regulations.

DATES: This rule will become effective October 24, 2014. Dates for implementation are provided in the Final Rule. The incorporation by reference of certain publications listed in this rule is approved by the Director of the Federal Register as of October 24, 2014.

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1. The Federal Energy Regulatory Commission (Commission) is amending its regulations under the Federal Power Act (FPA) [1] to incorporate by reference into its regulations as mandatory enforceable requirements, with certain enumerated exceptions, the latest version (Version 003) of the Standards for Business Practices and Communication Protocols for Public Utilities adopted by the Wholesale

[1] 16 U.S.C. 791a, *et seq.*

Electric Quadrant (WEQ) of the North American Energy Standards Board (NAESB) and filed with the Commission as a package on September 18, 2012 (September 18 Filing), as modified in a report filed with the Commission on January 30, 2013. In addition, the Commission is listing informationally, as guidance, NAESB's Smart Grid Standards (Standards WEQ–016, WEQ–017, WEQ–018, WEQ–019 and WEQ–020) in Part 2 of the Commission's Regulations.

2. These revised standards update earlier versions of these standards that the Commission previously incorporated by reference into its regulations at 18 CFR 38.2. These new and revised standards include modifications to support Order Nos. 890, 890–A, 890–B and 890–C,[2] including the standards to support Network Integration Transmission Service on an Open Access Same-Time Information System (OASIS), Service Across Multiple Transmission Systems (SAMTS), standards to support the Commission's policy regarding rollover rights for redirects on a firm basis, standards that incorporate the functionality for Transmission Providers to credit redirect requests with the capacity of the parent reservation and standards modifications to support consistency across the OASIS-related standards.

3. The Version 003 Standards also include modifications to the OASIS-related standards that NAESB states support Order Nos. 676, 676–A, 676–E and 717 and add consistency.[3] In addition, NAESB states that it made modifications to the Coordinate Interchange standards to complement the updates to the e-Tag specifications,[4] modifications to the Gas/Electric Coordination standards to provide consistency between the two markets [5] and re-organized and revised definitions to create a standard set of terms, definitions and acronyms applicable to all NAESB WEQ standards.[6] NAESB states that the Version 003 Standards also include standards related to Demand Side Management and Energy Efficiency,[7] which the Commission incorporated by reference in Docket No. RM05–5–020 [8] after NAESB filed its Version 003 report, and Smart Grid-related standards that NAESB previously filed with the Commission in Docket No. RM05–5–021.[9]

I. Background

4. NAESB is a non-profit standards development organization established in January 2002 that serves as an industry forum for the development and promotion of business practice standards that promote a seamless marketplace for wholesale and retail natural gas and electricity. Since 1995, NAESB and its predecessor, the Gas Industry Standards Board, 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.

5. NAESB's standards include business practices that 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 four quadrants of the gas and electric industries—wholesale gas, wholesale electric, retail gas, and retail electric. All participants in the gas and electric industries are eligible to join NAESB and participate in standards development.

6. 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 industry members can have input into the development of a standard, whether or not 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.

7. In Order No. 676, the Commission not only adopted 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: (1) The Version 001 Business Practice Standards; [10] (2) the Version 002.1 Business Practice Standards; [11] (3) business practice standards categorizing various demand response products and services; [12] and (4) OASIS-related Business Practice Standards related to Demand Side Management and Energy Efficiency.[13]

8. In Order No. 890, the Commission revisited the *pro forma* Open Access Transmission Tariff (OATT) first established in Order No. 888 [14] and adopted a revised *pro forma* OATT designed to better achieve the objectives of preventing undue discrimination and providing greater specificity and transparency. In later orders in this series, the Commission affirmed, with clarifications, the basic findings that it made in Order No. 890.

9. A number of the findings made by the Commission in the Order No. 890 series of orders necessitated revisions to

[2] *Preventing Undue Discrimination and Preference in Transmission Service,* Order No. 890, FERC Stats. & Regs. ¶ 31,241 (2007), *order on reh'g,* Order No. 890–A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g,* Order No. 890–B, 123 FERC ¶ 61,299 (2008), *order on reh'g and clarification,* Order No. 890–C, 126 FERC ¶ 61,228 (2009) (Order No. 890–C). The Version 002 standards also included revisions made in response to Order No. 890.

[3] *Standards for Business Practices and Communication Protocols for Public Utilities,* Order No. 676, FERC Stats. & Regs. ¶ 31,216, (2006), *reh'g denied,* Order No. 676–A, 116 FERC ¶ 61,255 (2006), *Final Rule,* Order No. 676–B, FERC Stats. & Regs. ¶ 31,246 (2007), *Final Rule,* Order No. 676–C, FERC Stats. & Regs. ¶ 31,274 (2008), *order granting clarification and denying reh'g,* Order No. 676–D, 124 FERC ¶ 61,317 (2008), *Final Rule,* Order No. 676–E, FERC Stats. & Regs. ¶ 31,299 (2009) (Order No. 676–E); *Standards of Conduct for Transmission Providers,* Order No. 717, FERC Stats. & Regs. ¶ 31,280 (2008) (Order No. 717).

[4] September 18 Filing, transmittal at 2 (citing NAESB WEQ Electronic Tagging—Functional Specifications, Version 1.8.1).

[5] *Id.*

[6] *Id.*

[7] *Id.*

[8] *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). In this rule, the Commission incorporated by reference into its regulations updated business practice standards adopted by NAESB's WEQ to categorize various products and services for demand response and energy efficiency and to support the measurement and verification of these products and services in organized wholesale electric markets. These same standards are included without revision in the Version 003 standards.

[9] These standards were originally cited in a NAESB July 2011 report filed with the Commission and were resubmitted as part of WEQ Version 003. *See* Report of the North American Energy Standards Board on Smart Grid Related Standards, Docket No. RM05–5–021 (filed July 7, 2011); NAESB September 18 Filing at 2.

[10] *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).

[11] *Standards for Business Practices and Communication Protocols for Public Utilities,* Order No. 676–E, FERC Stats. & Regs. ¶ 31,299 (2009). This order also incorporated revisions made in response to Order Nos. 890, 890–A, and 890–B.

[12] *Standards for Business Practices and Communication Protocols for Public Utilities,* Order No. 676–F, FERC Stats. & Regs. ¶ 31,309 (2010).

[13] Order No. 676–G, *see supra* n.8.

[14] *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities,* Order No. 888, FERC Stats. & Regs. ¶ 31,036 (1996), *order on reh'g,* Order No. 888–A, FERC Stats. & Regs. ¶ 31,048 (1997), *order on reh'g,* Order No. 888–B, 81 FERC ¶ 61,248 (1997), *order on reh'g,* Order No. 888–C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group* v. *FERC,* 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York* v. *FERC,* 535 U.S. 1 (2002).

the Business Practice Standards for Public Utilities so that there would be no inconsistency between the requirements of Order No. 890 and the Business Practice Standards. Accordingly, NAESB set up a work project to review the existing business practice standards, identify which standards would need revision to prevent any inconsistencies with the Order No. 890 requirements, and develop and adopt the needed revised standards. Those revised standards form part of the package of revisions included in the WEQ Version 003 Standards. These revisions are in addition to the Order No. 890-related revisions incorporated by reference in Order No. 676–E.

10. The Version 003 standards include five categories of standards not previously incorporated by reference by the Commission that were developed by NAESB in response to the Order No. 890 series of orders. These include: (1) Standards that NAESB previously submitted to support SAMTS; [15] (2) part two of the standards modifications to the WEQ–001–9.7 Business Practice Standard requested in Order No. 890–A [16] related to rollover rights to requests for redirect on a firm basis; (3) the WEQ–001–9.1.3.1 and WEQ–001–10.3.1.1 Business Practice Standards that provide for Transmission Providers to process redirect requests in a manner that counts the available transfer capability encumbered by the parent reservation as available for the redirected request; [17] (4) standards to support Network Integration Transmission Service on the OASIS; [18] and (5) standards modifications to support consistency across the NAESB OASIS standards.[19]

11. In Order No. 717, the Commission made several modifications related to the posting requirements associated with the Standards of Conduct. Specifically, the Commission discontinued the requirement for public utilities to post standards of conduct information on their OASIS sites.[20] In response, WEQ's Business Practice Subcommittee modified the WEQ–001, WEQ–002 and WEQ–003 Business Practice Standards to remove reference to the standards of conduct-related obligations with the exception of a few template structures that may be implemented at the option of the Transmission Provider. WEQ's OASIS Subcommittee also modified standards WEQ–013–2.6.81 and WEQ–013–2.6.82 to clarify the listing of service types, modified standards WEQ–001–14.1.3 and WEQ–001–15.1.2 regarding the timing of required postings of narratives, and made modifications to standards WEQ–001, WEQ–002 and WEQ–003 (concerning standards of conduct posting requirements) in response to Order No. 717.

12. The Joint Electric Scheduling Subcommittee (JESS), a standing joint subcommittee made up of participants from NAESB and the North American Electric Reliability Corporation (NERC), has been tasked with coordinating efforts to maintain and modify, as needed, the coordinate interchange business practice standards in WEQ–004 with their associated reliability standards. JESS now leads the effort to harmonize the Coordinate Interchange (WEQ–004) standards with the WEQ–001, WEQ–003 and WEQ–013 Business Practice Standards in light of revisions made to the Electronic Tagging Functional Specification, previously maintained by NERC, and now maintained and updated, as needed, by NAESB. The WEQ adopted additional modifications to the WEQ–004 standards to use abbreviations, acronyms, definitions and terms consistent with those in Standard WEQ–000 and to provide consistency across all WEQ standards.

13. WEQ adopted modifications to support consistency between the WEQ business practice standards and the Wholesale Gas Quadrant (WGQ) Gas/Electric Coordination standards. In addition, WEQ made modifications to the business practice standards to harmonize the terms and definitions contained within the WEQ business practice standards with the definitions of those terms used in the business practice standards for other quadrants. These changes were also coordinated to be consistent with definitions and terms contained in the NERC Glossary.

14. Also included in the WEQ Version 003 standards are standards developed to support Smart Grid applications as well as standards related to the measurement and verification of Demand Response (DR) and Energy Efficiency (EE) products. These standards have been referenced in earlier reports filed with the Commission before the completion of the WEQ Version 003 standards. The Smart Grid application standards had been referenced in a report filed with the Commission on July 7, 2011 in Docket No. RM05–5–021. The DR and EE measurement and verification standards were referenced in a report filed with the Commission on May 2, 2011 in Docket No. RM05–5–021 and have been the subject of Commission action.[21]

15. NAESB's September 18 Filing includes an interpretation of standards WEQ–001–9.1 and WEQ–001–10.1 and recites the results of a quadrant-wide effort to provide a common location for all abbreviations, acronyms and definitions of terms that created the WEQ–000 Business Practice Standards and addresses both internal inconsistencies and inconsistencies between the standards and terms and definitions in the NERC Glossary.

