

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Open Access Same-Time Information
System and Standards of Conduct

Docket No. RM95-9-003

**REPORT OF
NERC MARKET INTERFACE COMMITTEE AND
OASIS STANDARDS COLLABORATIVE**

In Order No. 638,¹ the Commission adopted certain OASIS business practices as mandatory standards. The Commission also requested that the Market Interface Committee of the North American Electric Reliability Council and the OASIS How Working Group file a report nine months after the effective date of Order No. 638 that (1) recommends “any necessary revisions, additions, or enhancements to the [business practice standards] that the industry suggests based on its experience doing business under them,” and (2) considers “the proposals regarding Table 4-2 (negotiation time limits) presented by American Electric Power, Bonneville Power Administration, Duke Energy, and Virginia Power, along with other possible options.”

Attached to this filing is the “Nine-Month Report on OASIS Business Practice Standards Adopted in Order 638” prepared by NERC’s Market Interface Committee

¹ 90 FERC ¶ 61,202 (2000).

and the OASIS Standards Collaborative (successor to the OASIS How Working Group) in response to the Commission's request.

Respectfully submitted,

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February 21, 2001

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 21st day of February, 2001.

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NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

Princeton Forrestal Village, 116-390 Village Boulevard, Princeton, New Jersey 08540-5731

February 15, 2001

To: **Federal Energy Regulatory Commission**

From: **NERC Market Interface Committee and OASIS Standards Collaborative**

Subject: **Nine-Month Report on OASIS Business Practice Standards Adopted in Order 638**

Background

In February 2000, the Federal Energy Regulatory Commission (FERC) issued Order No. 638 adopting OASIS business practices as mandatory standards. The Market Interface Committee¹ (MIC) and the OASIS Standards Collaborative² (OSC) had originally filed proposed business practice standards and guides in June 1998. In January 1999, the Commission issued a notice of proposed rule making on the business practices, leading ultimately to Order No. 638.

In Order No. 638, in addition to adopting OASIS business practices as mandatory standards, the Commission requested information from the MIC and OSC. Some of this information, including the addition of proposed business practice standards for Next Hour Market (NHM) Service, was due within 90 days of issuance of the Order. In response, the MIC and OSC jointly filed proposed additions and revisions to the OASIS business practices in June 2000. The Commission noticed the revisions and requested comments by September 11, 2000. These revisions were adopted by the Commission in an update to the OASIS Business Practice Standards on September 29, 2000.

¹ The Market Interface Committee of the North American Electric Reliability Council was known at the time of the initial filing of the OASIS business practices as the Commercial Practices Working Group, an independent group.

² The OASIS Standards Collaborative is an open technical collaborative of the electric power industry for developing standards and communications protocols for OASIS. The OSC was initially comprised of the members of the NERC Transaction Information Systems Working Group (TISWG) and the OASIS How Working Group to draw on the experience of the TISWG in E-Tags and the OASIS How Working Group in its past work on OASIS and FERC filings.

In Order No. 638, the Commission asked for a second report from the MIC and OSC, 9 months after issuance of the Order. The Commission requested that this second report address the following:

1. Recommend “any necessary revisions, additions, or enhancements to the BPS that the industry suggests based on its experience doing business under them.”
2. Consider “the proposals regarding Table 4-2 (negotiation time limits) presented by American Electric Power, Bonneville Power Administration, Duke Energy, and Virginia Power, along with other possible options”, and report back “giving recommendations on any further revisions to Table 4-2 that might be needed, along with any dissenting views and the reasons why those views were not adopted by the group as a whole.”

Posting of Draft Report for Comment

The MIC and OSC, to expedite the development of the report to FERC on OASIS business practices, developed a preliminary draft report based on information readily available to them. The purpose of this initial draft was to:

- Provide opportunity for public comment on the initial conclusions of the MIC and OSC.
- Solicit additional comments for inclusion in the report, especially experience-based information regarding the application and effectiveness of the OASIS business practice standards.

Comments on the draft were received from three organizations:

- Duke Energy – Transmission Provider
- Platte River Authority – Transmission Provider
- Wisconsin Electric Power – Power Marketer

The draft report was reviewed by the MIC at its meeting on November 14-15, 2000 and approved at its January 11-12, 2001 meeting.

The report is organized in four Sections:

- Section 1 – Major Comments on OASIS Business Practices Standards
- Section 2 – Recommendations on OASIS Business Practice Standards
- Section 3 – Detailed Comments on OASIS Business Practice Standards
- Section 4 – Table 4-2 Transmission Reservation Negotiation Time Limits

Paul Barber
Chairman
Market Interface Committee

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Section 1 – Major Comments on OASIS Business Practices Standards

Four major comments stand out as critical based on industry experience with OASIS Business Practice Standards to date. These comments serve as the basis for the recommendations provided in the next section.

