

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

Standards for Business Practices for)	Docket Nos. RM96-1-027 and
Interstate Natural Gas Pipelines)	RM05-5-001
)	
Standards for Business Practices for)	
Public Utilities)	

COMMENTS OF THE ISO/RTO COUNCIL

Pursuant to the Commission's October 25, 2006 Notice of Proposed Rulemaking ("NOPR") in the above-captioned proceeding,¹ the ISO/RTO Council ("IRC")² respectfully submits these comments. The IRC appreciates the efforts of the North American Energy Standards Board ("NAESB") and the Commission to develop measures that will enhance communications between the natural gas and electric utility industries. As a general matter, the IRC supports the NOPR's objective of improving gas-electric

¹ *Standards for Business Practices for Interstate Natural Gas Pipelines; Standards for Business Practices for Public Utilities*, Notice of Proposed Rulemaking, Docket Nos. RM96-1-027, RM05-5-001 (Oct. 25, 2006).

² The IRC is comprised of the nine functioning Independent System Operators ("ISOs") and Regional Transmission Organizations ("RTOs") in North America, *i.e.*, Independent System Operator operating as the Alberta Electric System Operator ("AESO"), California Independent System Operator Corporation ("CAISO"), Electric Reliability Council of Texas ("ERCOT"), the Independent Electricity System Operator of Ontario ("IESO"), ISO New England Inc. ("ISO-NE"), Midwest Independent Transmission System Operator, Inc. ("MISO"), New York Independent System Operator, Inc. ("NYISO"), PJM Interconnection, L.L.C. ("PJM"), and the Southwest Power Pool ("SPP"). The IRC's mission is to work collaboratively to develop effective processes, tools, and standard methods for improving competitive electricity markets across North America. Individual IRC members may file additional comments in the above-captioned proceedings. AESO, IESO, and ERCOT, while supporting these comments, are not subject to the Commission's jurisdiction or a proposed rule on this matter.

industry coordination and avoiding scheduling problems for gas-fired generators.³ The IRC has only a few, relatively minor concerns, which are described below.⁴

I. Comments Concerning NAESB's Terminology

NAESB's proposed standards use a number of new terms that are not commonly used in industry, and the potential for confusion thus exists. For example, the term "Power Plant Operator" ("PPO") is used in these standards to describe "the entity that has direct control over the gas requirements (e.g., burn rates) for natural gas-fired electric generating facility(ies) and is responsible for coordinating natural gas deliveries with the appropriate Transportation Service Provider(s) to meet those requirements."⁵ However, PPO has not been used for other related industry standards or requirements outside of the NAESB standards. Therefore, to eliminate the potential for confusion, the IRC suggests that the Commission direct NAESB to adopt the terminology in the NERC Functional Model,⁶ which is widely used and understood.

In addition, as presently drafted, the standards do not appear to consistently apply terms. For example, the standards appear to substitute the term "independent Balancing

³ In six separate proceedings, the Commission initiated Section 206 inquiries into whether the existing market rules and procedures of the jurisdictional ISOs/RTOs are effectively coordinated with natural gas purchase and transportation transactions. In those proceedings, the Commission is directing each ISO/RTO to either file revised tariff sheets for achieving this goal or explain why such changes would be unnecessary. See *California Independent System Operator Corp., et al.*, "Order Instituting Inquiries Into Gas-Electric Coordination Issues," 117 FERC ¶ 61,094 (2006). Because the same essential issue of electric-gas coordination is the subject of this proceeding, the Commission should ensure that any final rule issued here does not create conflicts or ambiguities with respect to those Section 206 proceedings.

⁴ In developing these comments, the IRC reviewed and commented on the publicly available version of the NAESB standards, which became available prior to final ratification and thus differs slightly from the copyright-protected approved standards. Therefore, the IRC's comments specifically refer to those standards included in the publicly available materials.

⁵ See Standard D1 in the public version of the NAESB standards.

⁶ The NERC Functional Model, which contains a detailed set of "function definitions," is available on the website of the North American Electric Reliability Council at <http://www.nerc.com/~filez/functionalmodel.html>.

Authorities” for ISOs/RTOs in some places, although it is unclear whether the term is intended to apply to some other type of entity.⁷ This is another area where use of the NERC Functional Model terminology may resolve some of the potential for confusion. At the very least, consistent terms should be used throughout the standards to ensure that all of the affected entities understand their responsibilities.

Moreover, the NAESB standards require ISOs/RTOs to bear significant responsibilities, but do not appear to require Balancing Authorities other than ISOs/RTOs or certain other independent entities to carry out responsibilities under the standards. The standards do not explain why other Balancing Authorities should be excluded, and the IRC does not believe that they should be. *All* entities that have the responsibility to schedule transmission service and energy (including approval of tags, where applicable) - not just ISOs/RTOs -- can potentially have an adverse impact on the ability of a gas-fired generator to deliver energy as a result of communications issues with natural gas pipelines. Therefore, all such entities should be required to adhere to these standards. Unless NAESB provides some legitimate explanation for the distinction, the Commission should require it to modify the standards to make all Balancing Authorities responsible for carrying out the NAESB standards.