16. In a notice of proposed rulemaking issued on July 18, 2013, the Commission proposed to amend its regulations to incorporate by reference, with certain enumerated exceptions, the WEQ Version 003 Standards.[22] In response to the WEQ Version 003 NOPR, 11 comments and one reply comment were filed.[23]

17. Finally, on November 27, 2013 NAESB filed a report with the Commission stating that it made minor corrections to Standards WEQ–000, WEQ–001, WEQ–002, WEQ–003, WEQ–013, and WEQ–014. The Commission considers these corrections non-substantive and we will incorporate these corrections by reference to ensure the standards we adopt are as accurate and up-to-date as possible.

II. Discussion

A. Overview

18. The specific NAESB standards that we are incorporating by reference in this Final Rule are:

- WEQ–000, Abbreviations, Acronyms, and Definition of Terms, WEQ Version 003, July 31, 2012 (with minor corrections applied November 26, 2013);
- WEQ–001, Open Access Same-Time Information System (OASIS), OASIS Version 2.0, WEQ Version 003, July 31, 2012 (with minor corrections applied November 26, 2013) with the exception of Standards WEQ–001–9.5,

[15] *See* September 18 Filing at 3 & n.13 (citing submittal of NAESB Standards Development to Support Coordination of Requests for Transmission Service Across Multiple Transmission Systems (Docket No. RM05–5–013) on October 7, 2011, with minor corrections on January 25, 2012).

[16] *See* September 18 Filing at 3 (citing NAESB WEQ Business Practices Standards Crediting Redirect Requests with the Capacity of the Parent Reservation).

[17] *Id.* 3.

[18] *Id.*

[19] *Id.*

[20] Order No. 717, FERC Stats. & Regs. ¶ 31,280 at PP 213–218 and PP 235–239.

[21] Order No. 676–G, *supra* n.8.

[22] *Standards for Business Practices and Communication Protocols for Public Utilities,* Notice of Proposed Rulemaking, 78 FR 45,096 (July 26, 2013), FERC Stats. & Regs. ¶ 32,698 (2013) (WEQ Version 003 NOPR).

[23] Commenters on the WEQ Version 003 NOPR, and the abbreviations used in this Final Rule to identify them, are listed in the Appendix.

WEQ–001–10.5, WEQ–001–14.1.3, WEQ–001–15.1.2 and WEQ–001–106.2.5;[24]

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

19. In addition, in this Final Rule, we will list informationally, in Part 2 of our regulations, as non-mandatory guidance:

- WEQ–016, NAESB Specifications for Common Electricity Product and Pricing Definition, WEQ Version 003, July 31, 2012;
- WEQ–017, Specifications for Common Schedule Communication Mechanism for Energy Transactions, WEQ Version 003, July 31, 2012;
- WEQ–018, Specifications for Wholesale Standard Demand Response Signals, WEQ Version 003, July 31, 2012;
- WEQ–019, NAESB Customer Energy Usage Information Communication WEQ Version 003, July 31, 2012 (as amended on March 21, 2013); and
- WEQ–020, Smart Grid Standards Data Element Table, WEQ Version 003, July 31, 2012.

These standards define use cases, data requirements, and a common model to represent customer energy usage.[25]

20. In a change from our prior practice, we are requiring public utilities and those entities with reciprocity tariffs to modify their open access transmission tariffs (OATTs) to include the WEQ standards that we are incorporating by reference by making a compliance filing by December 1, 2014.[26] Any waiver requests must be filed at the same time or in a separate FPA section 205 filing. Additionally, consistent with the timeline prescribed in Standard 002–5.10.3, we have established a separate 18-month compliance schedule for implementation of the Network Integration Transmission Service (NITS) OASIS templates, with a compliance filing due two months before that.

21. NAESB approved the standards under its consensus procedures.[27] 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 section 12(d) of the National Technology Transfer and Advancement Act of 1995 (NTT&AA), 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.[28]

B. Issues Raised by Commenters

22. Comments in response to the WEQ Version 003 NOPR were filed by eleven commenters and one reply commenter. A number of comments expressed general support for the Commission's proposals[29] and no comments were received opposing the basic direction of the NOPR, although comments were received taking issue with specific details of the NOPR proposals. Specifically, there were concerns raised by a few commenters about, among other matters, the appropriate implementation schedule for the requirements of the rule and there was a split among the comments as to whether the Commission should incorporate the standards on redirects. We will incorporate by reference into the Commission's regulations without further discussion all of the WEQ Version 003 Business Practice Standards that we proposed for incorporation in the WEQ Version 003 NOPR that did not occasion comment and we will separately discuss each of the issues raised by commenters.

1. Five-Day Required Posting (Standards WEQ–001–14.1.3 and WEQ–001–15.1.2)

a. NOPR Proposal

23. In Order No. 676–E, the Commission declined to incorporate by reference NAESB Standards WEQ–001–14.1.3 and WEQ–001–15.1.2 (both related to ATC Narrative) because these

[24] The latest version of NAESB's OASIS Standards (Standards WEQ–001, WEQ–002 and WEQ–003) have been designated by NAESB as the Version 2.0 OASIS Standards, even though they are also part of the WEQ Version 003 Business Practice Standards.

[25] In its report to the Commission, NAESB stated that the subcommittee working on these standards ''developed a set of use cases to describe price communication scenarios related to shifts in demand and environmental and economic changes. These use cases were then used to develop the price attributes and product identification information or data requirements necessary to communicate price. As a second phase, the subcommittee refined both the use cases and the data requirements in an effort to create a more complete robust standard.'' NAESB Smart Grid Report in Docket No. RM05–5–021 (July 7, 2011) at 3.

[26] To the extent a public utility's OASIS obligations are administered by an independent system operator or regional transmission operator (RTO) and are not covered in the public utility's OATT, the public utility will not need to modify its OATT to include the OASIS standards. Such a public utility will, however, be required to comply with these standards unless granted a waiver by the Commission.

[27] The WEQ's procedures ensure that all industry members can have input into the development of a business practice standard, whether or not they are members of NAESB, and each standard it adopts is supported by a consensus of the seven industry segments: transmission, generation, marketer/brokers, distribution/load serving entities, end users, independent grid operators/planners, and technology services. Under the WEQ process, for a standard to be approved, it 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 of each of the seven industry segments. For final approval, 67 percent of the WEQ's general membership must ratify the standards.

[28] Public Law 104–113, 12(d), 110 Stat. 775 (1996), 15 U.S.C. 272 note (1997).

[29] EEI, ISO/RTO Council, OATI, PJM, Tacoma Power, and TDU Systems. Bonneville specifically endorses the WEQ Version 003 NOPR proposals incorporating business practice standards on Public Key Infrastructure and Smart Grid. Bonneville at 6, 7.

standards did not meet the Commission's requirement to post the ATC narrative ''as soon as feasible.'' [30] In the WEQ–003 NOPR, we explained that NAESB modified those two standards to correct this deficiency by adding language providing that Transmission Providers should strive to post their ATC narratives within one business day and are required to make this posting within five business days. We explained that NAESB's report does not present any reason why a Transmission Provider would need five business days to post an ATC narrative and that we remained concerned that the five-business day requirement does not meet the Commission's requirement to post the ATC narrative as soon as feasible. We invited comments on the necessity for taking longer than one day to post the ATC narrative.

b. Comments

24. PJM believes that the proposed one-day posting goal and five-day posting requirement are reasonable.[31] PJM believes that the posting timing requirements set forth in the proposed standards strikes an appropriate balance in encouraging postings within one business day, but still allowing the flexibility to post within five business days.[32] It maintains that more stringent requirements simply do not take into account system outages and application failures that could prevent a Transmission Provider from meeting a strict one day posting requirement.[33]

25. PJM states that, in the event that the Commission would prefer a strict one-day posting requirement, it could specify that an entity could avoid self-reports of administrative violations of the rule so long as the average missed postings per year does not exceed a set value (e.g., 75 percent of postings) and does not exceed, for example, three days for posting. PJM states that, with such a structure, a preference for one-day posting could be implemented, while avoiding the need for administratively burdensome self-reporting in those instances where, due to unforeseen circumstances, the Transmission Provider is unable to meet the requirement.[34]

26. In Duke Energy's view there are instances when a Transmission Provider will need longer than one day to post an ATC narrative.[35] Thus, Duke Energy concludes that the deadlines in WEQ–001–14.1.3 and WEQ–001–15.1.2 are reasonable.[36] Duke Energy explains that these deadlines take into account the (1) large volume of data underlying the ATC values, (2) complexity of the ATC calculations, (3) inability to utilize an automated process to produce an accurate and coherent narrative that meets relevant standards, (4) limited number of Transmission Provider subject matter experts that analyze such data and calculations to post the narratives, and (5) time consuming nature of such analytical processes.[37]

27. TDU Systems expressed concern with the timetable in Standard WEQ–001–14.1.3 and WEQ–001–15.1.2 encouraging the Transmission Provider to strive to post a zero ATC narrative for each Constrained Posted Path within one business day and the requirement to post the narrative within five business days and urges that Transmission Providers post this information as soon as feasible. In addition TDU Systems indicates the requirement should be for Transmission Providers to post the zero ATC narrative and the ATC change narrative at the same time that the ATC results are published.[38] TDU Systems urges this deadline because it considers this information critical to allowing the transmission customer to audit the results and to find alternative means to acquire the transmission that they need. In TDU Systems' view, requiring that Transmission Providers ''strive'' to post the narratives within one business day while actually requiring posting of the narrative within five business days is meaningless as a standard. It argues that there is absolutely no incentive for Transmission Providers to do anything other than wait until the last possible minute, i.e., five business days later, to make these postings. It further argues that the burden on the Transmission Provider to post the ATC narrative is negligible at most. But TDU Systems asserts the harm to customers that are denied transmission service because of a lack of ATC can be substantial.[39]

c. Commission Determination

28. As we did in Order No. 676–E, in this Final Rule the Commission will decline to incorporate Standards 001–14.1.3 (on the posting of zero ATC narratives) and 001–15.1.2 (on the posting of ATC change narratives) by reference, as they permit Transmission Providers to post an available transfer capability change narrative within five business days of meeting the criteria under which a narrative is required to be posted, which is inconsistent with the Commission's rejection in Order No. 890 of delays in posting data.[40] In Order No. 890, the Commission stated that posting within one day appears reasonable. In light of the change to those standards in Version 003 requiring utilities to ''strive'' to post that data within one day while requiring the data to be posted within five days, the Commission invited comments as to the necessity for taking longer than one day to post the ATC narrative.

29. The two comments challenging a one-day posting requirement for ATC narratives did not provide a compelling reason why longer than one day would be necessary to post this narrative under normal circumstances. Commenters' examples of times when extenuating circumstances would require additional time to post the narrative could arise, but would likely not reflect a normal circumstance. While we would be receptive to incorporating a revised standard that would create a self-reporting mechanism to deal with instances when special circumstances have prevented timely postings, we would not be receptive to a standard with an expansive exception from self-reporting, as suggested by PJM. Nor are we satisfied that the revised Standard adopted in WEQ Version 003 is adequate to ensure the timely posting of ATC narratives. Thus, we will decline to incorporate Standards 001–14.1.3 and 001–15.1.2 by reference and request that NAESB revise these standards to provide for a one-day posting requirement.

