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UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

18 CFR Part 37

[Docket No. RM95-9-003]

Open Access Same-Time Information System and Standards of Conduct

(Issued June 18, 1998)

AGENCY: Federal Energy Regulatory Commission.

ACTION: Order on OASIS-Related Issues.

SUMMARY: In this order, the Federal Energy Regulatory Commission (the Commission): (1) finds that "source and sink" information must be unmasked at the time when a transmission provider updates the transmission reservation posting to show the customer's confirmation that it wishes to finalize a transaction; (2) implements interim procedures for the on-line negotiation of transmission service price discounts; and (3) adopts a comprehensive update of the OASIS Standards and Communications Protocols Document that implements a number of findings made by the Commission in Order No. 889-A and in response to industry suggestions, to become effective on December 1, 1998.

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TABLE OF CONTENTS

I. **BACKGROUND** 1

II. **DISCUSSION** 7

A. **Overview** 7

B. **Masking of Source and Sink Related Information** . . 8

1. Business Sensitivity and Competitive Effect 11

2. Other Information Sources and the Need for Source and Sink Information 15

3. Differing Impacts on Contract Path and Flow-Based Transmission Pricing Regimes . . . 17

C. **Proposed Interim Procedures to Achieve On-Line Price Negotiation and Disclosure of Discounts in Phase I OASIS until Phase IA Changes Are Implemented** . . . 23

D. **How Group Proposals to Revise the S&CP Document** . . 29

1. Comments on Preconfirmed Reservations 31

2. Comments on Linking Ancillary and Transmission Services 32

3. Comments on Capacity Profiles 34

4. Comments on Posting of Losses 36

5. Revisions to Phase IA S&CP Document Recommended by the How Group and the Commercial Practices Group 37

E. **Other Proposed Revisions to the S&CP Document** . . . 39

1. Comments on Standardized Naming of Transmission Paths 39

2. Comments on Reservation Templates 40

3. Comments on Dynamic Notification of Secondary Providers 41

4. Comments on Reservation Time Limits 44

F. **Data Elements in the Templates Are to be Fixed in Sequence and Number, and Are Not to Differ Among OASIS Nodes**. 46

G. **The Meaning of Disclosure of a "Discount Given to Particular Customer"** 47

H. **Date of Implementation for Phase IA Changes** 48

I. **Impact of Phase IA Implementation** 49

J. **Uniform Formats for Organizational Charts and Job Descriptions** 50

III. **EFFECTIVE DATE AND CONGRESSIONAL NOTIFICATION** 51

ATTACHMENT 1 - **ABBREVIATIONS OF NAMES USED IN ORDER**

ATTACHMENT 2 - **Revised "STANDARDS AND COMMUNICATION PROTOCOLS FOR OPEN ACCESS SAME-TIME INFORMATION SYSTEM (OASIS) Phase IA"** (clean version)

ATTACHMENT 3 - **Revised "STANDARDS AND COMMUNICATION PROTOCOLS FOR OPEN ACCESS SAME-TIME INFORMATION SYSTEM (OASIS) Phase IA"** (with revisions to OASIS How Group's most recent submittal highlighted)

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.

Open Access Same-Time Information System and Standards of Conduct	))	Docket No. RM95-9-003

ORDER ON OASIS-RELATED ISSUES

(Issued June 18, 1998)

I. **BACKGROUND**

The Commission has determined that open access non-discriminatory transmission service requires that information about the transmission system must be made available to all transmission users at the same time by way of the Open Access

Same-Time Information System (OASIS). 1/ The current Phase I OASIS is an Internet-based electronic communication and

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1/ Open Access Same-Time Information System and Standards of Conduct, Order No. 889, FERC Stats. & Regs. ¶ 31,035 (1996); order granting request for clarification, 77 FERC ¶ 61,335 (1996); order on reh'g, Order No. 889-A, FERC Stats. & Regs. ¶ 31,049 (1997); and order denying reh'g, Order No. 889-B, 81 FERC ¶ 61,253 (1997).

See also 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); and order on reh'g, Order No. 888-C, 82 FERC ¶ 61,046 (1998).

reservation system through which transmission providers 1/ furnish potential transmission customers with information pertaining to the availability and price of transmission and ancillary services and potential customers may select and procure those services in the form of service reservations. 1/ To ensure that individual OASIS nodes present information in a consistent and uniform manner, the Commission has relied upon the industry to develop standards and protocols for the Commission's review and approval that specify, among other things, OASIS templates defining the information that must be presented to customers interested in procuring transmission-related services, both in the interactive form of graphical displays or screens, and in the form of downloadable files. To this end, EPRI and NERC have jointly facilitated the ongoing activities of the OASIS "How"

2/ The term "Transmission Provider" is defined at § 37.3(a) of the Commission's OASIS regulations, 18 CFR Part 37 (1997), as:

> any public utility that owns, operates, or controls facilities used for the transmission of electric energy in interstate commerce.

3/ Early work on OASIS development has focused on facilitating the more frequently sought short term point-to-point transmission related services. Phase I of OASIS development has involved the establishment of basic OASIS sites (nodes) by each transmission provider, by January 3, 1997, with ongoing refinements that permit potential transmission customers to reserve transmission capacity and related services. OASIS Phase II contemplates fully functional OASIS nodes that additionally will allow on-line scheduling of transmission service and of the energy associated with transmission service that now must be accomplished off-OASIS by facsimile or telephone.

Working Group (How Group) 1/ to develop suitable OASIS standards and communications protocols. 1/ In this order, we address

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4/ A list of the abbreviations of names used in this order is provided in Attachment 1.

5/ Section 37.5(b)(2) of the OASIS regulations, 18 CFR 37.5(b)(2) (1997), requires that each transmission provider operate its OASIS node in compliance with the standardized procedures specified in the *OASIS Standards and*

several OASIS matters raised in connection with our directives in Order No. 889-A, various submittals from the How Group, and comments from interested persons. 1/

Communications Protocols document (referred to herein as the S&CP Document).

6/ In Order No. 889-A, we directed a number of changes to OASIS that are listed at note 64, infra. The submittals from the How Group included responses to the directives in Order No. 889-A, as well as requests for clarification and suggestions for additional changes to the S&CP Document based on business experience under OASIS.

In Order No. 889-A, we determined that any "negotiation" between a transmission provider and a potential transmission customer over price discounts should take place on the OASIS, visible to all market participants. We also ordered some minor revisions to the OASIS regulations, 1/ and requested that the How Group recommend certain changes to the S&CP Document consistent with the determinations we made in Order No. 888-A. 1/ We made a request to the How Group to propose any conforming changes that might be necessary to the S&CP Document by June 2, 1997, and to inform the Commission of the earliest date by which the industry could meet our transmission service negotiation and price discount disclosure requirements during Phase I.

On June 27, 1997, the How Group proposed interim measures to allow on-line transmission service negotiation and posting of

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7/ The minor revisions involved corrections of examples, typographical errors, out-of-date cross references, and similar changes.

8/ Consistent with this finding, we made a request to the How Group to make recommendations on eliminating any references in the S&CP Document (Version 1.1) pertaining to masking the identities of parties to the transmission transaction (e.g., at § 4.3.7.b). We also made a request to the How Group to make recommendations on revising the templates used for the posted transmission service offerings (at § 4.3.2), the status of transmission service requests (at § 4.3.7), and the status of ancillary service requests (at § 4.3.9) to include: (1) the transmission provider's transmission and ancillary services maximum (ceiling) rates; (2) the transmission provider's offering price; (3) the price requested by the customer; and (4) the details of the negotiated transaction. See Order No. 889-A, FERC Stats. & Regs. ¶ 31,049 at 30,568.

price discounts on currently configured Phase I OASIS nodes pending development of a more satisfactory method.

The How Group also sought clarification of the Commission's stated intention regarding source and sink 1/ disclosure in Order No. 889-A. In that order, we deleted from the OASIS regulations provisions permitting transmission customers to request that transmission providers posting transmission and ancillary service requests and responses under § 37.6(e) temporarily mask the identities of the parties to the transaction during and after negotiations for transmission service. 1/ The How Group asked if this meant that the source and sink information routinely provided by potential transmission customers and reported on OASIS transmission service request templates was also to be

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9/ As we explain further below, depending on the requirements of the transmission provider, source and sink information, specifying the location of the generator(s) and the location of the ultimate load, may either refer to control areas in which the generation or load are located, or to specific generator or load busses.

10/ The relevant and now deleted OASIS regulations, at §§ 37.6(e)(1)(iii) and 37.6(e)(3)(i), respectively, read:

> The identify of the parties will be masked -- if requested -- during the negotiating period and for 30 days from the date when the request was accepted, denied or withdrawn.
>
> When any transaction is curtailed or interrupted, the curtailment or interruption must be posted (with the identities of the parties masked as required in § 37.6(e)(1)(iii)) and must state the reason why the transaction could not be continued or completed.

divulged. In addition, the How Group requested clarification as to whether a transmission price "discount" as used in Order No. 889-A refers to any price below the ceiling price.

