

88 FERC ¶ 61,253
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Central Hudson Gas & Electric Corporation
Consolidated Edison Company of New York
Long Island Lighting Company, Inc.
New York State Electric & Gas Corporation
Niagara Mohawk Power Corporation
Orange & Rockland Utilities, Inc.
Rochester Gas & Electric Corporation
Power Authority of the State of New York

Docket No. EL99-77-000

New York Power Pool

ORDER GRANTING REQUEST FOR LIMITED WAIVER OF
OASIS PHASE IA REQUIREMENTS ON INFORMATION
USED TO RESERVE TRANSMISSION SERVICE

(Issued September 17, 1999)

This order addresses a request for limited waiver of some of the requirements of the Open Access Same-Time Information System (OASIS)¹ by the New York Independent System Operator, Inc. (NY ISO). As discussed below, we grant the request for limited waiver.

Background

In Order No. 889, the Commission required public utilities that own, control, or operate facilities used for the transmission of electric energy in interstate commerce to create or participate in an Internet-based information system, called OASIS. The rules established in Order No. 889 were for a

¹Open Access Same-Time Information System (Formerly Real-Time Information Networks) and Standards of Conduct, Order No. 889, 61 Fed. Reg. 21,737 (May 10, 1996), FERC Stats. & Regs. ¶ 31,035 (1996), order on reh'g, Order No. 889-A, 62 Fed. Reg. 12,484 (March 14, 1997), FERC Stats. & Regs. ¶ 31,049 (1997), order on reh'g, Order No. 889-B, 81 FERC ¶ 61,253 (1997).

basic (Phase I) OASIS including requirements for the posting of Available Transmission Capacity (ATC), total transmission capability (TTC), offers to sell transmission capacity, and purchases of transmission capacity through OASIS. Order No. 889 also contemplated that an enhanced (Phase II) OASIS would be established in the future. In a June 1998 order,² we adopted a comprehensive update of the OASIS Standards and Communications Protocols Document (Phase IA S&CP) that implemented on-line negotiations as well as improvements suggested by the industry for OASIS.³ Requirements for OASIS Phase II, which will include electronic scheduling, have not yet been adopted by the Commission.

On February 26, 1999, the Member Systems of the New York Power Pool (NYPP) (Member Systems)⁴ filed a petition for waiver of compliance with OASIS Phase IA (version 1.3 of the S&CP). The Member Systems specifically requested that the Commission permit the operation of the existing NYPP OASIS until such time as the NY ISO becomes operational⁵ and the OASIS specific to its

²Open Access Same-Time Information System and Standards of Conduct, 83 FERC ¶ 61,360 at 62,452 (1998).

³OASIS "Phase IA" is a label devised by the industry to refer to revisions to the OASIS Phase I requirements that the Commission asked the industry to devise to implement the Commission's findings on the on-line negotiation of discounts. See Open Access Same-Time Information System and Standards of Conduct, 83 FERC ¶ 61,360 at 62,452 (1998). OASIS Phase IA implementation was scheduled to become effective on December 1, 1998. The Commission, however, granted a three-month extension of time for implementing Phase IA to require implementation by March 1, 1999. See Open Access Same-Time Information System and Standards of Conduct, 84 FERC ¶ 61,329 (1998) (September 29 Order). In the September 29 Order, we also adopted version 1.3 of the S&CP Document, which contains the current Phase IA standards. See id.

⁴The seven public utility Member Systems are Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Long Island Lighting Company, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation. The eighth Member System, the Power Authority of the State of New York, is not a public utility.

⁵On June 30, 1998, the Commission issued an order conditionally authorizing the establishment of the NY ISO. Central Hudson Gas & Electric Co., et al., 83 FERC ¶ 61,352 (1998), order on reh'g, 87 FERC ¶ 61,135 (1999), reh'g pending. On January 27, 1999, the Commission conditionally accepted the proposed NY ISO tariff and the proposed market rules of the ISO. Central Hudson Gas & Electric Co., et al., 86 FERC ¶ 61,062, order on reh'g, 88 FERC ¶ 61,138 (1999). In these orders, the Commission accepted the Member Systems' ISO proposal and tariff, including the following features: (1) the establishment of an hourly spot energy market under a two-settlement

(continued...)

restructuring process could be brought on-line. On April 29, 1999, we granted the Member Systems' request for waiver of OASIS Phase IA implementation, on an interim basis until the NY ISO became operational.⁶ We stated that "when the NY ISO becomes operational its OASIS must comply with all OASIS requirements."⁷