Major Comments

1. The industry environment is changing rapidly with a high degree of future uncertainty in business processes and systems. RTO filings and a new business model that includes electronic scheduling in OASIS Phase II present the potential for significant changes in the business practices associated with transmission access and uses. Business practices will remain important – they will just need to change and at this time there is uncertainty as to what changes will be needed.
2. The Commission continues to approve tariffs that include transmission service (reservation and scheduling) practices that vary in significant aspects from the current version of the OASIS Standards & Communications Protocol and OASIS Business Practice Standards. An example is different scheduling deadlines that sometimes conflict when a customer desires to schedule transmission across multiple RTOs or transmission providers.
3. Existing OASIS Business Practice Standards are not uniformly or consistently applied. In cases where the standards conflict with a provider's business model under an approved tariff, some providers adapt their OASIS business practices to meet that business model. Many front-line OASIS customers are unaware of the OASIS Business Practice Standards and learn to adapt to the practices of each OASIS.
4. OASIS user interfaces (GUI's) are generally inconsistent and some are not customer friendly. Most customers use these web browser displays as the primary means to access OASIS, although there are no standards for the OASIS displays. One reason for the heavy reliance on the GUI is because different business models and practices hinder third-party development of interfaces using the computer-to-computer templates.

Section 2 – Recommendations on OASIS Business Practice Standards

As a result of the conclusions above, the MIC and OSC offer the six recommendations listed below. OASIS business practice standards are necessary and can increase in value to the industry. However, the business models underlying those practices are changing substantially from the existing OASIS business model based on contract path reservations to alternative models in regional tariffs, such as locational pricing and flowgate rights models. Business practice standards can help emerging transmission service models work together, if the differences are acknowledged and integrated.

One-stop shopping, meaning integrated processes for reserving and scheduling transmission service, was a key recommendation of a NERC Market-Reliability Interface Collaborative Planning Initiative. It is also a goal of the Electronic Scheduling Collaborative that has filed the industry consensus ANOPR response. Business practices are necessary to enable a common understanding and effective implementation of one-stop shopping.

Recommendations

1. The Commission should maintain the existing OASIS Business Practice Standards, making only necessary changes to address specific issues that arise, until such time that a clear and stable set of transmission access models has been established through the formation of RTOs and a consensus business model exists for OASIS Phase II.
2. The NERC MIC should provide awareness building programs for end users regarding the existence and applicability of the OASIS Business Practice Standards as well as policies and practices related to other market interface processes.
3. The MIC and OSC should develop certain minimum guidelines for OASIS user displays (GUIs) to achieve objectives of user-friendliness and disclosure of key information. Such criteria would be filed with the Commission for adoption.
4. The MIC should assess and prioritize the need for evolving market interface practice standards and report the results of its efforts, together with any recommended changes to the OASIS Business Practice Standards, to the Commission.
5. The MIC and OSC, and potentially other organizations involved with market interface practices, should work with the Commission staff and industry stakeholders to determine an appropriate strategy for market interface practices (business practice standards), including achieving goals related to addressing RTO seams issues and common information models and practices.
6. A goal of OASIS Phase II should be to more closely link or integrate OASIS across RTOs and providers to enable “one-stop-shopping” for electronic transactions to reserve transmission and schedule energy interchange transactions.

Section 3 – Detailed Comments on OASIS Business Practice Standards

The following comments were provided primarily by members of the MIC and the OSC, based on the experience of their organizations. Additional comments were provided by the three organizations submitting comments to the publicly posted draft.

The comments are listed in no particular order. There is no implied industry consensus on these comments – these comments were simply made by one or more organizations.