On July 15, 1997, we issued a notice concerning the How Group’s June 27 filing and invited public comment on the request for clarification of the Commission’s masking requirements, the proposed interim measures for on-line transmission service negotiations, and the posting of transmission price discounts. The 13 comments we received are referred to herein as "Comments on How Group's June 27 letter". 1/

11/ Comments on the June 27, 1997 letter were filed by APPA, CILCO, CCEM, Commonwealth Edison, CPEX, Electric Clearinghouse (jointly with PECO Energy), EPSA, Florida Power Corp, NRECA, NYSEG, PJM, and Southern (on behalf of

Alabama Power, Georgia Power, Gulf Power, Mississippi Power, and Savannah). The How Group also filed comments, on September 22, 1997, which included proposed revisions to the S&CP Document to accommodate its proposed interim procedures for on-line transmission service negotiations and the posting of transmission price discounts.

On August 12, 1997, the How Group submitted an updated revised S&CP Document (Phase IA S&CP Document) to fully implement our transmission price discount negotiation policy and the minor revisions enumerated in Order No. 889-A. 1/ In addition to replacing the How Group's interim measures with more comprehensive procedures, the Phase IA S&CP Document incorporates several proposals prompted by the industry's experience in doing business using OASIS. The How Group proposes implementation six months after approval by the Commission, in order to allow four months for standards and protocol development and beta testing and two months for training and full scale testing.

On August 29, 1997, we issued a notice inviting public comment on the August 12 submittal. Four comments were filed and are referred to herein as "Comments on Phase IA". 1/

12/ The How Group submitted a preliminary draft version of this proposal on July 9, 1997. Further additions, clarifications and corrections to the August 12, 1997 filing, were submitted on September 23, 1997.

13/ Comments on the How Group's Phase IA submittal were filed by AEP, How Group/Commercial Practices Group, PECO, and Southern. The How Group/Commercial Practices Group comments included the September 23, 1997 revision of the Phase IA S&CP Document incorporating clarifications and minor corrections.

In addition, on April 3, April 9, April 10, and April 27, 1998, the How Group submitted a series of corrections and revisions to its OASIS Phase IA submittal incorporating various clarifications and minor corrections to the S&CP Document. Each successive submittal superseded all pending earlier submittals. We issued a notice of the April 10, 1998 submittal and not of those earlier submittals that it superseded (the April 27 corrections were submitted as

comments on the April 10, 1998 submittal). We expected to act on the latest corrections of the How Group in this order. However, with so many revisions, we are uncertain that all errors have been identified. We therefore invite the How Group to file with the Commission a revised Phase IA submittal, within 21 days of the date of issuance of this order, in WordPerfect 6.1 format, that to the greatest extent possible identifies all needed corrections to the S&CP Document. We request that the transmittal letter for this submittal provide a complete explanation of all revisions and why they are being proposed. We also request that the submittal contain both a clean version and a redline/strikeout version showing changes between that version and the one being issued in this order. We will issue a public notice when we these documents are filed and will take action on the How Group's recommendations shortly thereafter.

II. DISCUSSION

A. Overview

In this order, we: (1) conclude that the source and sink information reported on OASIS transmission service request templates should be unmasked at the time when a transmission provider updates the transmission reservation posting to show the customer's confirmation that it wishes to finalize the transaction; (2) require modifications to the operative language in the existing S&CP Document (Version 1.1) to incorporate our findings on unmasking source and sink information (to become effective on January 1,
1999) and on proposed interim measures (to become effective 60 days from the date of publication of this order in the Federal Register; and (3) adopt, with the revisions discussed below, the Phase IA S&CP Document (as corrected by the How Group in its September 23, 1997 submittal), as Version 1.2, to become effective on December 1, 1998. For clarity, we address the issues raised by the various How Group submittals and related public comments on an issue-by-issue basis.

B. Masking of Source and Sink Related Information

The Commission has been asked to decide whether certain information routinely provided by potential transmission customers, which pertains to the location of the generator(s) (source) and the location of the ultimate load (sink)

[collectively, source and sink information] should be made publicly available (by a posting on the OASIS) or should be kept confidential (and made available only to transmission system operators). This information, which helps define the transmission service being requested, 1/ is submitted to the

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14/ Source and sink information for point-to-point transmission service describes the location of the generators and the ultimate load in an electric system sense, and does not

necessarily identify sellers and buyers by name. In accordance with the convention of the transmission provider under its individual Open Access Tariff (the Pro Forma Tariff allowed each transmission provider to determine this for itself in its Open Access Tariff filing) this source and sink information may routinely include only the identities of the respective control areas (e.g., in the case of point-to-point transmission across a transmission provider's system, the point of receipt is identified as a control area and the point of delivery is similarly identified), or it may include the identities of the respective bus bars of the particular generators and loads (e.g., in the case of transmission within, out of or into a transmission provider's transmission system). See, the Data Element Dictionary, accompanying the S&CP Document that, for template purposes, defines "source" as "[t]he area in which

transmission provider by the potential transmission customer when

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the SOURCE is located" and "sink" as "[t]he area in which the SINK is located."
The source and sink information here at issue is the source and sink information reported on OASIS templates. We are not addressing, and not requiring the disclosure of, information collected from customers as part of a complete application for transmission service under the Pro Forma Tariff, including information on whether the requested transmission service is feasible (e.g., the NERC "tagging" information that might accompany the scheduling of transmission service). See Coalition Against Private Tariffs, and Western Resources, Inc., 83 FERC ¶ 61,015 (1998), reh'g pending (CAPT). CAPT is further discussed infra at notes 47, 74, and 76.

it completes the TRANSREQUEST template as part of its initial request for transmission service.

Under the current S&CP Document, the source and sink information becomes an element of the transmission provider's response to the potential transmission customer's query on the status of its pending service request. 1/ However, since such information might be used to infer the identifies of the power supplier and the power purchaser associated with a pending transmission service request, historically this element of the response has been masked. In connection with the masking of certain other information, in Order No. 889-A, we decided to delete the temporary masking option provisions in our OASIS regulations (formerly found in § 37.6(e)(1)(iii) and § 37.6(e)(3)(i), see supra note 10) applicable to the identities of the parties to the transmission transaction (i.e., the transmission provider and the potential transmission customer), since our price discount policy calls for the identities of the parties negotiating the discount to be made public during the negotiation period. 1/ Accordingly, we asked the How Group to eliminate any references in the S&CP Document to the masking of

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15/ See also "service request" transaction templates at § 4.3.5 of the S&CP Document.

16/ Order No. 889-A, FERC Stats. & Regs. at 30,569-70.

the identities of transaction parties. 1/ We reaffirmed this decision in Order No. 889-B. 1/

In its June 27, 1997, submittal, the How Group asks us to clarify whether Order No. 889-A intended to require the unmasking of the source and sink information posted on the TRANSSTATUS and other templates covered by § 4.3.5b of the S&CP Document.

17/ Id. The How Group made this deletion in its August 12, 1997, Phase IA filing.

18/ Order No. 889-B, 81 FERC at 62,175.

Although the How Group prepared and provided a summary of the positions of transmission providers and transmission customers on

this issue, 1/ we invited further public comments on the matter.

1/

19/ In its June 27, 1997 letter, the How Group summarized the positions of interest groups as follows:

- Transmission Providers generally do not have a preference on this issue, although it is technically easier for them if there is no masking on OASIS at all.

- Transmission customers involved in merchant activities strongly support having source and sink identity masked from competitors indefinitely or for as long as possible because they consider this information to be business sensitive.

20/ The Commission invited comments on: (1) why some parties consider this information to be business sensitive or confidential while others do not; (2) whether public access

to this information might harm competition and reduce efficiency, and if so, why; (3) whether, in the event that source and sink information continues to be masked, competitors will be able to accurately infer this information from other sources; and (4) the implications of unmasking for contract path and flow-based pricing regimes for reserving transmission capability.

Comments

1. Business Sensitivity and Competitive Effect

It is not clear that all commenters mean the same thing by source and sink. Some appear to refer to the exact location of the generation and load, while others appear to refer to the control area, which may cover a much broader geographic area. With regard to the impact that unmasking of source and sink information may have on competition, Commonwealth Edison, CCEM, EPSA, and PECO Energy predict that unmasking will result in the elimination of the role that power marketers play in electricity markets in matching the needs of power suppliers to sell their generation output with the needs of power purchasers to meet their loads. 1/ They posit that once the location of the generating facility (source) and the location of the load ultimately served (sink) for each point-to-point transmission service transaction is made publicly available, such information will be used by each party (i.e., the power supplier and the power purchaser) to match up their respective needs and deal directly with each other, if possible, to their mutual advantage and to avoid the power marketer’s mark-up.

21/ EPSA Comments on How Group's June 27 letter at p. 4; PECO Energy Comments on How Group's June 27 letter at p. 4; Commonwealth Edison Comments on How Group's June 27 letter at p. 2; and CCEM Comments on How Group's June 27 letter at p. 7.

Florida Power Corp believes that unmasking source and sink information will eliminate some opportunities for marketers, if this information is made publicly available when transmission services are reserved, because power suppliers and power purchasers will then have time to negotiate directly. 1/

APPA points to the technical burden that masking efforts place on transmission providers. 1/ It further argues that the bypass of power marketers that might be caused by unmasking is actually an efficient outcome, if all that unmasking adds to the overall transaction is the possibility of direct matching of the power supplier and the power purchaser. APPA asserts that those entities warning that the unmasking of source and sink information will cause harm to power marketers are really confusing a threat of private harm with societal harm. In its

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22/ Florida Power Corp Comments on How Group's June 27 letter at pp. 1-2.