30. TDU Systems not only argues that the postings required by Standards 001–14.1.3 and 001–15.1.2 should be required to be made more promptly, it also argues they should be required to be made at the same time the Transmission Provider publishes its ATC results. We find, however, that TDU Systems has not demonstrated why simultaneous posting is necessary, nor has it informed us of any efforts it has made to build a consensus within NAESB for this suggested requirement. Nor has TDU Systems shown that the Standard, as adopted by NAESB is unreasonable. If TDU Systems believes that its proposal would improve upon the standards adopted by NAESB, we encourage it to work through the NAESB process to build consensus for its position and implement this change at the time when NAESB works on revisions to Standards 001–14.1.3 and 001–15.1.2 to implement our policy in

[30] Order No. 676–E, FERC Stats. & Regs. ¶ 31,299 at P 39.

[31] PJM at 5.

[32] *Id.*

[33] *Id.*

[34] PJM at 6.

[35] Duke Energy at 5.

[36] *Id.* at 5–6.

[37] *Id.*

[38] TDU Systems at 9.

[39] *Id.*

[40] Order No. 676–E, FERC Stats. & Regs. ¶ 31,299 at PP 38–39 & n.41.

Order No. 890 that data be posted without unreasonable delay.[41] Meanwhile, consistent with our findings in Order No. 676–E, each public utility and each utility with a reciprocity OATT, is expected to timely post this information as soon as feasible and, in most cases, one day would appear to be a reasonable timeframe to accomplish this.[42]

2. Redirects (Standards WEQ–001–9.1.3.1, WEQ–001–9.5, WEQ–001.9.7 and WEQ–001–10.3.1)

a. NOPR Proposal

31. As we explained in the WEQ Version 003 NOPR, in the Version 003 standards, NAESB modified WEQ–001–9.7 so that it would conform to the Commission's policy granting rollover rights to requests for redirect on a firm basis.[43] We also explained that NAESB added standards WEQ–001–10.3.1.1 and WEQ–001–9.1.3.1, which provide that Transmission Providers are to process redirect requests in a manner that considers the available transfer capability encumbered by the parent reservation as available for the redirected request. The revised standards were designed to avoid violation of first-come, first-served queue priority principles.

32. NAESB modified the WEQ–001–9 Business Practice Standards (Requirements for Dealing with Redirects on a Firm Basis) and modified the definition of Unexercised Rollover Rights and added a definition for Capacity Eligible for Rollover to make the NAESB standards consistent with the Commission's regulations. NAESB also made relevant modifications to standards WEQ–001, WEQ–002 and WEQ–013 and provided examples for the conveyance of rollover rights with a redirect on a firm basis provided in Appendix B of the WEQ–001 standards. Our discussion in the WEQ Version 003 NOPR also took note of our precedent in *Entergy Services, Inc.,* 143 FERC ¶ 61,143, at P 25 & n.68 (2013) (*Entergy*) and in *Dynegy Power Marketing, Inc.,* 99 FERC ¶ 61,054, at P 9 (2002) (*Dynegy*). NAESB's standards in this area aroused considerable interest.

b. Comments

33. Bonneville sees a conflict between the Commission's policy in *Entergy* and *Dynegy* related to rollover rights and Standards WEQ–001–9.1.3, WEQ–001–9.5.3, WEQ–001–9.6.1, WEQ–001–9.6.2, WEQ–001–10.1.4, WEQ–001–11.6, 001–11.7 and WEQ–013–3.2.6.5.1 and suggests that the Commission not incorporate these standards until it decides the *Entergy* rehearing and directs NAESB to revise such standards in order to align them with applicable Commission guidance.[44] Putting this aside, however, Bonneville also expresses strong support for the outcome in Standards WEQ–001–9.1.3.1 and WEQ–001–10.3.1.1 that allows the crediting of ATC to firm and non-firm redirect requests respectively based on the capacity encumbered by the parent reservation that is also needed by the redirect request.[45] Bonneville agrees with the Commission that these standards do not violate first-come, first-served principles.[46] OATI supports the inclusion of WEQ–001–9.7 with the rest of the WEQ–001–9 standards.[47]

34. Duke Energy argues that standard WEQ–001–9.7 does not reflect the guidance provided by the Commission in *Entergy*[48] and notes the standards were drafted prior to the dissemination of the Commission's guidance in such case.[49] Instead, Duke Energy maintains that the NAESB Version 003 standards reflect the guidance that the Commission provided in *Dynegy*[50] and in Order No. 890 and its progeny.[51] As a result, Duke Energy comments that the NAESB Version 003 standards are blatantly contradictory to the guidance the Commission provided in the *Entergy* case.[52] Similarly, EEI comments that the Commission should not incorporate by reference Standard WEQ–001–9.7 into its regulations because it is inconsistent with policy announced in *Entergy*.[53]

35. Seattle is concerned that NAESB Version 003 standard WEQ–001–9.7 does not align with the Commission's policy regarding when a customer requesting a redirect loses its rights on the parent path.[54] Seattle comments that, in *Entergy,* the Commission affirmed an earlier ruling from 2002 where it held that a transmission customer receiving firm 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 tariff section 13.2.3.[55] Seattle comments that the Commission also held in *Entergy* that a redirect for the ''full remaining term'' of the parent reservation receives the reservation priority of the parent.[56] Seattle believes NAESB Version 003 WEQ–001–10.3.1.1 and WEQ–001–9.1.3.1, which provide for ATC crediting for redirect requests are appropriate mechanisms to apply in evaluating those requests.[57] But it requests guidance from the Commission on how the crediting process should be implemented to follow *Entergy*.[58]

36. TDU Systems comment that Standard WEQ 001–9.7.11 does not fully conform to the Commission's policy granting rollover rights to requests for redirect on a firm basis.[59] In the view of TDU Systems, this standard does not include the third criterion of the Commission's policy, i.e., that the redirect request has passed the conditional reservation deadline under OATT section 13.2.[60] Additionally, TDU Systems seek clarification of the scope of this standard.[61] They ask if standard WEQ 001–9.7 only applies to long-term firm point-to-point service, or whether it applies to short-term point-to-point service as well.[62]

37. Tacoma Power encourages the Commission to adopt recently proposed standards by NAESB that provide for the crediting of transmission capacity toward redirect requests.[63] Tacoma Power strongly supports the Commission's proposed incorporation of WEQ–001–9.1.3.1 and WEQ–001–10.3.1.1 because they enable greater and more efficient utilization of transmission systems without violating the important principle of first-come, first-served when granting requests for firm transmission service.[64] Tacoma Power supports the comments submitted by the Bonneville Power Administration in the present docket that relate to the crediting of existing transmission rights to redirect requests.[65]

38. Clark Public Utilities comments that several standards, including WEQ–001–9.1.3, WEQ–001–9.1.3.1, WEQ–

[41] *See* Order No. 890 at P 370.

[42] *See* Order No 676–E at P 39.

[43] WEQ Version 003 NOPR, FERC Stats. & Regs. ¶ 32,698 at P 25.

[44] Bonneville at 3–5.

[45] WEQ Version 003 NOPR, FERC Stats. & Regs. ¶ 32,698 at P 6.

[46] *Id.*

[47] *Id.* PP 6–7. OATI notes that WEQ–001–9.7 is not impacted by the *Entergy* ruling as long-term firm point-to-point transmission service is not subject to a conditional time period.

[48] *Entergy Services, Inc.,* 143 FERC ¶ 61,143 (2013).

[49] Duke Energy at 8.

[50] *Id.*

[51] *Id.*

[52] *Id.*

[53] EEI at 6–7.

[54] Seattle at 2.

[55] *Id.*

[56] *Id.*

[57] *Id.*

[58] *Id.*

[59] TDU Systems at 4.

[60] *Id.* at 8.

[61] *Id.*

[62] *Id.*

[63] Tacoma Power at 2.

[64] *Id.* at 3.

[65] *Id.* at 2.

001.9.5.3, WEQ–001–9.6.2, WEQ–001–10.1.4, WEQ–001–11.6, WEQ–001–11.7, and WEQ–013–2.6.5.1, also are inconsistent with the Commission's decision in *Entergy*.[66] In Clark Public Utilities' view, *Entergy* institutes sweeping changes that are not reflected in NAESB's Version 003 Standards.[67] Clark Public Utilities suggests that the Commission should take a more critical look at the NAESB standards given that agreement for these standards was reached prior to issuance of *Entergy*.[68] As a result of the numerous conflicts between the Commission's guidance and the draft NAESB Version 003 standards identified above, Clark Public Utilities respectfully requests that the Commission not incorporate by reference in its regulations the NAESB Version 003 standards that bear upon redirects until a final decision is reached in the *Entergy* case and/or NAESB is directed by the Commission to revise such standards in order to align them with the Commission's recent guidance and software is available to facilitate the changes.[69]

39. The ISO/RTO Council requests that the Commission clarify that, under Standard WEQ–001–9.5, capacity on original path is released for resale when a Transmission Provider confirms a redirect request.[70]

40. On redirects, OATI notes the inconsistency between the standards and the Commission's findings in *Entergy* and observes that in most, if not all OASIS implementations, the release of capacity from the original path occurs on confirmation of the redirect request by the transmission customer.[71] OATI comments that implementation of the policy set forth in *Entergy* will require modification to a number of the NAESB WEQ–001–9 standards in addition to significant software and business process changes in OASIS.[72] OATI further requests that any changes to the current NAESB WEQ–001–9 standards and associated OASIS implementation of those standards not be required until such later time as (i) a final agency decision is provided in the ongoing *Entergy* matter and (ii) the Commission directs NAESB to revise such standards in order to align them with applicable Commission guidance.[73]

41. Snohomish supports the comments that argue that the Commission should not incorporate standards bearing on redirects (Seattle, Bonneville, Duke Energy and Clark Public Utilities).[74] Snohomish comments that, as suggested by other commenters in this proceeding, the Commission should direct NAESB to revise proposed Version 003 Standard WEQ–013–2.6.5.1 to align it with the Commission's policy regarding redirects and should hold off on incorporating these standards until this is done.[75]

c. Commission Determination

42. The Commission has issued three separate orders incorporating by reference into the Commission's regulations the Business Practice Standards of NAESB's WEQ.[76] In all of these final rules, the Commission declined to incorporate Standard WEQ–001–9.7 dealing with rollover rights on redirects, because it failed to match up with the Commission's prevailing policies as explained in Order No. 676.[77]

43. In Order No. 676, the Commission rejected NAESB Standard WEQ–001–9.7, which stated in pertinent part that, unless the transmission owner agrees, a request to redirect does not ''confer any renewal rights on the redirected path.'' The Commission explained that this standard (WEQ–001–9.7) did not meet the requirements of section 22.2 of the Commission's *pro forma* OATT. The Commission explained that:

> Section 22.2 provides that, while a transmission customer's request for new service on a firm basis is pending, the transmission customer retains its priority for service on its existing path, including rollover rights on its existing path. However, once a transmission customer's request for firm transmission service at new receipt and delivery points is accepted and confirmed, the new reservation governs the rights at the new receipt and delivery points and the transmission customer can obtain rollover rights with respect to the redirected capacity.[78]

44. NAESB sought to correct this deficiency by revising Standard WEQ–001–9.7 to make clear that a customer can obtain rollover rights on the redirected path. The revised Standard WEQ–001–9.7 states:

> A Transmission Customer holding long-term firm PTP that is eligible for continued rollover rights of service may convey those rights to an alternate path or PORs and PODs through a request to Redirect on a firm basis subject to the following requirements.