Finally, the proposed NAESB standards include references to other NAESB standards that are not specifically identified. For example, Standard S1B of the public version of the standards refers to other “related” Wholesale Gas Quadrant and Wholesale Electric Quadrant NAESB standards without providing any indication of what the

⁷ See, e.g., Standard S15 of the public version of the NAESB standards (“Unless otherwise prohibited by agreement, tariff, or protocol rules, a Power Plant Operator should, upon request, provide pertinent information concerning the service level (i.e., firm or interruptible) of its procured gas transportation and gas supply to the appropriate independent Balancing Authority and/or Reliability Coordinator.”).

“related” standards are. Such ambiguous references create uncertainty and make it impossible to determine exactly what is included in the proposal. The IRC therefore requests that the proposed standards be revised to include clear references to all other NAESB standards that need to be read in connection with them.

II. Standard S3X Should be Modified to Require Compliance With the Commission’s OASIS Posting Requirements and the Standards of Conduct

Standard S3X of the public version of the NAESB standards suggests that TSPs may be granting service to PPOs outside of normal Open Access Same-Time Information Systems (“OASIS”) posting requirements.⁸ The IRC submits that, in order to ensure necessary transparency and compliance with the Commission’s rules, any communications between the TSP and the PPO must also adhere to the Commission’s OASIS posting requirements⁹ and, as applicable, its Standards of Conduct regulations¹⁰ governing the communications between “Transmission Providers,” a term that includes TSPs, and their Energy Affiliates.¹¹

⁸ Standard S3X states in part: “In the event that a PPO identifies the need to schedule gas outside of the above referenced nomination and scheduling processes, the PPO should provide daily and hourly flow rates as established in the TSP’s and PPO’s communication procedures. The PPO and the TSP should work together to resolve the PPO’s request.”

⁹ See 18 C.F.R. Part 37.

¹⁰ See 18 C.F.R. Part 358.

¹¹ There may be instances where a TSP and a PPO are part of the same corporate family. If the PPO is an Energy Affiliate under the Standards of Conduct regulations, communications between the TSP and PPO may be subject to the Standards of Conduct information-sharing restrictions. The IRC recognizes that the Standards of Conduct permits Transmission Providers to communicate with Energy Affiliates when, for example, there are emergency circumstances affecting system reliability, so long as the Transmission Provider follows certain posting and filing requirements. See 18 C.F.R. § 358.4(a)(2).

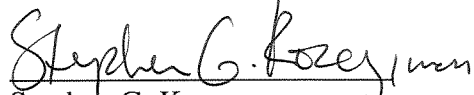
III. Conclusion

For the reasons set forth above, the ISO/RTO Council respectfully requests that the Commission consider the foregoing comments in the development of a final rule in this proceeding.

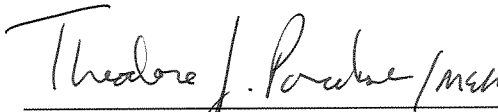
Respectfully submitted,



Craig Glazer
Vice President – Federal Government Policy
PJM Interconnection, L.L.C.
1200 G Street, N.W., Suite 600
Washington, DC 20005



Stephen G. Kozey
Vice President and General Counsel
**Midwest Independent Transmission
System Operator, Inc.**
701 City Center Drive
Carmel, IN 46032



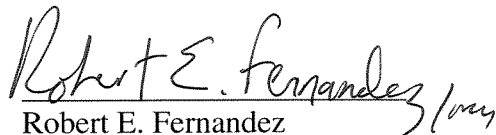
Theodore J. Paradise
Senior Regulatory Counsel
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040



Charles Robinson
Vice President and General Counsel
Anthony J. Ivancovich
Assistant General Counsel--Regulatory
**California Independent System
Operator Corporation**
151 Blue Ravine Road
Folsom, CA 95630



Kim Warren
Manager, Regulatory Affairs
**Independent Electricity System Operator
of Ontario**
655 Bay Street, Suite 410
Toronto, Ontario M5G-2K4
Canada



Robert E. Fernandez
Vice President and General Counsel
Carl F. Patka, Senior Attorney
Elaine Robinson, Director of Regulatory Affairs
New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, NY 12144



Stacey Duckett

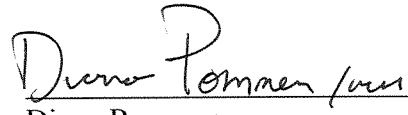
General Counsel & Corporate Secretary

Southwest Power Pool

415 North McKinley

#140, Plaza West

Little Rock, AR 72205-3020



Diana Pommen

Director Business Operations

Independent System Operator

operating as the

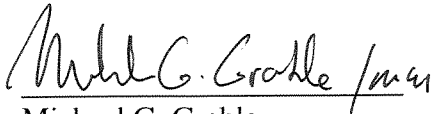
Alberta Electric System Operator

Calgary Place

2500 330 – 5th Avenue SW

Calgary, AB T2P 0L4

Canada



Michael G. Grable

Assistant General Counsel

Electric Reliability Council of Texas

7620 Metro Center Dr.

Austin, TX 78744

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