23/ APPA Comments on How Group's June 27 letter at p. 1.

view, making source and sink information publicly available would serve the interests of ultimate customers. 1/

24/ APPA Comments on How Group's June 27 letter at p. 3.

PJM sees no reason to mask source and sink information. It believes that providing this information to all market participants will increase both competition and the overall efficiency of the market. 1/ NYSEG shares the view that electricity markets may become more efficient with more transmission information made available on a non-discriminatory basis. 1/

25/ PJM Comments on How Group's June 27 letter at p. 1.

26/ NYSEG Comments on How Group's June 27 letter at p. 2.

Southern suggests that the Commission should not unmask source and sink information unless it has a strong policy reason to do so. 1/ Both EPSA and PECO Energy acknowledge the apparent benefit of unmasking source and sink information, but contend that such benefits will not be realized in practice, especially at this early stage when competitive electricity markets are still evolving. 1/ They also argue that unmasking source and sink information would result in the loss of significant benefits they claim power marketers now bring to electricity markets, including liquidity, risk management, and creativity in meeting the unique needs of power suppliers and power purchasers. 1/ EPSA foresees the competitiveness of electricity markets being undermined by unmasking, with markets eventually returning to monopoly power suppliers and captive power purchasers. 1/ CPEX also sees unmasking as a serious threat to competitive electricity markets. 1/

CCEM makes the commercial business argument that unmasking will compel power marketers to give up the benefits that they

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27/ Southern Comments on How Group's June 27 letter at p. 4.

28/ EPSA Comments on How Group's June 27 letter at p. 4 and PECO Energy Comments on How Group's June 27 letter at p. 3.

29/ EPSA Comments on How Group's June 27 letter at p. 4 and PECO Energy Comments on How Group's June 27 letter at p. 4.

30/ EPSA Comments on How Group's June 27 letter at p. 4.

31/ CPEX Comments on How Group's June 27 letter at pp. 3-4.

provide without being compensated. 1/ It further argues that the threat of after-the-fact audits should be sufficient to discourage instances of undue discrimination in the provision of transmission services and that unmasking is unnecessary for this purpose.

32/ CCEM Comments on How Group's June 27 letter at p. 4.

With regard to more improved utilization of transmission systems, NYSEG asserts that unmasking will allow all transmission users to gauge what impact a given transmission service transaction will have on the transmission provider's system. 1/ NRECA suggests unmasking will provide transmission users with a better idea of the planned and scheduled uses of the transmission system and what additional transmission capacity is available. While it supports making source and sink information available at the time when transmission providers and potential transmission customers finalize reservations and energy schedules, NRECA opposes unmasking during the period when transmission reservation requests and the associated off-OASIS energy schedule requests are still pending. 1/ Commonwealth Edison sees any enhancement of transmission system capacity analysis by transmission customers resulting from the disclosure of source and sink information, as being only theoretical. It asserts that postings of "available transmission capacity" (ATC) provide sufficient information for customers to analyze the impacts that various

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33/ NYSEG Comments on How Group's June 27 letter at p. 1.

34/ NRECA Comments on How Group's June 27 letter at pp. 1-2.

transmission transactions may have on the transmission system and its users. 1/

2. Other Information Sources and the Need for Source and Sink Information

35/ Commonwealth Edison Comments on How Group's June 27 letter at p. 2.

With regard to whether similar information might be available elsewhere, which would allow the identity of the power supplier and the power purchaser associated with a given transmission transaction to be inferred even if masking is continued, Commonwealth Edison and Florida Power Corp opine that it would be extremely difficult to bypass power marketers by obtaining similar information from other sources. 1/ NRECA contends that source and sink information will be available from the NERC transaction information system or the tagging form. 1/ PECO Energy and Commonwealth Edison believe that unmasking should not be viewed as a reliability matter. 1/

Some commenters question the underlying need for source and sink information, even if it is not made publicly available. CPEX asserts that requiring source and sink information is an unnecessary burden on merchants and that the only information that system operators need to assure transmission reliability is information on power being sent and received through their control areas. 1/ In CPEX's view, this is sufficiently covered

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36/ Commonwealth Edison Comments on How Group's June 27 letter at p. 3 and Florida Power Corp Comments on How Group's June 27 letter at p. 3.

37/ NRECA Comments on How Group's June 27 letter at pp. 1-2.

38/ PECO Energy Comments on How Group's June 27 letter at p. 2 and Commonwealth Edison Comments on How Group's June 27 letter at p. 4.

39/ CPEX Comments on How Group's June 27 letter at pp. 1-3.

by ATC without need for specific information on the source and the sink. CPEX further claims that transmission curtailment is only infrequently needed and, when it is, it is implemented by shifting among alternative generation sources without reliance on source and sink information. APPA, however, complains that NERC has a policy of treating tagging information as confidential. 1/ Finally, EPSA contends that the adverse competitive impacts of unmasking outweigh the limited benefits of source and sink information being collected, since the information is of only marginal relevance in the rare situation when there is a transmission constraint. 1/

3. Differing Impacts on Contract Path and Flow-Based Transmission Pricing Regimes

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40/ APPA Comments on How Group's June 27 letter at p. 4.

41/ EPSA Comments on How Group's June 27 letter at pp. 5-6.

With regard to whether unmasking source and sink information affects either a contract path or flow-based transmission capacity pricing regime, 1/ PJM sees unmasking making no difference. 1/ Florida Power Corp notes that the method of

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42/ Flow-based pricing, unlike contract path pricing, may recognize all of the paths that a given transmission transaction utilizes. See Order No. 888, FERC Stats. & Regs. at 31,650 n.95.

> [I]n contrast to contract path pricing, flow-based pricing establishes a price based on the costs of the various parallel paths actually used when the power flows. Because flow-based pricing can account for all parallel paths used by the transaction, all transmission owners with facilities on any of the parallel paths could be compensated for the transaction.

43/ PJM Comments on How Group's June 27 letter at pp. 1-2.

calculating ATC for transmission service reservation purposes for either pricing regime is the same and, for this reason, asserts that neither pricing regime influences the decision of whether this information should be unmasked. 1/ Finally, APPA asserts that source and sink information is essential under both transmission reservation pricing regimes for determining the potential impact of a request and all parties should have equal and full knowledge of this information. 1/

Commission Conclusion

44/ Florida Power Corp Comments on How Group's June 27 letter at pp. 3-4.

45/ APPA Comments on How Group's June 27 letter at p. 5.

Initially, we note that this proceeding does not concern whether the transmission provider should collect source and sink information from a potential customer seeking point-to-point transmission service. Point of receipt and point of delivery information is necessary for the transmission provider and we are not entertaining comments directed at challenging the necessity to collect this type of information in this proceeding. Nor does this proceeding concern questions regarding NERC tagging information. 1/

46/ The Commission, elsewhere, has previously addressed NERC's tagging requirements. See, CAPT supra note 15.

The issue here is whether to unmask, that is, make known to all parties, point-to-point transmission service source and sink information now made known to transmission system operators. We are persuaded that such source and sink information 1/ should be disclosed publicly through an OASIS posting at the time when the transmission provider updates the OASIS posting to show that a customer has confirmed its request for point-to-point transmission service. As we explain below, we believe that disclosure of this information will foster greater public confidence in the integrity of OASIS systems and improve the ability of such systems to facilitate open access use of transmission systems comparable to that enjoyed by the transmission providers. We also believe that unmasking can be accomplished without compromising the role that power marketers play in electricity markets.

First, the disclosure of source and sink information will provide wholesale transmission customers and others with useful data for the after-the-fact evaluation of the accuracy of transmission providers' OASIS postings of ATC and total transmission capacity (TTC). Second, disclosure will also provide useful information for discerning any patterns of undue discrimination in the rendering of or refusals to provide transmission services and in price discounting by transmission

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47/ We earlier defined the source and sink information here at issue, supra notes 9 and 14.

providers. Thus, disclosure should encourage accurate postings and fair treatment leading to better competitive utilization of transmission systems.

While we acknowledge the potential business sensitivity that power marketers attach to source and sink information, we believe that delaying unmasking until the transmission provider updates the transmission reservation posting to show the customer's confirmation should allow the power marketer to finalize its arrangements with the power purchaser and the power seller. Moreover, delaying disclosure will not result in the public at large losing the benefits that disclosure offers to all transmission users, including power marketers, since assessments of the accuracy of posted information and unduly discriminatory activity based on such information will of necessity be conducted on an after-the-fact basis. We caution that our overriding concerns are with the promotion of the overall competitiveness of the electricity markets and with ensuring openness, confidence, and nondiscrimination in the use of interstate transmission facilities. 1/

48/ Our decision to require that certain potentially sensitive business information be disclosed is consistent with judicial directives to focus on the needs of the overall market, instead of on individual competitors within the market. In Alabama Power Company v. Federal Power Commission, 511 F.2d 383, 390-391, D.C. Cir. (1974), we had refused to amend our rule that required affected utilities to publicly disclose their monthly Form No. 423 reports of fuel purchases. The court considered various arguments to the effect that, on the one hand, "disclosure of information

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would lead to bargaining disadvantages in future fuel contract negotiations" (511 F.2d at 390), and on the other hand, any bargaining disadvantage as a result of disclosure would merely reflect the removal of information imperfections in an otherwise competitive market thereby facilitating efficient allocation of resources. [Id.]