45. We find that the revised Standard WEQ–001–9.7 meets the requirements of Order No. 676 by providing a customer with the ability to obtain rollover rights on a redirected path. We, therefore, will incorporate this standard by reference into our regulations.

46. In the past, the Commission has incorporated by reference Standard WEQ–001–9.5.

However, as reinforced in the Commission's recent order in *Entergy Services, Inc.,* 137 FERC ¶ 61,199 (2011), *order on reh'g and compliance,* 143 FERC ¶ 61,143 (2013),[79] upon further review it is clear that Standard WEQ–001–9.5 does not meet the standard set in *Dynegy.* In *Dynegy,* the Commission held that ''a transmission customer 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.'' [80]

47. In light of the comments filed and our additional evaluation of the standards, we will decline to incorporate by reference Standard WEQ–001–9.5 into the Commission's regulations. We reach this decision because the confirmation criteria in Standard WEQ–001–9.5 do not satisfy all the factors delineated in *Dynegy*.[81] As currently written, the Capacity Available to Redirect in Standard WEQ–001–9.5 would be reduced before a redirect has passed the conditional reservation deadline, contrary to the Commission's findings in *Entergy* and *Dynegy*.[82] As we found in these orders, reducing the capacity available to redirect prior to the passage of the

[66] Clark Public Utilities at 3.

[67] *Id.* at 2.

[68] *Id.* at 6.

[69] *Id.*

[70] ISO/RTO Council at 4.

[71] OATI at 4.

[72] *Id.* at 4–5.

[73] *Id.* at 7.

[74] Snohomish at 3.

[75] *Id.* at 4.

[76] The Commission incorporated by reference the WEQ Version 000 Business Practice Standards in Order No. 676 (issued in 2006), the Version 001 Business Practice Standards in Order No. 676–C (*see* n.12 & P 52) (issued July 2008), and the WEQ Version 002.1 Business Practice Standards in Order No. 676–E (issued in Nov. 2009). *See supra* n.3.

[77] *Standards for Business Practices and Communication Protocols for Public Utilities,* Order No. 676, FERC Stats. & Regs. ¶ 31,216 (2006).

[78] *Id.* P 57.

[79] A further order on compliance and rehearing, affirming our policy in *Dynegy,* is being issued in Docket No. ER05–1065–008 concurrently with issuance of this Final Rule.

[80] *Dynegy,* 99 FERC ¶ 61,054 at 61,233.

[81] Standard WEQ–001–9.5 states: ''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. An example is shown in Business Practice Standard WEQ–001–B.''

[82] We note that our incorporation by reference here, with enumerated exceptions, of the WEQ Version 003 Standards effectively revokes our current incorporation of the WEQ Version 002 iteration of the standards, so no version of Standard WEQ–001–9.5 will any longer be a Commission-incorporated standard once this rule becomes effective.

conditional reservation deadline could lead to a customer paying firm transmission charges and losing capacity on both its original path and its redirect path. The *Dynegy* policy, as reinforced in *Entergy,* 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.

48. Standard WEQ–001–10.5 provides that the capacity available for a redirect will be reduced at the time when the request for a firm redirect is confirmed, which precedes expiration of the conditional reservation deadline.[83] Thus, this standard is also inconsistent with the Commission's redirect policy in *Dynegy*.

49. To ensure that the NAESB standards conform to the Commission's *Dynegy* policy, we request that NAESB revise Standards WEQ–001–9.5, WEQ–001–10.5, and any other standards affected by these standards, to conform to the *Dynegy* policy.[84] Having NAESB revise all of 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. Accordingly, we request that NAESB make this project a priority.

3. Network Integration Transmission Service (NITS)

a. NOPR Proposal

50. As explained in the WEQ Version 003 NOPR, NITS allows a Network Customer to integrate and economically dispatch and regulate its current and planned Network Resources to serve its Network Load in a manner comparable to the way a Transmission Provider uses its Transmission System to serve its Native Load Customers. In the WEQ Version 003 Standards, NAESB has included new and revised standards related to NITS within the WEQ–000, WEQ–001, WEQ–002 and WEQ–003 Business Practice Standards. We also explained that NAESB has proposed Standard WEQ–001–106.2.5, which appears to contemplate a Transmission Provider refusing a request to terminate a secondary network service.[85] We invited comment on the purpose of this standard and on whether the Commission should incorporate this standard by reference. We further noted that, in Order No. 890–A, the Commission found that it was not appropriate to allow a Transmission Provider to deny requests to terminate network resource designations, although Order No. 890–A did not directly address the issue of terminating secondary network service.[86]

b. Comments

51. Duke Energy comments that the Commission should incorporate Standard WEQ–001–106.2.5, so that Transmission Providers can deny termination of scheduled (tagged) capacity associated with a reservation for Secondary Network Service.[87] This refusal is acceptable when the capacity requested for termination is still scheduled upon.[88] When the non-firm network reservation is terminated, the Transmission Provider reinstates the capacity to its ATC offering.[89] Based on this rationale, Duke Energy submits that the Commission should incorporate this standard by reference in its regulations.[90] Duke Energy further encourages the Commission to permit Transmission Providers to deny the undesignation of tagged network resource designations for the same reason.[91]

52. APPA believes that Standard WEQ–001–106.2.5 as drafted may not accurately reflect its intended application.[92] It argues that the standard should be revised to ensure that it will not inadvertently limit network customers' ability to modify either their secondary network service reservations or their actual use of the transmission capacity available to them under such reservations.[93] APPA finds the language of Standard WEQ–001–106.2.5 confusing and comments that the focus of Standard WEQ–001–106.2.5 properly should be on the Transmission Provider's treatment of capacity that becomes available when a customer terminates all or part of its unscheduled capacity and there should be no question as to whether the transmission customer can reduce unscheduled capacity associated with a secondary network service reservation as, in APPA's view, this right is without question.[94]

53. Thus, APPA asserts that the Commission should require NAESB to clarify its proposed Standard WEQ–001–106.2, and Standard WEQ–001–106.2.5 in particular, to avoid unduly restricting network customers' flexibility in their use of secondary network service and should give the Transmission Provider the ability to restrict the release on the OASIS of that terminated capacity if, for some reason, it is subsequently unavailable, rather than allowing a Transmission Provider to refuse the transmission customer's request to ''terminate'' the unscheduled portion of an existing secondary network service reservation.[95]

54. Consistent with this change, APPA argues other sections also would need to be reworded.[96] For example, proposed Standard WEQ–001–106.2.6 should also focus on the release of transmission capacity, and proposed Standard WEQ–001–106.2.7 should make clear that the reduction in the network customer's reservation is not contingent on the Transmission Provider's finding that the ''capacity is available to be terminated.'' [97] APPA also urges that the Commission clarify that the standard does not in any way restrict a network customer from revising its tags (within whatever timing requirements apply to tagging changes) to reduce its scheduled use of a secondary network service reservation.[98]

55. EEI supports incorporation by reference of Standard WEQ–001–106.25.[99] EEI believes that the Commission should incorporate this standard by reference into its regulations, allowing Transmission Providers the ability to refuse a termination request under these specific circumstance (of customer requesting termination of more capacity than the customer had reserved), which may compromise the stability of the electric power system.[100] EEI notes that, in that circumstance, the transmission customer has the option of submitting a

[83] Standard WEQ–001–10.5 provides: ''[u]pon confirmation of the request to Redirect on a non-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. An example is shown in Business Practice Standard WEQ–001–B.''

[84] As our policy in *Dynegy* and *Entergy* reflects our interpretation of the *pro forma* OATT, we expect transmission providers to adhere to this policy while NAESB develops conforming standards. *See, e.g., Transmission Loading Relief Reliability Standard and Curtailment Priorities,* 139 FERC ¶ 61,218, at P 9 (2012) (noting that all transmission providers are required to comply with the Commission's *pro forma* OATT).

[85] WEQ Version 003 NOPR at P 23.

[86] *Id.* P 950.

[87] Duke Energy at 4.

[88] *Id.*

[89] *Id.*

[90] *Id.*

[91] *Id.*

[92] APPA at 4.

[93] *Id.*

[94] *Id.* at 4–5.

[95] *Id.* at 5.

[96] *Id.* at 8.

[97] *Id.*

[98] *Id.*

[99] EEI at 5.

[100] *Id.* at 6.

revised and accurate termination request for approval.[101] Bonneville's comments also express support for the Commission's incorporation of the proposed standards regarding NITS on OASIS.[102]

56. OATI comments that the intent of Standard WEQ–001–106.2.5 was to allow Transmission Providers to refuse requests for termination of a secondary network resource where the requested amount of capacity to be terminated is in excess of that amount of reserved capacity that has not been scheduled, and therefore not free to be released to available transfer capability as stipulated in WEQ–001–106.2.6.[103] OATI states that the release of terminated capacity from a secondary network resource to non-firm available transfer capability that is still scheduled for energy delivery would likely pose a reliability concern for the Transmission Provider.[104] WEQ–001–106.2.5 provides the condition upon which the Transmission Provider could refuse such a request. For these reasons, OATI supports incorporation of WEQ–001–106.2.5 in the Commission's ruling.[105]

57. TDU Systems suggests that the Commission should direct NAESB to revise the NITS Standards to eliminate the discretion of a Transmission Provider to refuse a request to terminate secondary network service and to eliminate discretion in tracking designated network resource scheduling rights.[106] They also suggest directing NAESB to establish guidelines for processing applications including a Transmission Provider's discretion to determine what information is required to establish the queue time for the NITS application or for the response to the application.[107]

c. Commission Determination

58. Standard WEQ–001–16.2.5 as currently adopted by NAESB is 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. The differing comments on the application and use of this standard highlight the lack of clarity in this area. Therefore, the Commission declines to incorporate WEQ–001–106.2.5 by reference at this time because, as currently drafted, it is not clear how and when this standard should be applied.

59. Thus, the Commission will incorporate by reference all of the NITS standards proposed for incorporation in the WEQ Version 003 NOPR with the exception of Standard WEQ–001–106.2. We encourage NAESB to revise and clarify this entire standard and resubmit it to the Commission with changes that make clear when and how it should be applied.

