

Explanation of Inapplicability
of OASIS Posting Requirement Per Order No. 890 and 890-A

Rev. 2 - September 22, 2008

The Federal Energy Regulatory Commission's ("Commission") Order No. 890, as further clarified in Order No. 890-A, revised the Commission's regulations and the pro forma open access transmission tariff ("OATT") to ensure that transmission services are provided in on a just and reasonable and non-discriminatory basis. Order No. 890, among other things, adopted additional Open Access Same-Time Information System ("OASIS") posting requirements for transmission providers, including independent system operators and regional transmission organizations ("ISO/RTOs"), such as ISO New England Inc. ("ISO-NE"). The additional OASIS posting requirements included, in pertinent part, new metrics for grants and denials of transmission service under the pro forma OATT.

Specifically, Order No. 890 directed transmission providers to post on a monthly basis metrics showing: "(1) the number of affiliate versus non-affiliate requests for transmission service that have been rejected and (2) the number of affiliate versus non-affiliate requests for transmission service that have been made."¹ The Order further required that these metrics detail the length of the service requests (*i.e.*, short-term or long-term) and the type of service requested (*i.e.*, firm point-to-point, non-firm point-to-point or network service). In clarifying this requirement, Order No. 890-A stated that these metrics should also include information about "transmission service requests by affiliated merchant and trading entities as well as requests by the transmission provider's merchant function to designate or undesignated network resources or to procure secondary network service to serve native load."² Order No. 890-A further clarified that "[w]hile the affiliate posting requirements do not apply to RTOs and ISOs, the requirement to post metrics regarding all transmission service requests remains."³ This requirement, Order No. 890-A stated, "improves the transparency of transmission service request processing by those transmission providers."⁴ The OASIS posting requirements set forth in the Commission's regulations have also been revised to clarify these requirements.⁵

While Order Nos. 890 and 890-A adopt this new OASIS posting requirement, through them, the Commission did not intend to require that ISO-NE offer pro forma OATT-type services. To the contrary, in Order No. 890, the Commission recognized that the concerns regarding undue discrimination or preferences, and the corresponding reforms adopted, might not apply to all of the OATTs of ISO/RTOs with organized electricity markets, such as ISO-NE. Specifically, Order No. 890 stated:

We also recognize, as we did in the NOPR, that some of the changes adopted in the Final Rule may not be as relevant to ISO/RTO transmission providers as they are to non-independent transmission providers. For example, many ISOs and

¹ Order No. 890 at P XX; Order No. 890-A at P 135.

² Order No. 890-A at P 141.

³ *Id.* at P 142.

⁴ *Id.*

⁵ *See* 18 C.F.R. Part 37.6(i) (2007).

RTOs use bid-based locational markets and financial rights to address transmission congestion, rather than the first-come, first-served physical rights model set forth in the pro forma OATT. As we indicated in the NOPR, nothing in this rulemaking is intended to upset the market designs used by existing ISOs and RTOs.⁶

Consistent with this understanding and for the reasons provided below, the requirement to post transmission service requests metrics is inapplicable to ISO-NE's regional transmission service over the Pool Transmission Facilities ("PTF") in New England. ISO-NE is participating in the North America Electric Reliability Corporation ("NERC") and North America Energy Standard Board ("NAESB") Order No. 890 processes, and will seek any appropriate waivers in that process in accordance with Order No. 890. Until such waivers are in place, ISO-NE herein explains the reason the transmission service requests posting requirements are inapplicable to ISO-NE.

The OASIS transmission service metrics requirement are unnecessary and inapplicable to ISO-NE in light of the fact that the ISO-NE OATT offers non pro forma regional transmission service over the PTF with terms and conditions that significantly vary from the terms and conditions of pro forma OATT transmission services (*i.e.*, Point-to-Point Service and Network Integration Transmission Service ("NITS")). Instead of the pro forma OATT transmission services, the ISO-NE OATT offers Regional Network Service ("RNS") and Through or Out Service ("TOut Service") with unique characteristics designed to facilitate New England's multi-settlement Standard Market Design ("SMD").