Notably, the court found that,

> a sudden improvement in the availability of information may deprive a buyer of an advantage he enjoyed when, under more imperfect dissemination, he exploited a seller's ignorance of the market price. . . . Generally, however, laws and practices to safeguard competition assume that its prime benefits do not depend on secrecy of agreements reached in the market. [Id. at 391, n.13.]

We thus require that transmission providers unmask the source and sink information that is posted on TRANSSTATUS and other templates at the time when a request status posting is updated by the transmission provider to show that the customer has confirmed, in response to the transmission provider's acceptance of its offer, that it still wants to complete the transaction and purchase transmission service. Accordingly, we order corresponding revisions to be made to the masking requirements of the S&CP Document. 1/ However, in recognition of the concerns expressed in this proceeding regarding the potential business sensitivity of source and sink information and the somewhat limited experience the Commission has had with the OASIS, we determine it is appropriate to delay the implementation of these revisions for seven months. This will permit

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49/ We are revising the operative statement in § 4.3.7.2 of the S&CP Document (Version 1.1) that reads "[o]ther fields, such as SOURCE and SINK, may be masked to comply with FERC regulations and Primary Provider tariff" to read as follows:

> Transmission Providers shall make source and sink information available at the time the request status posting is updated to show that a transmission request is confirmed.

competitive electric markets additional time to develop. Therefore, these revisions are to become effective on January 1, 1999.

Our decision to unmask source and sink information is consistent with sections 17.2 and 18.2 of the Pro Forma Tariff. 1/ These sections provide that a transmission provider, unless otherwise ordered to do so, is obligated to treat confidentially information that is supplied as part of a Completed Application

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50/ Section 17.2(iv) of the Pro Forma Tariff (Stats. & Regs., Regulations Preambles at 30,522) reads:

> The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing requirements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

Section 18.2(vii) of the Pro Forma Tariff (Stats. & Regs., Regulations Preambles at 30,524) reads in relevant part:

> The Transmission Provider will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

for transmission service pertaining to the location of the generator and the location of load ultimately served. We herein find that the obligation in the Pro Forma Tariff to treat such information confidentially does not contradict the requirement we are establishing in this order to unmask the source and sink information reported on the TRANSSTATUS and other S&CP Document templates at the time when the transmission provider posts on the OASIS that the customer confirms that it wants to complete the transaction. As noted above, supra note 50, the Pro Forma Tariff provides that transmission providers are to keep certain information on source and sink confidential at the request of a transmission customer, except in specified circumstances, which include a regulatory order requiring disclosure. In this regulatory order, we make just such an exception. Accordingly, the requirement in this order to disclose certain source and sink information is consistent with the requirements of the Pro Forma Tariff.

C. Proposed Interim Procedures to Achieve On-line Price Negotiation And Disclosure of Discounts in Phase I OASIS until Phase IA Changes Are Implemented

The How Group's proposed interim procedures contain two separate components. Under the first, transmission service negotiations would be accomplished by allowing a potential transmission customer to make a bid by modifying the offered transmission price in the price field of the TRANSREQUEST

template. 1/ The transmission provider would then respond to the bid price by using the TRANSSTATUS template to notify the potential customer of whether the bid was accepted or rejected. This modification of the price field would require only a minor change to most OASIS nodes.

The second proposed interim procedure would create a new category ("discounts") in the MESSAGE template to announce agreed-upon transmission service price discounts. A price discount for a non-standard transmission related service, such as weekly service beginning on a Wednesday at 2:00 p.m., would be reported only in the MESSAGE template.

The How Group requested that the industry be given two months to test these interim modifications to OASIS templates and implement the interim measures. While maintaining that its

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51/ We noted in Order No. 889-A, FERC Stats. & Regs. at 30,551 and n.12, that "negotiation" would be considered to have taken place only if the transmission provider or transmission customer seeks prices below the ceiling prices set forth in the Order No. 888 Pro Forma Tariff.

interim procedures are a somewhat cumbersome method to implement on-line transmission service negotiations, the How Group contends that the interim measures will allow negotiations to proceed on the OASIS while a more satisfactory method is developed.

Comments

CCEM contends that on-line negotiation of transmission prices is not feasible at this time because the Internet-based OASIS cannot currently accommodate the speed at which negotiation should comfortably take place. It argues that the interim on-line negotiation process will be so cumbersome that transmission providers will lose interest in price discounting. 1/ CCEM also sees the disclosure of transmission price discounts raising business sensitivity concerns and suggests that real time discount price disclosure is not the only means available to prevent unduly discriminatory treatment of transmission customers. As an alternative, CCEM suggests that transmission service negotiations proceed off-OASIS through a process that would rely on phone or facsimile communication arrangements between transmission providers and potential transmission customers. 1/ Under CCEM's proposal, whenever a transmission price discount is agreed upon, the availability of the price discount would be broadcast and disseminated on-line over OASIS

52/ CCEM Comments on Interim Measures at pp. 11-12.

53/ CCEM Comments on Interim Measures at p. 11.

(within 12 hours in the case of an affiliated customer and within 15 days in the case of a non-affiliated customer). 1/

Commonwealth Edison argues that transmission service negotiations off-OASIS should continue, based on concerns about whether price negotiations could be conducted successfully through present OASIS nodes under the interim measures, given the many steps, the amount of time involved, and the OASIS capacity needed to handle the increased volume of the related communications. 1/

While supporting electronic negotiation of transmission prices, and noting that the NYPP OASIS node could implement the interim measures now, NYSEG also prefers to wait until a real-time or faster Internet-based OASIS system is developed. NYSEG suggests that, during the interim, transmission negotiations rely on recorded telephone calls with any agreed-upon price discounts posted on the OASIS within thirty minutes of the completion of the negotiations.

54/ Id.

55/ Commonwealth Edison Comments on Interim Measures at pp. 4-5.

PJM notes that no changes will be required to the PJM OASIS to implement the How Group's interim measures. Southern, however, cautions that OASIS systems are still in the early stages of development and that requiring the capability for on-line negotiation of transmission price discounts, at this critical stage, would add further complexity to the design of OASIS nodes that could slow down the transmission reservation process and actually could impede the growth of more robust power trading. 1/

Florida Power Corp agrees that the proposed interim measures could be implemented through modification of existing OASIS templates, but stresses that price negotiations will be very cumbersome and not practical, especially for short-term transactions. It suggests that negotiations be conducted by telephone calls, with the results immediately posted on OASIS. 1/

NRECA asserts that the interim measures will work effectively only if transmission providers respond in a timely manner to transmission customer requests for price discounts. However, it is willing to accept the interim measures even though they constitute a retrofit and would have developed differently if considered in the initial OASIS design stage. 1/

56/ Southern Comments on Interim Measures at p. 2.

57/ Florida Power Corp Comments on Interim Measures at pp. 4-5.

58/ NRECA Comments on Interim Measures at p. 3. Although NRECA argues that "timely" responses are needed, it seeks no

revisions to the timetables for posting in 18 CFR 37.6. This issue is also raised by PECO in their comments to Phase IA.

PECO Energy argues that transmission negotiations off-OASIS should continue, since the majority of transmission providers may not be able to successfully implement the software changes necessary for on-line negotiation of transmission prices over OASIS. PECO opposes mandatory interim measures for on-line negotiation until OASIS is greatly improved. 1/ However, it believes that price discounts should be disclosed when offered to affiliates and non-affiliates alike, following the completion of the negotiations.

Commission Conclusion

59/ PECO Energy Comments on Interim Measures at p. 7.

As we stated in Order No. 889-A, 1/ the objective of the interim procedures is to implement our Order No. 888-A on-line transmission price negotiation policy as soon as possible through OASIS, so we can improve the competitiveness of the electricity markets while the industry develops a more sophisticated "Phase IA" approach. Keeping this in mind, we are adopting the first of the How Group's two proposed interim measures (involving modifications to the price field of the TRANSREQUEST template) because it appears that this interim modification can be easily made. We are not adopting the How Group's second proposal (involving a new "discounts" flag in the MESSAGE template) because this revision is more complex and we wish to keep the burden of implementing the interim procedures to a minimum. 1/ Under this limited interim procedure, wherein we merely allow the price field to be modified, 1/ a potential transmission service

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60/ Order No. 889-A, FERC Stats. & Regs. at 30,551.

61/ We note, however, that in section II.G *infra*, we accept the How Group's proposal to add a negotiation flag in the TRANSSTATUS template to enable customers to search for discounts, as part of the Phase IA S&CP Document revisions.

62/ This modification is more fully explained in note 63, *infra*.

customer will be able to request discounts via OASIS, but only on posted transmission service offerings. No commenter has provided persuasive evidence that the How Group's proposal cannot be implemented within the How Group's proposed time frame.