4. Service Across Multiple Transmission Systems (SAMTS)

a. NOPR Proposal

60. In the WEQ Version 003 NOPR, the Commission proposed SAMTS business practice standards to provide a process for customers to complete cross-regional transactions. As explained in the WEQ Version 003 NOPR, the SAMTS standards address the coordination of point-to-point transmission service and/or network transmission service requests across multiple transmission systems. The process requires each affected provider independently to evaluate its portion of the linked request with the opportunity for reconciliation by the customer once all the evaluations are complete. The customer then communicates reconciled information to each of the affected providers.

b. Comments

61. Bonneville generally supports the proposed standards allowing transmission customers to link requests and reservations over multiple transmission systems on OASIS through coordinated groups.[108] But Bonneville asks the Commission to clarify that a transmission customer is required to update the status of a coordinated group when a conditional reservation is displaced through preemption under sections 13.2 or 14.2 of the *pro forma* tariff so that updates regarding the disposition of requests and conditional reservations included in a coordinated group that are preempted are treated comparably.[109]

62. PJM supports the initiative to develop a coordinated process for SAMTS, but PJM expresses concern that the proposed standards addressing SAMTS may result in it taking longer to evaluate Transmission Service Requests with no discernible benefit to customers.[110] For example, PJM maintains that the 24 hour attestation period for approvals could cause delays in evaluating a request and subsequent requests, which could be addressed by an automated system, if allowed.[111]

63. TDU Systems believes that the SAMTS standards are a step in the right direction and generally support them.[112] However, TDU Systems urges the Commission to require Transmission Providers to create a dispute resolution mechanism for transmission customers to use in case there are disagreements over implementation of the SAMTS standards.[113] TDU Systems asserts that, because the standards address practices across regions, it is not obvious that any particular Transmission Provider's tariff dispute resolution procedures would govern, and, therefore, there may be no clear avenue for resolving disputes. TDU Systems urges the Commission to direct NAESB to correct this omission in its final rule.

64. TDU Systems also recommends that the Commission direct NAESB to broaden the applicability of the SAMTS standards.[114] TDU Systems believe that treatment of the Coordinated Requests as ''linked'' should not be limited to the purpose of procurement of service.[115] Rather, these Coordinated Requests should continue to be ''linked'' after evaluations for application of service are complete. In particular, it believes these transmission services should be linked for purposes of long-term planning and conveying rollover rights.[116] Finally, TDU Systems argues the Commission should require Transmission Providers that deny a request under the new SAMTS process to post information including an explanation of why the service was denied and the expected duration of the constraint.[117] Such a requirement, it argues, would be consistent with section 37.6(e)(2) of the Commission's OASIS regulations and the transparency requirements of Order No. 890.[118]

c. Commission Determination

65. After consideration of the SAMTS Standards and the comments, the Commission will incorporate by reference NAESB's SAMTS standards. We note, however, that we find reasonable Bonneville's request to treat a conditional point-to-point reservation included in a coordinated group displaced through preemption comparably to a reservation that is superseded as a result of preemption. Thus, we request that NAESB consider

[101] *Id.* at 5–6.
[102] Bonneville at 2.
[103] OATI at 3–4.
[104] *Id.* at 4.
[105] *Id.*
[106] TDU Systems at 4–6.
[107] *Id.* at 7.
[108] Bonneville at 2.
[109] *Id.*
[110] PJM at 3.
[111] *Id.* at 3.
[112] TDU Systems at 3.
[113] *Id.*
[114] *Id.*
[115] *Id.*
[116] *Id.*
[117] *Id.* at 4.
[118] *Id.*

this suggestion as part of its ongoing standards development process so that both actions are updated similarly. This can be reported in the next relevant WEQ standards update report filed by NAESB with the Commission.

66. PJM has raised a concern that this standard may significantly expand the time that will be required to evaluate Transmission Service Requests without any benefit to customers. We note that, consistent with Commission precedent, PJM may request a waiver and attest that its policies are ''consistent with or superior'' to specific newly incorporated NAESB standards. In such a proceeding, PJM would have the opportunity to substantiate its claim that these regulations would adversely affect its timeframe to evaluate Transmission Service Requests, with no discernable benefit to customers. Waivers are evaluated on a case by case basis and any waiver request from PJM will be evaluated on its individual merits. We make no determination here as to the outcome of such a request.

67. We will deny TDU Systems' request to require Transmission Providers to create a dispute resolution mechanism for transmission customers to use in case there are disagreements over implementation of the SAMTS, as we find no necessity to make this change at this time. Thus, we will adopt the standards as adopted by NAESB, which reflects the industry consensus and we will not at this time request that NAESB make the modifications to the standard recommended by TDU Systems. We reach this decision because we find the standard as adopted by NAESB to be reasonable and see no evidence that this process will not be successful in addressing and resolving disputes between transmission customers and Transmission Providers. Under the SAMTS Standards included in WEQ Version 003, a customer will have access to each transmission owner's dispute resolution process and also will be able to file a complaint with the Commission if the dispute resolution process does not resolve the problems presented. We find it premature to modify the newly adopted SAMTS standard without any evidence that it will not be successful as is. Moreover, there has been an industry consensus for the standard as adopted by NAESB. TDU Systems may raise this issue at NAESB in the future if it finds that a sufficient number of complaints warrant seeking a consensus for revisions to this standard within NAESB. As a general matter, we encourage participation in the NAESB process in the first instance. Those advocating changes to NAESB standards would be well advised to first participate in the NAESB process and seek consensus support for their positions within the NAESB process.

68. TDU Systems also requests that we broaden the applicability of the SAMTS standards and that these Coordinated Requests should continue to be ''linked'' after evaluations for application of service are complete. TDU Systems provides no justification for extending linkage beyond the procurement of service and a consensus of the industry saw no need for such a change. Thus, we find the consensus standard reasonable without such an expansion. Adoption of such a modification should not be implemented until NAESB has had an opportunity to consider whether an industry consensus supports the standard. Once again, we encourage TDU Systems to seek support for its positions within the NAESB process.

69. As noted by TDU Systems, 18 CFR 37.6(e)(2) already requires that ''[w]hen a request for service is denied, the Responsible Party must provide the reason for that denial as part of any response to the request. . . .'' We see no need for a further change to the standards as, at this point, the standards are not inconsistent with the Commission's regulation and parties are required to comply with the Commission's regulations.

5. Conflicts Between Standards and Approved Tariffs

a. Comments

70. PJM requests clarification that, if there is a conflict between terms of a Commission-approved tariff and NAESB Business Practice Standards, the tariff takes precedence and that an ISO/RTO following the terms of its Commission-approved tariff need not seek waiver of specific NAESB standards to avoid being deemed in violation of the standards.[119] PJM notes that specific NAESB language contemplates the precedence of Commission-approved tariffs over NAESB standards in the event of conflict. PJM requests the Commission ''recognize'' this interaction between the NAESB Business Practice Standards and RTO/ISO tariffs. PJM goes on to request that the Commission clarify that ISO/RTO Transmission Providers do not need to seek specific waivers of those NAESB rules that are inconsistent with Commission-approved tariff rules or market designs. Alternatively, PJM requests that the Commission grant waivers if a tariff is consistent with or superior to the requirements of the standards.[120]

b. Commission Determination

71. As discussed earlier, the Commission previously permitted a public utility to defer making its compliance filing until it makes an unrelated filing with the Commission to reduce the burden on filers of a stand-alone filing.[121] As PJM's comments indicate, this policy may result in confusion as to whether the tariff or the standards apply to the extent they are inconsistent.[122] For this reason, we are revising our policy to follow our practice with respect to the standards for natural gas pipelines, and will require compliance filings on the requirements not related to Standard WEQ–002–5.10.3 to be made by December 1, 2014. We will, however, allow public utilities that want to incorporate the complete set of NAESB standards into their tariffs without modification to specify in their compliance filing that they are incorporating into their tariff all 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. This will mean that those public utilities may not need to make compliance filings in future years to incorporate the standards so long as they continue to abide by all the newly incorporated standards. It would also obviate the need for a compliance filing related to Standard WEQ–002–5.10.3.

72. Public utilities may seek waiver of the standards for newly developed or newly revised standards and for the renewal of existing waivers. Our policy on when these waivers will be granted or denied is not being changed in this Final Rule. All requests for waiver and requests for renewals of prior granted waiver requests must be submitted by December 1, 2014, the same date on which the compliance filing is due.

73. Furthermore, consistent with previous practice, the Commission does not automatically extend existing waivers without Commission review and approval. When the Commission adopts new requirements, it is incumbent on a public utility that wishes to maintain a previously granted waiver applicable to the previous

[119] PJM at 2. PJM cites to ''WEQ–001–C Appendix C, relating to OASIS Business Practice Standards Exemptions. 'In the event of conflict between NAESB Business Practice Standards and an individual Commission approved tariff or Commission approved market design, the tariff or market design shall prevail.' ''

[120] *Id.*

[121] *See, e.g.,* Order No. 676–E, FERC Stats. & Regs. ¶ 31,299 at P 128.

[122] PJM at 2.

version of the standard to make a showing to the Commission that, based on the particular facts presented, the waiver should continue. The determination of whether a waiver from a prior requirement should apply to a revised requirement is one that needs to be made on a case-by-case basis.[123] If PJM believes that its circumstances warrant a waiver of any particular NAESB Business Practice Standards that the Commission is incorporating by reference into its regulations in this Final Rule, it may file a request for a waiver wherein it can detail the circumstances that it believes warrant a waiver. The Commission will decide on any such waiver request on a case-by-case basis and we decline to prejudge those circumstances in the context of this rulemaking.

C. Smart Grid Standards

1. Should smart Grid Standards be incorporated by reference into Commission's regulations as mandatory requirements?

a. NOPR Proposal

74. In the WEQ Version 003 NOPR, the Commission proposed to incorporate by reference five Smart Grid standards (WEQ–016, WEQ–017, WEQ–018, WEQ–019 and WEQ–020) into the Commission's regulations. The Commission also invited comment on what version of Standard WEQ–019 should be incorporated (discussed below).

b. Comments

75. Bonneville supports the Commission's incorporation of the proposed standards regarding Smart Grid.[124] By contrast, while EEI and its members fully support the development of Smart Grid technologies, EEI believes that adoption of these standards (standards WEQ–016, WEQ–017, WEQ–018, WEQ–019 and WEQ–020) by the Commission would be contrary to Commission precedent and to the express terms of the standards themselves, and would chill future Smart Grid Standards development.[125] EEI comments that, if the Commission does adopt any WEQ Smart Grid Standards, it should expressly clarify that their use is optional and that incorporation by reference of any of the WEQ Smart Grid Standards into utility tariffs would not negate or limit the optionality or informative nature of the WEQ Smart Grid Standards.[126] EEI also asserts that in no event should the Commission adopt WEQ–019 because that standard only applies to end-use customers and, accordingly, is outside the Commission's jurisdiction.[127] Further, EEI maintains that, if the Commission adopts any of the Smart Grid Standards, the Commission should clarify that some of the standards only apply in certain markets due to their nature.[128] Finally, EEI argues that, in no event should these NAESB smart grid standards be incorporated by reference into the Commission's regulations in the Code of Federal Regulations, claiming that to do so would, at a minimum, create ambiguity and confusion, or worse, could impose the inappropriate mandatory application of these standards.[129]

76. The ISO/RTO Council suggests that the Commission could confirm that the NAESB smart grid standards would not impose enforceable compliance mandates, particularly on ISOs and RTOs.[130] Specifically, with respect to Standard WEQ–019, the ISO–RTO Council suggests that the standard ''is meant to define a set of business processes that would serve as an input into the development of a broader smart grid information model.'' [131] The ISO/RTO Council claims that enforceable requirements would be unworkable at the present time.[132] The ISO/RTO Council also asserts, however, that ''NAESB's proposed Smart Grid-related standards have value and are likely to promote the development of future standards.''[133] In support of its arguments that these Smart Grid Standards should not be enforceable, the ISO/RTO Council quotes from the Commission's statement in Order No. 693 that for a standard to be enforceable, the standard must ''be sufficiently clear so that an entity is aware of what it must do to comply.'' [134]

c. Commission Determination

77. The Commission agrees with Bonneville and the ISO/RTO Council that the NAESB Smart Grid Standards have value and that their use by public utilities should be encouraged by the Commission. At the same time, however, we also find merit in EEI's arguments against incorporating these standards by reference into the Commission's regulations and in ISO/RTO Council's arguments against making these standards enforceable and mandatory. Thus, rather than incorporating these standards by reference as mandatory enforceable standards (as proposed in the WEQ Version 003 NOPR), the Commission instead will list these standards informationally in Part 2 of our regulations as non-mandatory guidance.[135] The NAESB Smart Grid Standards will thus be available for use, but we are not requiring them to be used by public utilities, and declining to use the standards will not be considered a violation of Commission regulations.