RNS and TOut Service differ from the pro forma OATT in that they: (1) do not require advance reservations by Transmission Customers; (2) are not offered for specific time periods; and (3) do not have "Firm" vs. "Non-Firm" service characteristics. ISO-NE offers RNS, which allows network Transmission Customers to deliver energy and capacity from Network Resources to any point on the PTF on a firm basis to service their load and without a reservation or the need to designate Network Resources. TOut Service – ISO-NE's form of point-to-point transmission service – is used for transactions that go through the New England Control Area from one boundary to another or that export energy out of the New England Control Area. ISO-NE's provision and scheduling of TOut Service over the PTF fundamentally differs from the standardized point-to-point transmission service under the pro forma OATT. TOut Service is assigned to Transmission Customers whose transactions in the New England Real-Time Energy Markets are scheduled on the basis of economic merit. A reservation is created after-the-fact based on actual hourly usage of the PTF.

RNS and TOut Service work in conjunction with the locational marginal pricing ("LMP") system utilized to schedule energy transactions in New England. Under LMP, energy transactions are scheduled on an hourly basis in the Day-Ahead and Real-Time Energy Markets on an economic merit order basis, with the least-cost energy transactions scheduled first. Energy transactions internal to or imported into the New England Control Area that have cleared in the New England Real-Time Energy Market to serve native load are able to utilize PTF in accordance with the RNS transmission service provisions. Likewise, energy transactions

⁶ Order No. 890 at P 158.

exported from the New England Control Area that have been scheduled in the New England Real-Time Energy Markets through the LMP scheduling system automatically receive TOut Service through a reservation created after-the-fact based on actual hourly usage of the PTF.

Unlike the pro forma OATT transmission services, which specify different periods of service (*e.g.*, from one hour to one month for Non-Firm service; from one hour to the maximum specified in the Service Agreement for Firm service), ISO-NE OATT's RNS is only offered as a fixed monthly service and TOut Service as a fixed hourly service. The ISO-NE OATT does not offer a choice of other specific time periods for regional transmission service. As noted above, the ISO-NE OATT treats all RNS and TOut Service as firm, unlike the pro forma OATT, which divides Point-to-Point service into "Firm" and "Non-Firm."

Given these differences, the posting of transmission service request metrics as provided in Order Nos. 890 and 890-A, and the Commission's regulations, may result in confusion for future ISO-NE customers about the types of services ISO-NE provides and how such services are honored by ISO-NE over the New England PTF. These metrics are supposed to provide transparency with respect to the processing of transmission service requests. However, because of the manner in which regional transmission service is accommodated over the PTF, as briefly explained above, requests for regional transmission service are not granted or denied as are pro forma OATT Point-to-Point and NITS. RNS and TOut Service are made available to support scheduled energy transactions in the New England Real-Time Energy Markets.

The inapplicability of this posting requirement to ISO-NE is also consistent with the Commission's determination regarding the applicability of the *Standards for Business Practices and Communication Protocols* promulgated by the Wholesale Electric Quadrant of the NAESB and incorporated by reference in the Commission's Order No. 676 to ISO-NE.⁷ ISO-NE, however, recognizes the Commission's goal to improve the transparency of transmission provider's transmission service request processing. To that end, ISO-NE references herein its General Business Practices describing the regional transmission service offered under the ISO-NE OATT and the manner in which such requests are processed, which are available on the ISO-NE website at: http://www.iso-ne.com/trans/services/types_apps/index.html. Moreover, Regional Transmission Service Applications that have been received by ISO-NE are posted on the New England OASIS page and the ISNE RTO New England transmission provider home page, which are available at: <http://oasis.iso-ne.com/oasis> and <https://oasis.iso-ne.com/OASIS/ISNE>. Also, the regional transmission service after-the-fact advanced reservations created by ISO-NE for transparency reasons may be viewed on the ISNE transmission provider home page which is located on the New England OASIS at: <http://oasis.iso-ne.com/oasis>.

⁷ See *ISO New England Inc.*, 117 FERC ¶ 61,195 (2006).