Relying on the How Group's interim proposal, we direct changes to the operative language of the current S&CP Document to allow a potential transmission customer to modify the price field when submitting a request to purchase transmission service using the TRANSREQUEST template. 1/ If the customer's bid is approved,

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63/ In the interim, until the revised S&CP Document Version 1.2 (see Attachment 2) becomes effective, we will modify the operative language of S&CP Document Version 1.1, as proposed in the How Group's June 27, 1997 letter with some minor clarifications, through the addition of the following language to § 4.3.7:

> For on-line price negotiation the customer can modify the price field when submitting a request to purchase transmission service using the TRANSREQUEST template. The provider response in the TRANSSTATUS template will either indicate "accepted" if the bid is approved, or "denied" if the bid is not accepted. The reason for denial would be shown in the comments field. The TRANSSTATUS template would retain the customer's bid price as a permanent record, whether accepted or not. If the request is denied for price reasons, the customer could repeat the process by submitting a new request with a different price bid. If a discount is given on a posted product, it is also required that the transmission provider change the posted offer price to match the discounted price for the service, for all unconstrained paths to the same point of delivery (POD) and for the same time period.

This insertion would precede "a. Customer Capacity Purchase

the provider will respond by posting the message "accepted" in the TRANSSTATUS template. If the customer's bid is not accepted, then the provider will respond by posting the message "denied."

We require implementation of this directive by [insert date sixty days from the date of publication of this order in the Federal Register] so that discounts can be requested on-line without waiting for the industry to implement comprehensive changes in Phase IA OASIS.

We believe the benefits of fostering on-line discounting as soon as possible in this limited fashion outweigh the problems that may result from the use of a somewhat cumbersome process and find this preferable to waiting until OASIS Phase IA improvements can be implemented before implementing on-line discounting. As to any business sensitivity concerns over our decision to make price negotiation visible on OASIS, the time to raise these

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Request" in § 4.3.7 of the S&CP Document. We are making this change through the issuance of this order and not through the issuance of an updated S&CP Document because it is to be in effect for only a limited time.

concerns was in the rehearing of Order No. 889-A and not at this compliance stage.

D. **How Group Proposals to Revise the Phase IA S&CP Document Requirements**

The How Group's proposed longer term revisions incorporated in a Phase IA S&CP Document (Version 1.2) include both the changes we directed in Order No. 889-A and other changes prompted by the industry's experience with operating OASIS sites. 1/

64/ Changes directed by the Commission include: (1) provision for on-line interactive negotiation (such as the addition of new data elements for price offered, price bid, ceiling price); (2) provision for linking ancillary services to transmission services; (3) provision for identification of a reservation made by an affiliated merchant; (4) provision for posting personnel transfers; (5) provision for posting incidents in which the provider exercises discretion in the application of tariffs; and (6) removal of all references in the S&CP Document to masking.

Improvements suggested by industry's experience include: (1) automatic notification of customers (dynamic notification) when the status of a reservation request has changed (to speed up the process of negotiating by reducing the customer's need to check an OASIS node repeatedly for the status of a pending request); (2) merging all transmission service offering templates into a single template (to simplify doing business); (3) further standardization of transmission service product names and identification of their attributes; (4) introduction of "sliding windows of time" allowing purchases of blocks of service (running 60 minutes, 24 hours, 7 days, or 30 days) on a non-calendar period basis; (5) introduction of "capacity profiles" reservations (allowing for a single reservation for monthly service to set different levels of reserved capacity for each day thereof); and (6) a new template for nonfirm secondary service over alternate points of receipt and delivery (provides additional support for secondary transmission service).

Except as discussed below, we find these modifications to the S&CP Document to be acceptable and direct its revision with minor editorial changes to correct typographic errors, enumeration of sections, and other nonsubstantive changes. 1/ Additionally, interested persons filed comments on certain of the proposed revisions to the S&CP Document, which we also address below.

1. Comments on Preconfirmed Reservations

In connection with transmission service negotiations, Section 4.2.10.1(a) of the How Group's proposed Phase IA S&CP Document indicates that OASIS shall set OFFER_PRICE equal to BID_PRICE in the case of "preconfirmed" transmission reservation requests. AEP states that this proposal should satisfy the restriction/requirement that BID_PRICE be equal to OFFER_PRICE for any reservation to be CONFIRMED; 1/ however, AEP is concerned that parties to a preconfirmed transaction using the proposal may inappropriately modify or unwittingly accept price information. Thus, it requests that we substitute the following requirement:

65/ In Attachment 3 to this order, we show all the changes that we have made and direct to the How Group's September 23, 1997, submittal in redline and strikeout fonts. In Attachment 2, we provide the revised document without redline and strikeout fonts. Attachments 2 and 3 will not appear in the Federal Register but will be posted on the Commission Issuance Posting System (CIPS) and may be reviewed in the Commission's Public Reference Room during normal business hours. Details about accessing CIPS are given in the supplementary information preceding this order, supra at ii.

66/ AEP Comments on Phase IA at p. 5.

> Prior to or commensurate with a Seller's setting a preconfirmed reservation request's STATUS to ACCEPTED (and by implication CONFIRMED), the Seller must set OFFER_PRICE equal to the value of the BID_PRICE as established by the Customer on submission of the request.

Commission Conclusion

The Commission adopts AEP's suggestion and proposed wording for the Phase IA S&CP Document. It is more specific and thus less subject to differing interpretations. AEP's proposal clarifies that the setting of the OFFER_PRICE equal to the BID_PRICE occurs only when the Seller accepts the preconfirmed request. We remind transmission providers that our OASIS regulations require that, if discounts are offered, they be offered to all transmission customers. 1/

2. Comments on Linking Ancillary and Transmission Services

The How Group proposes adding § 4.2.12 to conform the S&CP Document to the revisions directed by Order No. 889-A in connection with §§ 37.6(c)(4) and 37.6(e)(1)(iv) of the Commission's OASIS regulations, which require that transmission service offerings and transaction status postings identify the associated ancillary services and ancillary service transaction status.

67/ See Order No. 889-A, FERC Stats. & Regs. at 30,568.

AEP notes that the Commercial Practices Group white paper recommendation on the handling of ancillary services during Phase IA, i.e., that

> basic point-to-point transmission service should be requested before any Ancillary Services to support that basic point-to-point transmission service are requested

was not incorporated in the How Group's proposal. AEP requests

> that the Commission adopt a provision that, for OASIS Phase IA, all ancillary service transactions/ reservations are subordinate to and in support of a single transmission service reservation.

AEP argues that adoption of this provision would significantly simplify the implementation of the How Group's proposal. AEP contends that, if one considers pre-arrangement for Operating Reserve-Spinning Reserve from a third party ancillary service provider, that service provider will require notification that some or all of that service is supporting one or more transmission reservations made at some point in the future as those reservations are confirmed. As currently there is no proposed mechanism to query OASIS for reservations that reference this pre-arranged ancillary service reservation, AEP questions whether the third-party supplier market for ancillary services is robust enough to warrant the significant investment in programming resources needed to implement the How Group's proposal without such modification. 1/

68/ AEP Comments on Phase IA at pp. 5-7.

Southern contends that the How Group's proposal to allow transmission customers to indicate a preferred provider of ancillary services and indicate which services will be purchased in the future, injects confusion into the reservation process by giving transmission customers options inconsistent with the Pro Forma Tariff. It also asserts that the proposal is unnecessary because the existing "request reference" or "deal reference" fields can be used to link ancillary and transmission services as required by the Commission. 1/

Commission Conclusion

We believe that AEP’s suggestion to limit the flexibility inherent in the ancillary services linkage proposal reduces the Phase IA programming necessary to implement the proposal and is a practical suggestion. Nonetheless, while we adopt its suggestion that requests for ancillary service be associated with a single transmission service reservation, we find it unnecessary to completely adopt AEP's recommendation for the Commission to require that basic point-to-point transmission service must be requested before any request is made for supporting ancillary services. This would interfere with customers attempting to take

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69/ Southern Comments on Phase IA at pp. 4-5.

advantage of certain optional ancillary service packages transmission providers offer with their transmission service offerings. Therefore, ancillary services may be requested before, concurrently with, or subsequent to, the related request for basic point-to-point transmission service.

We also agree with Southern that it is the Pro Forma Tariff, and not the OASIS regulations, that controls the minimum ancillary services that must be offered by a transmission provider. However, the How Group's Phase IA proposal merely attempts to accommodate the reservation options that transmission customers may have under a particular transmission provider's Pro Forma Tariff. To the extent that Southern has a feasible but simpler approach to handle ancillary service linkage, we encourage it to pursue its idea with the How Group to improve § 4.2.12 of the S&CP Document.

3. Comments on Capacity Profiles

The How Group proposes to introduce, in Phase IA, the concept of capacity profiles for reservations of varying amounts of capacity over a given service period. For example, a single OASIS transaction would cover a weekly reservation that incorporates varying daily reservation levels.