78. We are listing informationally the five Smart Grid Standards, as non-mandatory guidance, rather than incorporating them by reference into our regulations as mandatory requirements, because we agree with commenters that the five standards at issue were meant to provide encouragement for the development of new technologies and to foster Smart Grid interoperability by defining a set of business processes that would serve as an input into the development of a broader Smart Grid information model. In addition, we agree with the ISO/RTO Council that these NAESB standards ''are building blocks that support ongoing efforts to develop future smart grid standards.'' [136] Thus, for all these reasons, we are not mandating compliance with these standards; but nonetheless are informationally listing these standards as non-mandatory guidance. Our action here is intended to encourage further developments in interoperability, technological innovation and standardization in this area.

2. Appropriate Version of WEQ–019 To Be Listed Informationally as Guidance

a. NOPR Proposal

79. In the WEQ Version 003 NOPR, the Commission noted that NAESB had ratified changes to Standard WEQ–019 on March 21, 2013 that were provided

[123] Order No. 676–E, FERC Stats. & Regs. ¶ 31,299 at P 107.

[124] Bonneville at 7.

[125] EEI at 7–9.

[126] *Id.* 12.

[127] *Id.* 13.

[128] *Id.* For example, EEI states that WEQ–017 and WEQ–018 should only apply, if at all, in markets with wholesale demand response and WEQ–019 should not apply to utilities that haven't adopted the optional ''Green Button.''

[129] *Id.* at 14. EEI notes that ''18 CFR section 38.2(a) provides that '[a]ll entities to which section 38.1 is applicable must comply with the following business practice . . . standards . . .' (emphasis added).''

[130] ISO/RTO Council at 2, 5.

[131] *Id.* at 7.

[132] *Id.*

[133] *Id.* at 9.

[134] *Id.* at 9, n.12.

[135] In 18 CFR part 2, the Commission has set out various statements of general policy and interpretations. We will house the guidance we are listing informationally on Smart Grid issues within a separate undesignated heading within Part 2 of our regulations. In the next section of this preamble, we will separately address the question of which version of Standard WEQ–019 (i.e, the version contained in the WEQ Version 003 Standards or the version ratified by NAESB on March 21, 2013) should be the one listed informationally as guidance in Part 2 of the Commission's regulations.

[136] ISO/RTO Council at 8.

for energy usage information consistent with the Green Button Initiative, promoted by the White House Office of Science and Technology Policy. The Commission then invited comment on whether the Commission should incorporate by reference the version of Standard WEQ–019 ratified by NAESB membership on March 21, 2013, rather than the version contained in Version 003.

b. Comments

80. Bonneville supports the Commission's incorporation of the version of the Standards ratified by NAESB on March 21, 2013.[137] By contrast, Duke Energy comments that it disagrees with some details of the Green Button Initiative to allow customers access to their energy usage information because it believes this would burden Transmission Providers without necessarily providing useful information to transmission customers.[138] For this reason, Duke Energy requests that the Commission incorporate by reference the version of Standard WEQ–019 ratified by NAESB membership in Version 003, without the revisions ratified on March 21, 2013.[139] In addition, for these same reasons it opposes incorporation by reference of Standard WEQ–019 as a mandatory standard.[140] However, it would not oppose incorporation of this standard as an optional business practice.[141]

81. The ISO/RTO Council takes no position on which version of WEQ–019 be used.[142] EEI opposes any form of incorporation by reference or adoption of WEQ–019 and thus does not state a preference for either version of the standard.[143]

c. Commission Determination

82. All of the concerns raised about our incorporation by reference of the version of Standard WEQ–019 ratified by NAESB on March 21, 2013 hinge on the concern that we might incorporate this standard as a mandatory enforceable standard. Given our decision to only list these standards informationally, as guidance, there is no remaining reason not to go with the most up-to-date version (i.e., the version ratified by NAESB on March 21, 2013) and that is the version we are listing informationally, as guidance, in this Final Rule.

[137] Bonneville at 7.

[138] Duke Energy at 6.

[139] *Id.* at 7.

[140] *Id.*

[141] *Id.*

[142] ISO/RTO Council at 6.

[143] EEI at 13.

III. Compliance and Implementation Issues

A. Applicability of NITS Standards to ISOs and RTOs

1. Comments

83. PJM asks the Commission to continue to acknowledge in its final rule in this matter that NAESB's business practice standards associated with NITS do not apply to PJM's market construct as the NITS Standards and Order No. 890 requirements were developed to eliminate undue discrimination in the provision of transmission service and were not designed to address the more stringent requirements that necessarily apply to resources designated under a capacity construct, such as PJM's.[144] In addition, ISO/RTO Council asks the Commission to confirm that it will give substantial weight to NAESB statements regarding the applicability of business practice standards when considering future ISO/RTO exemption requests.[145]

2. Commission Determination

84. Once again, if PJM believes that its circumstances warrant a continued waiver of the regulations, it may file a request for a waiver wherein it can detail the circumstances that it believes warrant a waiver. The Commission will decide on any such waiver request on a case-by-case basis and we decline to prejudge those circumstances in the context of this rulemaking. Absent a Commission-approved waiver, compliance with the standards is required by all public utilities.

85. The ISO/RTO Council requests ''the Commission attach substantial weight to applicability and scope provisions included in the WEQ standards when it considers individual ISO/RTO waiver requests.'' [146] The Commission reviews waiver requests on a case-by-case basis, considering the specific circumstances presented in each individual waiver justification, as appropriate, and we will not prejudge any such circumstances in the context of this rulemaking.

B. Waiver Requests

86. Any public utility seeking a waiver of these requirements must still comply with the requirement to file a revised tariff acknowledging its obligation to comply with the newly incorporated by reference Business Practice Standards. While it may additionally file a written request for waiver, such waiver request will not excuse compliance with the standards until such time as its waiver request is approved by the Commission. Thus, waiver requests should be filed by December 1, 2014, which is early enough to allow for Commission review prior to the compliance date. Waiver requests should identify the specific requirements from which waiver is sought and should state the reasons why a waiver is warranted. Requests for waiver related to Standard WEQ–002–5.10.3 must be filed by February 24, 2016.

87. In the past, the Commission has allowed a public utility to defer the filing of a revised tariff acknowledging its obligation to comply with the newly incorporated by reference Business Practice Standards until it makes an unrelated tariff filing. In this Final Rule, we have reconsidered that policy and find that, given the broader coverage of the NAESB standards, as well as the waiver requests received, the deferral policy may lead to confusion over the standards applicable to particular public utilities. Moreover, deferral of the filings may lead to NAESB standards being included in FPA section 205 filings, making review of the standards and waiver requests more difficult to process. We have concluded, therefore, that, as we do with respect to incorporation of the NAESB standards for natural gas, all public utilities will need to make a compliance filing that will permit uniform review of the filings and all requests for waiver. For those public utilities that want to incorporate the complete set of NAESB standards into their tariffs without modification, we will permit their initial compliance filing to specify that they are incorporating into their tariff all the standards as specified in Part 38 of the Commission's Rules of Practice and Procedure as updated and revised.[147] This will mean that those public utilities will not need to make compliance filings in future years to incorporate the standards so long as they continue to abide by all of the NAESB WEQ Business Practice Standards and Communication Protocols for Public Utilities that the Commission has incorporated by reference into its regulations.

88. Consistent with this determination, we are requiring each public utility to make the required tariff filing acknowledging its obligation to comply with the newly incorporated by

[144] PJM at 5.

[145] ISO/RTO Council at 13.

[146] ISO/RTO Council at 13.

[147] Public utilities adopting this option should include the following language in their tariff: ''The 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.''

reference Business Practice Standards. It may, however, if it wishes, also file a request for a waiver that identifies the specific provisions from which waiver is sought, along with its reasons supporting the request. Waiver requests should be filed by December 1, 2014 to allow time for a Commission decision on the waiver request before the compliance date. To be in compliance with their tariffs, public utilities submitting a late-filed waiver request must comply with the newly incorporated standards until such time as their requests are acted on.

89. Those public utilities that choose not to revise their tariffs to include the statement referenced above acknowledging their obligation to comply with the latest version of the Business Practice Standards incorporated by reference by the Commission must use the following language in their OATTs:

- WEQ–000, Abbreviations, Acronyms, and Definition of Terms, WEQ Version 003, July 31, 2012 (with minor corrections applied Nov. 26, 2013);
- WEQ–001, Open Access Same-Time Information System (OASIS), OASIS Version 2.0, WEQ Version 003, July 31, 2012 (with minor corrections applied November 26, 2013) excluding Standards WEQ–001–9.5, WEQ–001–10.5, WEQ–001–14.1.3, WEQ–001–15.1.2 and WEQ–001–106.2.5;
- WEQ–002, Open Access Same-Time Information System (OASIS) Business Practice Standards and Communication Protocols (S&CP), OASIS Version 2.0, WEQ Version 003, July 31, 2012 (with minor corrections applied November 26, 2013);
- WEQ–003, Open Access Same-Time Information System (OASIS) Data Dictionary Business Practice Standards, OASIS Version 2.0, WEQ Version 003, July 31, 2012 (with minor corrections applied November 26, 2013);
- WEQ–004, Coordinate Interchange, WEQ Version 003, July 31, 2012 (with Final Action ratified on December 28, 2012);
- WEQ–005, Area Control Error (ACE) Equation Special Cases, WEQ Version 003, July 31, 2012;
- WEQ–006, Manual Time Error Correction, WEQ Version 003, July 31, 2012;
- WEQ–007, Inadvertent Interchange Payback, WEQ Version 003, July 31, 2012;
- WEQ–008, Transmission Loading Relief (TLR)—Eastern Interconnection, WEQ Version 003, July 31, 2012 (with minor corrections applied November 28, 2012);
- WEQ–011, Gas/Electric Coordination, WEQ Version 003, July 31, 2012;
- WEQ–012, Public Key Infrastructure (PKI), WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Oct. 4, 2012);
- WEQ–013, Open Access Same-Time Information System (OASIS) Implementation Guide, OASIS Version 2.0, WEQ Version 003, July 31, 2012 (with minor corrections applied November 26, 2013);
- WEQ–015, Measurement and Verification of Wholesale Electricity Demand Response, WEQ Version 003, July 31, 2012; and
- WEQ–021, Measurement and Verification of Energy Efficiency Products, WEQ Version 003, July 31, 2012.