On July 9, 1999, the NY ISO filed a request for waiver of certain OASIS information posting and other functional requirements that the NY ISO states are inconsistent with the congestion management and LBMP systems adopted by the ISO and approved by the Commission. As described in the Affidavit of Dean J. Chapman submitted by the NY ISO, transmission customers arranging for transmission service in the NY ISO will: (1) submit schedules to the NY ISO identifying their bilateral transactions and purchases of energy and ancillary services in the LBMP markets; and (2) state whether they agree to pay congestion rents to acquire firm service.⁸ According to the NY ISO, no reservation of transmission capacity is required and ATC is used only as an instantaneous indication of the existence of uncongested transmission paths and not as a determinant as to whether additional requests for transmission service can be satisfied.⁹ Therefore, the NY ISO only intends to post ATC each day after the day-ahead scheduling process is complete.

The NY ISO argues that compliance with the OASIS requirements that are not necessary to arrange for transmission service in the New York Control Area would impose a financial burden on all customers without offering a corresponding benefit. The NY ISO states that it would have to expend personnel and financial resources in order to modify its system to meet the generic information requirements of OASIS and that these costs would likely be recovered from customers taking transmission service.

The NY ISO states that it will fully comply with all other requirements of Order No. 889, including the posting of organizational charts and compliance with standards of conduct. Furthermore, the NY ISO notes that all information required to enable customers to schedule transmission service,

⁵(...continued)

system; (2) the implementation of congestion pricing for transmission service, both of which are centered around the concept of locational based marginal pricing (LBMP); and (3) the creation of a new financial instrument, transmission congestion contracts (TCCs). See *id.* at 61,222-24, 61,228-33. The latter two features, in particular, differ from the approach taken by the pro forma tariff.

⁶New York Power Pool, 87 FERC ¶ 61,119 (1999).

⁷*Id.* at 61,484.

⁸See NY ISO request at 6; Chapman Affidavit at 4.

⁹NY ISO request at 6.

purchase ancillary services, and participate in the New York energy market will be posted on the NY ISO OASIS. The NY ISO requests that the waiver become effective on the date the NY ISO's Open Access Transmission Tariff (OATT) goes into effect.¹⁰

Notice and Comments

Notice of NY ISO's filing was published in the Federal Register, 64 Fed. Reg. 39,125 (1999), with comments, protests, or motions to intervene due on or before August 9, 1999.

On August 9, 1999, Multiple Intervenors, an association of commercial and industrial electricity consumers in New York, filed a timely motion to intervene, raising no substantive issues.

Also on August 9, 1999, Enron Power Marketing, Inc. (EPMI) filed a timely motion to intervene and protest. EPMI argues that the NY ISO application does not specify which of the Order No. 889 regulations the NY ISO seeks a waiver and therefore, it would be inappropriate for the Commission to grant the NY ISO request. EPMI also argues that ATC information is beneficial in making informed business decisions, such as whether to commit to paying congestion costs. EPMI further argues that the NY ISO should be required to provide ATC and TTC on a longer basis than merely day-ahead. Finally, EPMI states that the NY ISO does not address a mechanism for and timing of the posting of TCC information. EPMI requests the Commission require the NY ISO to describe what TCC information will be posted and to explain when it will become available.

On August 25, 1999, the NY ISO filed for leave to answer EPMI's protest and attached an answer to EPMI's protest. The NY ISO clarified the specific provisions from which it seeks a full or partial waiver: (1) 18 C.F.R. § 37.6(b)(2); (2) 18 C.F.R. § 37.6(b)(3); (3) 18 C.F.R. § 37.6(c); (4) 18 C.F.R. § 37.6(d) and (5) 18 C.F.R. § 37.6(e)(1). In addition, the NY ISO states that it is impossible for a transmission customer to use ATC information to determine whether it should pay congestion rents to secure firm service when it schedules a transaction. Accordingly, the NY ISO argues that requiring the NY ISO to post ATC information would waste resources and mislead customers. The NY ISO also emphasizes that it will determine the information pertaining to the TCC auction and make this information available over the OASIS, pursuant to its Manual for Transmission Services.

Discussion

Procedural Matters

¹⁰In its July 29, 1999 order, the Commission conditionally approved a September 1, 1999, effective date for commencement of operation of the NY ISO. See Central Hudson Gas & Electric Corp., et al., 88 FERC ¶ 61,138 at n.69 (1999).

Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (1999), the timely, unopposed motions to intervene of Multiple Intervenors and EPMI serve to make them parties to this proceeding.

We will accept the NY ISO answer because it has provided useful and relevant information to the Commission that has assisted in the decisionmaking process.

Waiver Request

The NY ISO requests a waiver of the requirement to post specified information on the OASIS that it claims is inconsistent with the LBMP and congestion pricing model approved by the Commission. The NY ISO argues that strict compliance with the current OASIS requirements would "elevate form over substance"¹¹ and not benefit market participants. The NY ISO further argues that it would have to expend financial and other resources in order to modify its computer systems to post information and support processes that are not used by the NY ISO to arrange for transmission service.

We note that there are two areas in which the NY ISO OASIS differs extensively from the standard OASIS design. First, the New York model does not require transmission service reservations. Instead of using OASIS Phase IA S&CP templates for making transmission reservations, the NY ISO has adopted a series of templates that support: Energy Supplier Bidding; Load Serving Entity load forecast and load bid functions; and Transmission Service requests for bilateral transaction scheduling. Second, the NY ISO OASIS contains functions to enable transmission customers to submit schedules to the NY ISO identifying transactions and purchases of energy and ancillary services in the LBMP markets, and state whether they agree to pay congestion rents to acquire firm service.

We recognize that the LBMP and TCC proposals approved by the Commission differ from the pro forma tariff and therefore may be inconsistent with some of the current OASIS requirements. However, the NY ISO OASIS will provide the information necessary for customers to buy and sell energy and ancillary services in the day-ahead and real-time LBMP markets. We believe that the NY ISO OASIS, established to implement the LBMP and congestion systems, provides sufficient transmission-related information to meet the current needs of market participants. Accordingly, we will grant the limited request for waiver of the OASIS requirements in subsections 37.6 (c)(1), 37.6 (c)(3), 37.6 (c)(4), 37.6 (c)(5), 37.6 (d)(1), 37.6 (d)(3), 37.6 (d)(5), and 37.6 (e)(1) of our regulations to post information used to reserve transmission capacity. The NY ISO, however, except as discussed below, must fully comply with all of the other requirements of Order No. 889.

We agree with EPMI that ATC and TTC postings by the NY ISO should not be confined to day-ahead only. Accordingly, we will grant EPMI's request that the NY ISO must post ATC and TTC information associated with paths into, through, and out of the NY ISO as outlined in 18 C.F.R. § 37.6

¹¹NY ISO request at 7.

of our regulations. We recognize that ATC postings by the NY ISO will only be projections;¹² however, we believe that these postings are useful tools in making informed business decisions when scheduling transmission services.

However, we do not agree with EPMI that the NY ISO OASIS does not include a mechanism for and timing of the posting of TCC information. In its filing, the NY ISO states that it intends to: (1) conduct the TCC auction via a segment of the NY ISO OASIS; (2) post and maintain the TCC ownership list on the OASIS; and (3) post and maintain the transmission service charge rates for all New York transmission owners on the OASIS.¹³ Furthermore, in its answer, the NY ISO asserts that information pertaining to the TCC auctions will be made available on the OASIS. In our view, these commitments by the NY ISO meet EPMI's concerns in this regard. However, we encourage the NY ISO to post on the OASIS the above information regarding TCCs immediately upon availability.

In Pacific Gas & Electric Co., et al., we provided guidance to the California Independent System Operator Corporation regarding its OASIS site.¹⁴ This discussion is equally applicable to the NY ISO as well. We stated:

In Order No. 889, the Commission requested the industry to incorporate standards for electronic scheduling on OASIS in its report to the Commission on OASIS Phase II. We encourage the ISO as it gains operational experience with electronic scheduling to participate in these industry discussions. We expect the ISO to comply with OASIS Phase II requirements adopted by the Commission.¹⁵

The Commission orders:

The NY ISO's limited request for waiver of the OASIS Phase IA requirements on information used to reserve transmission capacity is hereby granted, to become effective upon operation of the NY ISO, to the extent discussed in the body of this order.

By the Commission.

(S E A L)

¹²See NY ISO answer at 6-7.

¹³See Affidavit of Dean Chapman at 7.

¹⁴Pacific Gas & Electric Co., et al., 81 FERC ¶ 61,122 at 61,460 (1997).

¹⁵Id.

David P. Boergers,
Secretary.