Southern asks for rejection of the capacity profile mechanism, claiming that OASIS, as it is currently configured, permits transmission customers to accomplish the same result through the submissions of multiple requests, each tied to the

others through a common deal reference number supplied by the transmission customer and that, in any event, the computer systems of transmission providers are not set up for this process. Southern implies that the capacity profile reservation mechanism is also not feasible because the Pro Forma Tariff does not include provisions that allow transmission customers to make reservations based on capacity profiles. 1/

AEP questions whether transmission customers should be able to negotiate the price of the individual hours of a capacity profile. It claims that the S&CP Document has also defined the templates used to negotiate the transmission price of the individual hours of a capacity profile in an inconsistent and ambiguous manner. AEP, therefore, requests that any reference to pricing information for the individual hours of capacity profiles be removed. 1/

Commission Conclusion

70/ Southern Comments on Phase IA at pp. 5-6.

71/ AEP Comments on Phase IA at pp. 7-8.

The How Group's Phase IA proposal for implementing capacity profiles in § 4.3.7.1 of the S&CP Document leaves the adoption of the capacity profile transaction process to the option of each transmission provider:

> [s]upporting "profiles" of service, which request different capacities for different time periods within a single request, are at the discretion of the Primary Provider. [1/]

Accordingly, AEP, Southern, and other transmission providers will be free to decide whether to implement the capacity reservation profiles on their individual OASIS nodes within the parameters of the service offering prescribed by their respective Pro Forma Tariffs. The revisions to the S&CP Document which we adopt today merely provide a consistent method to follow by transmission providers in the event they choose to offer capacity reservation profiles.

4. Comments on Posting of Losses

PECO points out that, while transmission customers must account for losses when making a transmission reservation, it can be a very time consuming process for customers to search through the transmission provider’s tariff to determine how losses will be applied on systems where losses vary from path to path. 1/ PECO proposes either that the transmission provider's response to a request for transmission service via the "TRANSOFFERING"

72/ August 12, 1997 How Group Letter at p. 48.

73/ PECO Comments on Phase IA at p. 2.

template include loss information or, alternatively, that a table of losses be posted on the OASIS by the transmission provider.

Commission Conclusion

PECO raises a valid concern. While we encourage transmission providers to post a table of losses on their OASIS nodes because such information is useful to transmission customers, we will not require it at this time because we believe that transmission users would be best served if loss information were provided in a standardized template. Therefore, we request that the How Group consider this as part of the OASIS Phase II process.

5. Revisions to Phase IA S&CP Document Recommended by the How Group and the Commercial Practices Group

In their joint comments, the How Group/Commercial Practices Group recommend one change, and several clarifications and minor corrections to the proposed Phase IA S&CP Document. The change pertains to the addition of two data elements requiring the establishment of two new fields (NERC_CURTAILMENT_PRIORITY and OTHER_CURTAILMENT_PRIORITY) to several templates (TRANSOFFER, TRANSSTATUS, LIST, TRANSSERV, SCHEDULE, CURTAIL, TRANSSELL, TRANSPOST), to inform transmission customers about the NERC curtailment priority and other regional curtailment priority

assigned to each transmission service offering. 1/ These priorities are set by the transmission provider, consistent with the tariff on file with the Commission. The minor changes include enumeration, typographical, sequencing, identification, and format corrections and fixes. 1/

Commission Conclusion

We adopt the new data elements as an option that transmission providers may display because they provide useful information. However, we caution that our adoption of a place on the OASIS for these data elements does not constitute an approval of the NERC or other curtailment priorities. 1/ We also adopt

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74/ While these data elements would inform customers of the curtailment priorities of NERC and various regional entities, curtailment priorities for transmission providers that are public utilities are governed by the applicable Pro Forma Tariff unless the Commission approves a transmission provider's proposal to revise its Pro Forma Tariff based on a showing that its revised curtailment priorities are consistent with or superior to the Pro Forma Tariff. See CAPT, supra note 14. Absent such an approved tariff revision, to the extent that a conflict exists between the curtailment priorities of NERC or another entity and the applicable Pro Forma Tariff, the Pro Forma Tariff shall govern.

75/ How Group/Commercial Practices Group Comments on Phase IA at pp. 1-2.

76/ As we advised in CAPT supra note 14:

> [t]he Commission further encourages the industry to examine reliability aspects of the Pro Forma Tariff when additional detail may be required to implement specific reservation, scheduling, and curtailment procedures and to propose generic improvements to the Pro Forma Tariff.

the proposed corrective suggestions for Phase IA purposes because they improve and help complete the S&CP Document.

E. **Other Proposed Revisions to the S&CP Document**

1. Comments on Standardized Naming of Transmission Paths

AEP raises the issue of the need for consistent naming of point-to-point transmission paths among transmission providers' systems. It observes that inconsistent naming of paths among transmission providers has had a significantly negative impact on transmission customers' ability to effectively use OASIS to procure needed transmission services. AEP, therefore, proposes its own naming convention for transmission paths:

> Where a point of receipt and/or delivery (data elements POINT_OF_RECEIPT and POINT_OF_DELIVERY) represents a NERC Control Area, the NERC 4 character Control Area acronym shall be used as the name of that point of receipt and/or delivery.

> Such proposed detail cannot be considered approved by the Commission by virtue of our approving its display on the OASIS.

> Where a path (dat[a] element PATH_NAME) represents the interconnection between two NERC Control Areas, the PATH_NAME shall be composed of: "REGION_CODE/PRIMARY_PROVIDER_CODE/PATH_CODE//". REGION_CODE and PRIMARY_PROVIDER_CODE are as defined in the Data Element Dictionary. PATH_CODE shall be composed of the POINT_OF_RECEIPT followed by the hyphen (-) character and POINT_OF_DELIVERY, where POINT_OF_RECEIPT and POINT_OF_DELIVERY are the associated NERC 4 character Control Area acronyms. OPTIONAL_CODE and SPARE_CODE are null. 1/

Commission Conclusion

We agree with AEP that a consistent naming convention of paths will greatly improve the usefulness of Phase IA OASIS. However, in this instance, we are reluctant to impose a change in a business practice without giving the industry the opportunity to consider other possibilities and reach a consensus on the best solution. Since the Commercial Practices Group has been formed to develop business practice standards for OASIS, we request that the Commercial Practices Group propose a consistent naming convention for transmission paths by August 31, 1998.

2. Comments on Reservation Templates

77/ AEP Comments on Phase IA at p. 2.

AEP notes that the cumbersome process that transmission customers must follow in making arrangements for transmission service on OASIS is made more cumbersome by those transmission providers that require submission of reservation requests to enter and exit their systems for "passthrough" or "wheeling" type transactions. 1/ AEP suggests that a single reservation request should be sufficient to cover both entering and existing the transmission system for such service. AEP asks that we modify the S&CP Document (or the OASIS regulations) to the extent necessary to enable transmission customers to rely on a single reservation transaction for wheeling across a transmission system regardless of whether the particular path is posted.

Commission Conclusion

AEP is correct that our rules currently do not require postings in a manner that a allow a single reservation transaction for wheeling across a transmission system, without a specific advance request from a customer that a particular path be posted that way. We are reluctant to direct such a change at this time because it would require a redesign of OASIS. However, the current system has sufficient flexibility to deal with this

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78/ AEP Comments on Phase IA at pp. 2-3.

problem on a case-by-case basis without the need for the Commission to modify its rules. The OASIS regulations at § 37.6(b)(1)(i) currently require that transmission providers post information pertaining to any path requested by a transmission customer, and transmission providers are free to post additional paths of commercial interest. 1/ Thus, if a customer intends to do business across a system, it can make a request that the transmission provider post the path as an "in and out" path so that a single reservation can cover transmission passing through the transmission provider's system. 1/

79/ 18 CFR 37.6(b)(1)(i).

80/ Such an approach requires foresight by the customer (or by the transmission provider). If the customer has not made a request in advance that the path at issue be posted, then it would not be posted in time to accommodate the transaction (unless posted at the request of another customer).

We encourage AEP to pursue its idea with the How Group, and to consider, together with the How Group, what system redesign its proposal would necessitate, and whether this would be feasible and cost justified.

3. Comments on Dynamic Notification of Secondary Market Providers

Phase I OASIS nodes do not actively notify a potential transmission customer of information changes such as the current ATC for a given path or the status of a pending service request. The OASIS systems are passive, presenting information that is current only at the time when a particular OASIS node is queried by the customer. To determine if more current information is posted, the customer cannot simply "stay tuned" to the site but must continually re-query it. In Order No. 889-A, we noted the passive nature of Phase I OASIS systems and requested that the How Group consider adding more active, dynamic capabilities to OASIS in Phase II.

In its Phase IA submittal, the How Group proposes to add some dynamic capability to facilitate on-line transmission service negotiations prior to Phase II, which we are adopting in this order. 1/ It proposes that OASIS nodes automatically notify a customer when the status of a reservation request has changed, from "pending" to either "accepted" or "denied." This would reduce the number of steps involved in closing a transmission

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81/ See supra note 64.

service deal and reduce the incidence of unnecessary polling of OASIS nodes for status checks. 1/

82/ How Group's August 12, 1997, letter at Attachment 1.