90. Public utilities should not incorporate the Smart Grid Standards (WEQ–016, WEQ–017, WEQ–018, WEQ–019 and WEQ–020) by reference, as the Commission is not incorporating these standards by reference as mandatory requirements.

C. Implementation Schedule for NITS OASIS Template Interactions and for Other Requirements in This Final Rule

1. NOPR Proposal

91. In Standard WEQ–002–5.10, NAESB proposed an implementation schedule for NITS OASIS template interactions that would allow public utilities 18 months after the effective date of this Final Rule to transition to posting transmission customers' NITS service arrangements on the Version 2.0 NITS OASIS templates. In the WEQ Version 003 NOPR, while we discussed the details of the standards adopted by NAESB, we did not specifically address its proposed implementation schedule for NITS OASIS templates. We did, however, propose, consistent with past Commission practice, to allow public utilities the option of including these changes as part of an unrelated tariff filing in order to reduce the filing burden.[148] Several comments were filed on the appropriate implementation schedule to be allowed by the Commission.

2. Comments

92. Duke Energy supports an 18-month development plan, plus 6 months for testing, as the implementation timeline for business practice standards associated with service across multiple transmission systems (SAMTS) and network integration transmission service (NITS).[149] ISO/RTO Council requests that the Commission clarify that Transmission Providers will have 24 months to come into compliance with the new standards on redirects and Public Key Infrastructure.[150] Likewise, EEI seeks clarification that implementation will not be required until at least 18 months after a new standard is adopted as a regulation, as proposed by NAESB in Standard WEQ–002–5.10.[151] OATI finds NAESB's 18-month implementation plan aggressive, but attainable, citing the complexity and significant efforts involved to design and implement the needed software and business process revisions.[152] Thus, OATI requests an additional 6 months (beyond the original 18 months) for testing and system updates (for a total of 24 months before implementation is required).[153]

3. Commission Determination

93. Consistent with Order No. 676–E,[154] the Commission notes that Standard WEQ–002–5.10 is applicable only to the actual implementation of updated templates and not to the additional required OASIS functionalities proposed in the WEQ Version 003 Standards, which may require modification to, or development of, supporting software applications.

94. However, an 18-month implementation period appears sufficient to implement the NAESB standards incorporated by reference related to the NITS OASIS templates and commenters have not provided compelling evidence as to why additional time would be necessary. The timeline laid out in Standard WEQ–002–5.10.3 was a product of NAESB's consensus process that has been designed to require support from a wide range of industry members. As noted above, NAESB's procedures are designed to ensure that all industry members can have input into the development of a standard, whether or not 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

[148] WEQ Version 003 NOPR, FERC Stats. & Regs. ¶ 32,698 at P 44. As discussed in greater detail in section II.B.6 above, the Commission is no longer allowing public utilities to defer the filing of a revised tariff acknowledging their obligation to comply with the Business Practice Standards incorporated by reference in this Final Rule.

[149] Duke Energy at 3.

[150] ISO/RTO Council at 5.

[151] EEI at 4.

[152] OATI at 2.

[153] *Id.* at 3.

[154] Order No. 676–E, Stats. & Regs. ¶ 32,299 at P 99.

not adopted. Therefore, we will adopt as the implementation schedule for all standards relating to the transition to the NITS OASIS template, the schedule included in Standard WEQ–002–5.10.3, which we are incorporating by reference in this Final Rule and decline the requests to add an additional six months for testing and implementation to the compliance schedule. Compliance filings for Standard WEQ–002–5.10.3 must be filed by January 24, 2016. This will allow two months between the compliance filing and the compliance date for this requirement. As mentioned above, a separate compliance filing on this requirement will not be needed if the filer uses the language prescribed in n.145 in its tariff.

95. As to the other requirements of this Final Rule, we will require compliance with the requirements of this rule that are not related to the transition to the NITS OASIS template beginning on February 2, 2015. Compliance filings and all waiver requests, including renewal of waiver requests, must be filed by December 1, 2014. Those utilities that want to incorporate the complete set of NAESB standards into their tariffs without modification, may submit a compliance filing using the following language: ''The 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.'' This will mean that those public utilities that add this provision to their tariffs will not need to make subsequent compliance filings in future years to incorporate the standards incorporated by reference by the Commission in future rulemakings so long as they continue to abide by all the newly incorporated standards. Nor will they need to make a separate tariff filing related to Standard WEQ–002.10.5.3.

IV. Notice of Use of Voluntary Consensus Standards

96. Office of Management and Budget Circular A–119 (section 11) (Feb. 10, 1998) provides that when a federal agency issues or revises a regulation containing a standard, the agency should publish a statement in the Final Rule stating whether the adopted standard is a voluntary consensus standard or a government-unique standard. In this rulemaking, the Commission is incorporating by reference voluntary consensus standards developed by the NAESB's WEQ.

V. Information Collection Statement

97. The following collections of information contained within this Final Rule are subject to review by the Office of Management and Budget (OMB) under Section 3507(d) of the Paperwork Reduction Act of 1995. OMB's regulations require approval of certain information collection requirements imposed by agency rules.

98. The Commission solicits comments from the public on the Commission's need for this information, whether the information will have practical utility, the accuracy of the burden estimates, ways to enhance the quality, utility and clarity of the information collected or retained, and any suggested methods for minimizing respondents' burden, including the use of automated information techniques. Specifically, the Commission asks that any revised burden or cost estimates submitted by commenters be supported by sufficient detail to understand how the estimates are generated.

99. Comments concerning the information collection promulgated in this Final Rule and the associated burden estimates should be sent to the Commission in this docket and may also be sent 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 email to OMB at the following email address: *oira_submission@omb.eop.gov.* Please reference FERC–516 (OMB Control No. 1902–0096) and FERC–717 (OMB Control No. 1902–0173) and the docket number of this Final Rule (Docket No. RM05–5–022) in your submission.

100. This Final Rule will affect the following existing data collections: Standards for Business Practices and Communication Protocols for Public Utilities (FERC–717) and Electric Rate Schedule Filings (FERC–516). The following burden estimate is based on the projected costs for the industry to implement revisions to the WEQ Standards currently incorporated by reference into the Commission's regulations at 18 CFR 38.1 and to implement the new standards adopted by NAESB that we are incorporating by reference in this Final Rule.

RM05–5–022

[Standards for business practices and communication protocols for public utilities]

	Number of respondents	Annual number of responses per respondent	Total number of responses	Average burden & cost per response	Total annual burden hours & total annual cost	Average cost per respondent ($)
	(1)	(2)	(1)*(2)=(3)	(4)	(3)*(4)=(5)	(5)÷(1)
FERC–516 (one-time)	132	1	132	6 $436	792 $57,552	$436
FERC–717 (one-time)	132	1	132	10 $727	1,320 $95,964	727
Total			264		2,112 [155] $153,516	1,165

101. The Commission sought comments on the burden of complying with the requirements imposed by these requirements. No comments were filed addressing the reporting burden.[156]

102. The Commission's regulations adopted in this rule are necessary to establish a more efficient and integrated wholesale electric power grid. Requiring such information ensures both a common means of communication and common business practices that provide entities engaged in the wholesale transmission of electric power with timely information and uniform business procedures across multiple Transmission Providers. These requirements conform to the Commission's goal for efficient information collection, communication, and management within the electric power industry. The Commission has assured itself, by means of its internal review, that there is specific, objective support for the burden estimates associated with the information requirements.

103. OMB regulations [157] require OMB to approve certain information collection requirements imposed by agency rule. The Commission is submitting notification of this Final Rule to OMB. These information collections are mandatory requirements.

Title: Standards for Business Practices and Communication Protocols for Public Utilities (formerly Open Access Same Time Information System) (FERC–717); Electric Rate Schedule Filings (FERC–516).

Action: Final rule.

OMB Control No.: 1902–0096 (FERC–516); 1902–0173 (FERC–717).

Respondents: Business or other for profit, (Public Utilities—Not applicable to small businesses).

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

Necessity of the Information: This rule will upgrade the Commission's current business practice and communication standards. Specifically, these standards include several modifications to the existing business practice standards as well as creating new standards to provide additional functionality for OASIS transactions, transmission loading relief and public key infrastructure. The standards will assist in providing greater security for business transactions over the Internet, identify the business practices to be used to relieve potential or actual loading on a constrained facility and facilitate the transfer of electric energy between entities responsible for balancing load and generation. These practices will ensure that potential customers of open access transmission service receive access to information that will enable them to obtain transmission service on a non-discriminatory basis and will assist the Commission in maintaining a safe and reliable infrastructure and also will assure the reliability of the interstate transmission grid. The implementation of these standards and regulations is necessary to increase the efficiency of the wholesale electric power grid. This Final Rule also informationally lists NAESB's Smart Grid Standards as non-mandatory guidance. This guidance will promote the development of new technologies and standards.

104. The information collection requirements of this Final Rule are based on the transition from transactions being made under the Commission's existing business practice standards to conducting such transactions under the standards incorporated by reference in this Final Rule and to account for the burden associated with the new standard(s) being incorporated by reference here (e.g., WEQ–000).

105. *Internal Review:* The Commission has reviewed the revised business practice standards and has made a determination that the revisions adopted in this Final Rule are necessary to maintain consistency between the business practice standards and reliability standards on this subject. 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.

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

VI. Environmental Analysis

107. 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.[158] The Commission has categorically excluded certain actions from these requirements as not having a significant effect on the human environment.[159] The actions adopted 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 natural gas and electric power that requires no construction of facilities. Therefore, an environmental assessment is unnecessary and has not been prepared in this Final Rule.

VII. Regulatory Flexibility Act

108. The Regulatory Flexibility Act of 1980 (RFA) [160] generally requires a description and analysis of final rules that will have significant economic impact on a substantial number of small entities. As shown in the information collection section, this Final Rule applies to 132 entities. More specifically, this Final Rule imposes the latest version (Version 003) of the Standards for Business Practices and Communication Protocols for Public Utilities adopted by the WEQ and the associated financial burden upon these entities. Comparison of the applicable entities with the Commission's small business data indicates that approximately 26 are small entities [161] or 19.5 percent of the respondents affected by this Final Rule.

109. The Commission estimates that each of the small entities to whom the Final Rule applies will incur one-time costs of $1,163.[162] The Commission does not consider the estimated costs per small entity to have a significant economic impact on a substantial number of small entities. Accordingly, the Commission certifies that this Final Rule will not have a significant

[155] The total annualized costs for the information collection is $153,516. This number is reached by multiplying the total hours to prepare responses (2,112) by an average hourly wage estimate of $72.67 (a composite estimate that includes legal, technical and support staff rates, $128.39 + $60.70 + $28.93 = $218.02 ÷ 3 = $72.67), 2,112 hours × $72.67/hour = $153,516.

[156] We note, however, that two comments argued that it would be too costly for small entities to obtain copies of the NAESB Standards from NAESB. We addressed these comments in the preamble of this Final Rule.

[157] 5 CFR 1320.11.