1. Next Hour Market activity is limited because transmission is tight in the hourly market.
2. Traders have adapted to how business is conducted, including the differences across regions and providers. Traders figure out how business is conducted and just do whatever is necessary to conduct business. Most companies assign a specialist who learns the OASIS systems with which that the company does business. Most accept the differing practices because they learned the job that way and have no concept of business otherwise.
3. Most traders are currently using web browser interfaces rather than computer-to-computer downloads using the S&CP templates. Since the user interface (GUI) is not specified for OASIS, there are wide variations in organization of information and navigation.
4. Some key information is difficult to find on the OASIS user displays. For example extra charges for transmission (e.g. ancillary service charges). Customers would like to see a clear display of all charges. There should be a business practice standard on the display of all explicit and implied charges for service.
5. Need standardization of POR, POD, Source, and Sink values across providers. With standardized values, drop down dialog boxes could be used to reduce errors.
6. Transmission products should be listed in drop down boxes. There is inconsistency among providers in the naming of products.
7. There is an inconsistency among providers as to how much transmission must be reserved to address MW losses. Some require a reservation based on the amount of MW at the POR; some at the POD. There is currently no OASIS business practice to address this.
8. POR/POD registration standards are in effect, but not being kept up to date by some providers and MIC has not established a monitoring process yet.
9. Some customers do use computer-to-computer products supplied by in-house developers or by vendors. Mostly these are used for longer-term service, with daily and hourly business being conducted mostly through web browser interfaces.
10. Conflicting scheduling time requirements in some cases make scheduling windows either very tight or impossible. As an example, one provider requires a transaction schedule before transmission reservations are granted – others are just the opposite. Some providers do not allow a request or indicate approval of a transaction until a certain time; and that time is often after submittal time limits for other providers. The effect is that energy interchange transactions involving certain combinations of providers are either difficult or impossible.

11. Despite the existence of OASIS business practice standards, RTOs continue to emerge that use business practices different from those in the FERC OASIS business practice standards. FERC is approving concurrent yet conflicting standards.
12. As provider and affiliated merchant relationships have been further separated, as desired, an unwanted consequence is that the provider may be less motivated to make the OASIS displays customer-friendly.
13. Although traders have adapted to the differences in OASIS displays for the nodes they commonly use, in a crisis the traders may be unfamiliar with other nodes and be limited in actions that can be taken in a short amount of time.
14. Some OASIS displays appear to be set up more for the providers than the customers. OASIS node administrators are typically serving both the member providers and customers with the OASIS design and operation.
15. NHM Service will remain limited as long as transmission is tight on the hourly market and as long as the back end interfaces between tagging and OASIS are not automated.
16. One OASIS site noted it is being hit heavily by commercial vendors who are using the information to provide their own value-added services.
17. Customers are looking for one-stop shopping.
18. Currently there is little or no monitoring of the registration process. MIC is preparing to monitor the product/entity registration process.
19. Need to complete and monitor the POR/POD registration process. Customers need a clear picture of service points; hubs should be shown in the POR/POD lists to enable completion of transmission requirements.
20. There is a disconnect between Table 4-2 and some regional scheduling practices.
21. There appears to be a limited amount of discounting offered and therefore little use of negotiation process in the business practice standards.
22. There should be a practice that if you do not offer a discount on a product, the price should default to the offer price. Some customers may be entering incorrect (higher) prices and the provider is not correcting the error.
23. Ancillary services appear to be heavily skewed toward customers taking the default services from the default provider.
24. There is a need for OASIS screens to automatically refresh. This is particularly important if there is a 30-minute response time and a request is in the queue.
25. The submittal time for non-firm hourly requests should be moved from "no earlier than noon the day before service is going to commence" to "no earlier than 8:00 the day before service is going to commence". A customer should be able to request non-firm hourly on Friday for the weekend, Monday, and also the day after a holiday. Provider response times may have to be adjusted in these cases.
26. With all the changes going on with regional transmission providers and RTOs, the industry is in greater need of standardized rules and practices to make it easier to do business. With services such as market redispatch, etc., this is more important than ever.

27. Table 4-2 should also include the time requirements as to when a transmission customer can reserve each type of service and this should be standardized in the industry as well.

Section 4 – Table 4-2 Transmission Reservation Negotiation Time Limits

In the OASIS business practice standards, the Commission adopted Table 4-2 Reservation Timing Requirements, providing time limits in the negotiation of transmission reservations. The time limits apply to both transmission providers and customers for their respective portions of the negotiation.

The MIC and the OSC make the following recommendation regarding Table 4-2 of the OASIS Business Practice Standards:

Recommendation

7. Table 4-2 Reservation Timing Requirements represents a satisfactory compromise in the allocation of time between providers and customers in the negotiation of transmission reservations and should not be modified at this time.

Further Review of Timing Table Issues

Although the current OASIS reservation timing requirements are apparently satisfactory, a new issue has been identified by the southeast region. The issue is that the time limits may allow some customers to submit duplicate requests for service on a path without confirming the reservation requests that have been accepted by the provider. By not promptly confirming or withdrawing the accepted reservations, the customer can effectively block other reservation requests waiting in the queue. The MIC is presently researching this issue further and may provide at a future date additional information to the Commission, possibly including recommendations to modify the timing table or associated practices.

Timing requirements, along with all of the existing OASIS Business Practice Standards, will be considered for revision or replacement as necessary to accommodate OASIS Phase II implementation.