AEP notes that a potential competitive problem exists on OASIS that could be resolved by modifying and extending the How Group's Phase IA dynamic notification proposal. AEP points out that a host transmission provider can gain an advantage by programing its own OASIS computer system to automatically notify it about any customer requests for transmission service while the host's competitors (e.g., resellers of capacity on its transmission system (secondary sellers) and sellers of ancillary services to be used in conjunction with capacity on its transmission system) would be forced to query the host's OASIS node repeatedly to learn of any requests for the types of services they offer. 1/

AEP believes that extending dynamic notification to secondary market providers and ancillary service providers would resolve this competitive problem. It requests that a requirement for such additional dynamic notification be added to the Phase IA S&CP Document. 1/

83/ Order No. 889, FERC Stats. & Regs. at 31,621-22, requires transmission providers to post resales of capacity from their transmission systems, on their OASIS nodes. To prevent transmission providers from gaining a competitive advantage over resellers, transmission providers must post such information on the same display page using the same tables used for their own offerings. Transmission providers must also provide postings of offers to sell ancillary services on the same page and in the same format that they use for their own offerings.

84/ AEP Comments on Phase IA at pp. 3-4. Specifically, AEP proposes:

As an extension of the Company registration information of the host, domain and port identifiers for dynamic notification of changes in the Customer’s purchase requests, a field should be added to the Company’s registration information that would define/identify how notification would be delivered to that Company should a transmission or ancillary purchase request be directed to that Company as a Seller of a transmission or ancillary service. The pertinent information would be either a full HTTP protocol URL defining the protocol, host name, port, path, resource, etc. information or a "mailto:" URL with the appropriate mailbox string. On receipt of any purchase request directed to that Company as SELLER via either the "transrequest" or "ancrequest" templates, or on submission of any change in request STATUS to that Company as SELLER via either the "transcust" or "anccust" templates, a notification message formatted as documented for the delivery of notification to the Customer, shall be formatted and directed to the Seller.

Commission Conclusion

We agree with AEP that its proposed extension of the dynamic notification proposal would eliminate a potential competitive problem. Therefore, we adopt AEP's modified dynamic notification proposal and accordingly modify § 4.2.8.2 -- Company Information and § 4.2.10.3 -- Dynamic Notification, of the S&CP Document to permit secondary market and ancillary services providers who wish to be automatically notified, to identify themselves by merely registering with the transmission provider. 1/ However, for purposes of Phase IA, this extension of dynamic notification is required only where the transmission provider has programmed its computer system for its own notification. During Phase II, the OASIS nodes of all transmission providers will be required to have this capability.

4. Comments on Reservation Time Limits

85/ We note that AEP's proposed procedure parallels the registration procedure proposed by the How Group for Phase IA dynamic notification of transmission customers.

PECO requests the establishment of predetermined deadlines applicable to all OASIS nodes, by which acceptances by transmission providers of transmission service requests and confirmation by transmission customers pertaining to their requests must be made. 1/ It contends that predetermined time limits will enable all parties to be aware of pertinent deadlines. On this matter, NRECA similarly points out, as it did for the proposed interim measures, that the proposed Phase IA transmission price discount procedures will work only if transmission providers respond to requests for transmission price discounts in a timely manner. 1/

Commission Conclusion

We note that the Pro Forma Tariff sets the deadlines applicable to transmission providers and we are not in this order modifying those deadlines. 1/ Also, in Order No. 889-A, the matter of deadlines applicable to transmission customers was

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86/ PECO notes that the Commission has approved at least one tariff (Wisconsin Electric Power Company, 80 FERC ¶ 61,299 (1997), reh'g denied (unpublished order dated November 13, 1997)) that permits the transmission provider to set deadlines by which customers must confirm reservations.

87/ PECO Comments on Phase IA at p. 3.

88/ See Order No. 888-A, FERC Stats. & Regs. ¶ 31,048 at 30,523-24. Section 17.4 of the Pro Forma Tariff gives the deadlines for a notice of a deficient application, section 17.5 of the Pro Forma Tariff gives the deadline for a response to a competed application, and section 18.4 of the Pro Forma Tariff gives the deadline for a determination of available capability.

reserved for resolution in Phase II due to our reluctance to specify confirmation time limits without first soliciting the views of representative industry segments. PECO and NRECA, however, make a compelling argument that consistent confirmation deadlines among OASIS nodes are needed before Phase II. In addition, the Commercial Practices Group is now available to review this matter and give us its recommendations on how we should proceed. We, therefore, request that the Commercial Practices Group examine the development of proposed Phase IA deadlines and make recommendations to us on this issue by August 31, 1998.

F. Data Elements in the Templates Are to be Fixed in Sequence and Number, and Are Not to Differ Among OASIS Nodes

The How Group asks us to reconsider our Order No. 889-A clarification that data elements in OASIS templates must be fixed in sequence and number, and are not to differ from OASIS node to OASIS node. The How Group contends that this does not permit the introduction of new fields to existing templates and it stifles OASIS innovation by transmission providers.

Commission Conclusion

The Commission continues to believe that permitting transmission providers to reorder and add their own information to OASIS templates defeats the purpose of standardizing electronic communication across all OASIS nodes. Standardization

of electronic communication across all OASIS nodes is the underlying principle that permits efficient movement of power across the grid by making it easier for customers to locate information in a timely manner across various OASIS nodes. As we have stated before, when the industry proposes modifications to the standards, we will continue to order revisions to the S&CP Document, thus implementing across-the-board changes to the templates for all OASIS nodes, as necessary. 1/ Moreover, even though we will continue to be responsive to requests to revise the S&CP Document as warranted, the proper forum for challenging issues first decided in Order No. 889-A (such as this one) would have been in a timely request for rehearing of Order No. 889-A.

G. **The Meaning of Disclosure of a Discount Given to a Particular Customer**

89/ Order No. 889-A, FERC Stats. & Regs. at 30,574.

The How Group asks the Commission to clarify the definition of what constitutes a transmission price "discount." The How Group's June 27, 1997 letter states that it understands the Commission's definition to be any price below the tariff or ceiling price. The August 12, 1997 How Group letter requests clarification that, for the purpose of requiring disclosure of any transmission price discount given to a particular customer, the transmission price discount should be defined as any negotiated price different from the offer price that has been posted on the OASIS. The How Group proposes to identify transmission price discounts in two ways: (1) discounts from the ceiling price and (2) discounts stemming from negotiations regardless of whether the initial offer was the ceiling price. All discounts would be identified by posting the discounted price next to the ceiling price in the offering templates posted by the transmission provider. Negotiated discounts would be identified by a negotiation "flag" in the TRANSSTATUS template. 1/ The negotiation "flag" would enable searches for discounts given to particular customers for specific transmission services,

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90/ The "flag" would identify whether the negotiated transmission service price is higher or lower than a transmission provider's offering price. A negotiated price may be higher than the offering price (not to exceed the ceiling price), for example, as the result of an auction on a constrained interface.

including searches by path, points of receipt and delivery, etc. 1/

Commission Conclusion

We agree with the How Group that, pursuant to our Order No. 888-A policy, a transmission price discount is present whenever a transmission price below the tariff or ceiling price is offered or negotiated by a transmission provider. The proposed use of a negotiation flag, in addition to the ceiling price and offer and bid price in the TRANSSTATUS template, meets our requirement to disclose transmission price discounts, identifying both a negotiated transmission price discount as well as an initial transmission offer price positioned below the ceiling price. We incorporate the How Group's proposal in the revised Phase IA S&CP Document.

H. **Date of Implementation for Phase IA Changes**

The How Group proposes an implementation date for its proposed Phase IA changes starting six months after approval by the Commission. This schedule would provide four months for development and beta testing and two months for training and full scale testing.

Commission Conclusion

91/ How Group Phase II Report at p. 16.

We agree with the How Group that the six-month implementation schedule is reasonable. Accordingly, we will direct that the Phase IA changes must be implemented on December 1, 1998.

I. **Impact of Phase IA Implementation**

Southern posits that the overall goal of Phase I should be to ensure a reliable core set of transmission service information in a format that is easy to access and simple to use and that Phase IA will represent progress only if it has the effect of making OASIS workable for the majority of market participants. 1/ Therefore, the resources of transmission providers and customers should be concentrated on making day-to-day OASIS operations more effective, before adding new features to OASIS. 1/ Southern contends that the benefits of Phase IA are not worth the risk of market disruption that is sure to be caused by implementing an interim and substantially new OASIS. Repeating the point it made with respect to the proposed interim measures, Southern argues that Phase IA on-line negotiations may add complexity and will impede rather than accelerate robust trading of power because it will burden OASIS without increasing throughput. It adds that linking ancillary services to transmission services further increases the data entry requirements of the transmission

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92/ Southern Comments on Phase IA at pp. 1-6.

93/ Southern Comments on Phase IA at p.2.

provider and further increases the data that must be transferred between the provider and customer.

Commission Conclusion

As noted, Southern repeats its contention that interim measures for on-line negotiations may add complexity and impede rather than accelerate robust trading of power because it will increase the burden of using OASIS without increasing its throughput. Nonetheless, the policies that led to the changes at issue here were adopted by the Commission in Order No. 889-A after a full review on rehearing of Order No. 889. The proper forum to challenge the Commission's findings in Order No. 889-A would have been in a timely request for rehearing of that order. At this juncture, we are not persuaded to revise our policies concerning on-line negotiations and ancillary services.