[158] *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).

[159] 18 CFR 380.4.

[160] 5 U.S.C. 601–612.

[161] The Small Business Administration sets the threshold for what constitutes a small business. Public utilities may fall under one of several different categories, each with a size threshold based on the company's number of employees, including affiliates, the parent company, and subsidiaries. For the analysis in this Final Rule, we are using a 500 employee threshold for each affected entity. Each entity is classified as Electric Bulk Power Transmission and Control (NAICS code 221121).

[162] $153,516 (total annual cost) ÷ 132 (number of small entities) = $1,163/small entity.

economic impact on a substantial number of small entities.

VIII. Document Availability

110. 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 FERC's Home Page (*http://www.ferc.gov*) and in FERC'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.

111. From FERC'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.

112. User assistance is available for eLibrary and the FERC's Web site during normal business hours from FERC Online Support at 202–502–6652 (toll free at 1–866–208–3676) or email at *ferconlinesupport@ferc.gov,* or the Public Reference Room at (202) 502–8371, TTY (202) 502–8659. Email the Public Reference Room at *public.referenceroom@ferc.gov.*

IX. Effective Date and Congressional Notification

113. These regulations are effective October 24, 2014. The Commission has determined, with the concurrence of the Administrator of the Office of Information and Regulatory Affairs of OMB, that this rule is not a ''major rule'' as defined in section 351 of the Small Business Regulatory Enforcement Fairness Act of 1996.

List of Subjects

18 CFR Part 2

Electric utilities, Guidance and policy statments.

18 CFR Part 38

Business practice standards, Electric utilities, Incorporation by reference, Reporting and recordkeeping requirements.

By the Commission.

Nathaniel J. Davis, Sr.,

Deputy Secretary.

In consideration of the foregoing, the Commission amends 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. An undesignated center heading is added after § 2.26 to read as follows:

Non-Mandatory Guidance on Smart Grid Standards

■ 3. Section 2.27 is added to read as follows:

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

The Commission informationally lists the following NAESB Business Practices Standards as non-mandatory guidance:

(a) WEQ–016, Specifications for Common Electricity Product and Pricing Definition, WEQ Version 003, July 31, 2012;

(b) WEQ–017, Specifications for Common Schedule Communication Mechanism for Energy Transactions, WEQ Version 003, July 31, 2012;

(c) WEQ–018, Specifications for Wholesale Standard Demand Response Signals, WEQ Version 003, July 31, 2012;

(d) WEQ–019, Customer Energy Usage Information Communication, WEQ Version 003, July 31, 2012, as amended on March 21, 2013; and

(e) WEQ–020, Smart Grid Standards Data Element Table, WEQ Version 003, July 31, 2012.

(f) Copies of these standards may be obtained from the North American Energy Standards Board, 801 Travis Street, Suite 1675, Houston, TX 77002, Tel: (713) 356–0060. NAESB's Web site is at *http://www.naesb.org/.* Copies may be inspected at the Federal Energy Regulatory Commission, Public Reference and Files Maintenance Branch, 888 First Street NE., Washington, DC 20426, Tel: (202) 502–8371, *http://www.ferc.gov.*

PART 38—BUSINESS PRACTICE STANDARDS AND COMMUNICATION PROTOCOLS FOR PUBLIC UTILITIES

■ 4. 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.

■ 5. Revise § 38.1 to read as follows:

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

(a) Any public utility that owns, operates, or controls facilities used for the transmission of electric energy in interstate commerce or for the sale of electric energy at wholesale in interstate commerce and any non-public utility that seeks voluntary compliance with jurisdictional transmission tariff reciprocity conditions must comply with the business practice and electronic communication standards promulgated by the North American Energy Standards Board Wholesale Electric Quadrant that are incorporated by reference in paragraph (b) of this section. The material incorporated by reference in this section was approved by the Director of the Federal Register in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. Copies of these standards may be obtained from the North American Energy Standards Board (NAESB), 801 Travis Street, Suite 1675, Houston, TX 77002, Tel: (713) 356–0060. NAESB's Web site is at *http://www.naesb.org/.* Copies of these standards may be inspected at the Federal Energy Regulatory Commission, Public Reference and Files Maintenance Branch, 888 First Street NE., Washington, DC 20426, Tel: (202) 02–8371, *http://www.ferc.gov,* or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202–741–6030, or go to: *http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.*

(b) The business practice and electronic communication standards the Commission incorporates by reference are as follows:

(1) WEQ–000, Abbreviations, Acronyms, and Definition of Terms, WEQ Version 003, July 31, 2012 (with minor corrections applied November 26, 2013);

(2) WEQ–001, Open Access Same-Time Information System (OASIS), OASIS Version 2.0, WEQ Version 003, July 31, 2012 (with minor corrections applied November 26, 2013) excluding 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 2.0, WEQ Version 003, July 31, 2012 (with minor corrections applied November 26, 2013);

(4) WEQ–003, Open Access Same-Time Information System (OASIS) Data Dictionary Business Practice Standards, OASIS Version 2.0, WEQ Version 003, July 31, 2012 (with minor corrections applied November 26, 2013);

(5) WEQ–004, Coordinate Interchange, WEQ Version 003, July 31, 2012 (with Final Action ratified December 28, 2012);
(6) WEQ–005, Area Control Error (ACE) Equation Special Cases, WEQ Version 003, July 31, 2012;
(7) WEQ–006, Manual Time Error Correction, WEQ Version 003, July 31, 2012;
(8) WEQ–007, Inadvertent Interchange Payback WEQ Version 003, July 31, 2012;
(9) WEQ–008, Transmission Loading Relief (TLR)—Eastern Interconnection, WEQ Version 003, July 31, 2012 (with minor corrections applied November 28, 2012);
(10) WEQ–011, Gas/Electric Coordination, WEQ Version 003, July 31, 2012;
(11) WEQ–012, Public Key Infrastructure (PKI), WEQ Version 003, July 31, 2012 (with Final Actions ratified on October 4, 2012);
(12) WEQ–013, Open Access Same-Time Information System (OASIS) Implementation Guide, OASIS Version 2.0, WEQ Version 003, July 31, 2012 (with minor corrections applied November 26, 2013);
(13) WEQ–015, Measurement and Verification of Wholesale Electricity Demand Response, WEQ Version 003, July 31, 2012; and
(14) WEQ–021, Measurement and Verification of Energy Efficiency Products, WEQ Version 003, July 31, 2012.

Note: The following appendix will not be published in the Code of Federal Regulations.

List of Entities Filing Comments on WEQ Version 003 NOPR in Docket No. RM05–5–022, and the Abbreviations Used To Identify Them

- Bonneville Power Administration (Bonneville)
- Clark Public Utilities (Clark Public Utilities)
- Duke Energy Corporation (Duke Energy)
- Edison Electric Institute (EEI)
- ISO/RTO Council
- American Public Power Association, together with Florida Municipal Power Agency (APPA)
- Open Access Technology International (OATI)
- PJM Interconnection, L.L.C. (PJM)
- City of Seattle, City Light Department (Seattle)
- Public Utility District No. 1 of Snohomish County (Snohomish) (reply comments)
- City of Tacoma, Department of Public Utilities, Light Division (Washington), dba Tacoma Power (Tacoma Power)
- Transmission Dependent Utility Systems (TDU Systems) [163]

[FR Doc. 2014–22601 Filed 9–23–14; 8:45 am]

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DEPARTMENT OF LABOR

Occupational Safety and Health Administration

29 CFR Parts 1910 and 1926

[Docket No. OSHA–S215–2006–0063]

RIN 1218–AB67

Electric Power Generation, Transmission, and Distribution; Electrical Protective Equipment; Corrections

AGENCY: Occupational Safety and Health Administration (OSHA), Labor.

ACTION: Correcting amendments.

SUMMARY: On April 11, 2014 (79 FR 20316), the Occupational Safety and Health Administration published a final rule: Revising the general industry standards for electric power generation, transmission, and distribution work and for electrical protective equipment; revising the construction standard for electric power transmission and distribution work; and adopting a new construction standard for electrical protective equipment. The final rule updated those standards and made the general industry and construction standards consistent. This document corrects errors in the preamble and regulatory text of the final rule.

DATES: These corrections become effective on September 24, 2014.

FOR FURTHER INFORMATION CONTACT:

General information and press inquiries: Mr. Frank Meilinger, Office of Communications, Room N3647, OSHA, U.S. Department of Labor, 200 Constitution Avenue NW., Washington, DC 20210; telephone (202) 693–1999; email *meilingerfrancis2@dol.gov.*

Technical information: Mr. William Perry, Directorate of Standards and Guidance, Room N3718, OSHA, U.S. Department of Labor, 200 Constitution Avenue NW., Washington, DC 20210; telephone (202) 693–1950 or fax (202) 693–1678.

SUPPLEMENTARY INFORMATION: On April 11, 2014, OSHA published a final rule: (1) Revising its general industry and construction standards at 29 CFR 1910.269 and 29 CFR part 1926, subpart V, respectively; (2) revising its general industry standard for electrical protective equipment at 29 CFR 1910.137 and adding a corresponding standard for construction at 29 CFR 1926.97; and (3) revising several other related provisions in OSHA's standards for general industry and construction (79 FR 20316).

OSHA has identified some errors in the preamble and regulatory text. One of those errors is in OSHA's explanation of training requirements for unqualified employees. The preamble stated that unqualified employees who operate, but do not maintain, circuit breakers must receive training in accordance with § 1910.269(a)(2)(i) or § 1926.950(b)(1) (79 FR 20348–20349). However, as noted in several other places in the preamble, in general, neither § 1910.269 nor subpart V govern the electrical safety-related work practices used by unqualified employees. (See, for example, 79 FR 20339, 20348, and 20410.) As described later, OSHA is correcting the preamble discussion at 79 FR 20349 to indicate that such unqualified employees generally must receive training under § 1910.332 or § 1926.21(b), as applicable.

In addition, Appendix A–2 to final § 1910.269 inaccurately describes how to determine whether § 1910.269 or subpart S of part 1910 contains the applicable requirements for electrical safety-related work practices. The flow chart in that appendix asks whether the employee is qualified ''as defined in § 1910.269(x).'' In subpart V, final § 1926.950(a)(1)(ii) states explicitly that subpart V does not apply to electrical safety-related work practices for unqualified employees. Thus, for the purposes of subpart V, if a worker is not a qualified employee as defined in § 1926.968, subpart V does not address the electrical safety-related work practices that employee must use. However, the exemption in final (and the previous version of) § 1910.269(a)(1)(ii)(B) is less direct, excluding electrical safety-related work practices covered by subpart S of part 1910. In subpart S, § 1910.331(b) provides that §§ 1910.332 through 1910.335, which address training, selection and use of work practices, use of equipment, and safeguards for personnel protection, apply to work performed by unqualified persons on, near, or with electric power generation, transmission, or distribution installations. Consequently, the

[163] These comments were submitted on behalf of four rural electric generation and transmission cooperatives (Arkansas Electric Cooperative Corporation; Kansas Electric Power Cooperative, Inc.; North Carolina Electric Membership Corporation; and Seminole Electric Cooperative, Inc.).