J. **Uniform Formats for Organizational Charts and Job Descriptions**

In American Electric Power Services Corp., 81 FERC ¶ 61,332 at 62,512 (1997), order on reh'g and clarification, 82 FERC ¶ 61,131 at 61,470-71 (1998), the Commission required transmission providers to post organizational charts and job descriptions on their OASIS nodes. Currently, transmission providers use many different software programs to create and post organizational charts and job descriptions including, but not limited to, Adobe Systems Incorporated's portable document format

("PDF"), Microsoft Corporation's "Word", and hypertext marked language ("HTML").

Because the transmission providers do not provide the organizational charts and/or job descriptions in standardized formats, industry participants have difficulty viewing and downloading the information. To rectify this problem, we encourage the industry to reach consensus on an industry-wide uniform format, which could be easily obtained and widely used by industry participants, to cover both organizational charts and job descriptions, or at a minimum, one uniform format for organizational charts and another uniform format for job descriptions. To this end, we request that the How Group, within 90 days of the date of issuance of this order, develop an industry-wide uniform format for organizational charts and job descriptions, and submit its recommendations on this issue to the Commission.

III. **EFFECTIVE DATE AND CONGRESSIONAL NOTIFICATION**

Version 1.1 of the S&CP Document, as modified herein, will take effect 60 days from the publication of this order in the Federal Register. Version 1.2 of the S&CP Document, as modified herein, will take effect on December 1, 1998. The revisions to § 4.3.7.b of Version 1.2 of the S&CP Document, pertaining to the masking of source and sink information, will take effect on January 1, 1999.

The Commission has determined, with the concurrence of the Administrator of the Office of Information and Regulatory Affairs of the Office of Management and Budget, that this Rule is not a "major rule" within the meaning of section 351 of the Small Business Regulatory Enforcement Act of 1996. 1/ The Commission will submit the rule to both houses of Congress and the Comptroller General prior to its publication in the Federal Register.

The Commission orders:

(A) The current S&CP Document (Version 1.1) is hereby modified, as discussed in the body of this order, to incorporate the interim procedures on price negotiation. This directive is to become effective 60 days from the date of publication of this order in the Federal Register. The S&CP Document (Version 1.1), as modified herein, will be superseded by the revised S&CP Document (Version 1.2), as shown on Attachment 2 to this order, upon the effective date of the revised S&CP Document (Version 1.2) ordered below in Ordering Paragraph (B).

94/ 5 U.S.C. § 804(2).

(B) The revised S&CP Document (Version 1.2), as shown on Attachment 2 to this order, is hereby adopted for use by Transmission Providers, to become effective on December 1, 1998, as discussed in the body of this order.

(C) The revised S&CP Document (Version 1.2) is hereby modified, as discussed in the body of this order, to revise references in § 4.3.7.b pertaining to the masking of source and sink information, to become effective on January 1, 1999.

By the Commission. Commissioner Bailey dissented in part with a separate statement attached. Commissioner Hébert concurred.

(S E A L)

David P. Boergers,
Acting Secretary.

ATTACHMENT 1

ABBREVIATIONS OF NAMES USED IN ORDER

Entity Name	Abbreviation
Alabama Power Company	(Alabama Power)
American Electric Power	(AEP)
American Public Power Association	(APPA)
Central Illinois Lighting Company	(CILCO)
Coalition for a Competitive Electric Market	(CCEM)
Commercial Practices Working Group	(Commercial Practices Group)
Commonwealth Edison Company	(Commonwealth Edison)
Continental Power Exchange	(CPEX)

Electric Clearinghouse, Inc.	(Electric Clearinghouse)
Electric Power Research Institute	(EPRI)
Electric Power Suppliers Association	(EPSA)
Florida Power Corporation	(Florida Power Corp)
Georgia Power Company	(Georgia Power)
Gulf Power Company	(Gulf Power)
Mississippi Power Company	(Mississippi Power)
OASIS How Working Group (EPRI)	(How Group)
National Rural Electric Cooperative Association	(NRECA)
New York Power Pool	(NYPP)
New York State Electric & Gas Corp.	(NYSEG)
North American Electric Reliability Council	(NERC)
Pennsylvania - New Jersey - Maryland Power Pool	(PJM)
PECO Energy Company - Power Team	(PECO)
PECO Energy Company - Power Team and Vitol Gas & Electric, Ltd.	(PECO Energy)
Savannah Electric and Power Company	(Savannah)
Southern Company Services, Inc.	(Southern

BAILEY, Commissioner, dissenting in part

I respectfully dissent from the decision to require the unmasking of source and sink information and the posting of such information, for public inspection, on a transmission provider's open access same-time information system (OASIS).

In my judgment, this case presents a difficult balancing issue. Specifically, it raises the issue of whether the public divulgence of (what certain commenters characterize as) commercially and competitively sensitive information is outweighed by the public's and the Commission's need for such information for the purpose of detecting possible undue discrimination or preference in the provision of transmission service.

This issue -- the balance between protecting commercially sensitive business information and requiring its disclosure for the purpose of monitoring and enforcement -- is a recurring one. I have previously discussed the issue in the context of separation of functions requirements applicable to transmission providers 1/ and reporting and filing requirements applicable to power suppliers with market-based rate authority. 1/

I view this issue as particularly important as wholesale power markets initiate and continue their development to competitive markets. From a regulator's perspective, it presents a difficult quandary. Should we require the divulgence of additional information to promote our monitoring of the competitive market, when we suspect or are informed that

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95/See American Electric Power Service Corporation, et al., 81 FERC ¶ 61,332 (1997), order on reh'g, 82 FERC ¶ 61,131 (1998), reh'g pending.

96/See AES Huntington Beach, et al., L.L.C., 83 FERC ¶ 61,100 (1998).

divulgence of such information would act to hinder operation of the very competitive market we are attempting to foster?

Here, the information at issue is what the order characterizes as "source and sink" information. Source and sink information helps to define the transmission service. Specifically, it identifies the location of the generation resource and the location of the load to be served.

This is very important information to the extent it allows the transmission provider to assess the demands a request for transmission service will place on its transmission system. I want to be clear that I have absolutely no problem with the divulgence of source and sink information, and any other related information, to the transmission provider and any other entities, for the purpose of promoting the reliability of the system and implementing appropriate line loading relief procedures.

The question here, however, is very different -- whether such information should be made **publicly** available, by postings on the OASIS, to the public and to the Commission.

Here, we see different viewpoints on the subject. We are informed that transmission providers are, for the most part, indifferent on the subject and simply want to be apprised of their OASIS posting obligations in the aftermath of Order No. 889-A, which required the on-line posting and negotiation of transmission discounts and the unmasking of party names. (The OASIS "How" Working Group, a representative industry coalition that periodically makes recommendations as to proposed improvements in OASIS procedures and protocols, takes no position on the subject and simply seeks Commission "clarification" as to whether the unmasking of names also requires the unmasking of source and sink information.)

Transmission customers, on the other hand, offer strong opinion on the subject. Power marketers and power producers articulate strong opposition to the OASIS posting of source and sink information. They believe that this information is commercially and competitively sensitive, and that the public divulgence of the information will stifle the development of competitive markets (particularly markets for short-term energy transactions) and seriously impair their ability to act as market intermediaries identifying and matching sellers and purchasers.

Transmission customers without generation for sale offer a different judgment. They believe that the disclosure of source and sink information, identifying generation and load, will promote transparency of utility operations and better enable customers and the Commission to detect undue discrimination.

Today's order strikes a balance in favor of disclosure. It finds that the information is necessary to better enable customers and the Commission to detect and remedy undue discrimination and preference in the provision of open access transmission service. It also finds that disclosure is helpful in promoting the accuracy of the numbers -- available transmission capacity (ATC) and total transmission capacity (TTC) -- that transmission providers must post on the OASIS.

The order also helps to protect the commercial and competitive sensitivity of source and sink information by delaying the posting of such information until the time a transmission customer has confirmed that it wishes to finalize the transaction. In this manner, other transmission providers will not be able to swoop in and pirate off pending transactions, through the use of source and sink information, while they are still in the process of negotiation. In addition, the order delays until January 1, 1999 the date by which transmission providers must begin to post on the OASIS the source and sink information provided by transmission customers.

I find this delay in the public posting of source and sink information to be helpful in mitigating the commercial and competitive consequences of disclosure. Nevertheless, even with the delay in posting, I remain of the opinion that the balance tips in favor of protecting commercially and competitively sensitive information against public disclosure. I base this judgment on several considerations.

First, I remain unconvinced whether the unmasking of this information is necessary or represents the best, or even an appropriate, method of improving our ability to detect undue discrimination or promote the validity of OASIS postings. The Electric Power Supply Association, for example, in its comments refers to using source and sink information for enforcement purposes as "akin to going after a bug with a cannon instead of a fly swatter." I wonder whether there are more narrowly-tailored solutions, such as upgrading the data retention or auditing procedures of Order No. 889.

Second, I am struck by the fact that a large segment of the transmission customer community -- power marketers and suppliers

-- which has an obvious interest in promoting competitive markets and utility compliance with our open access and OASIS initiatives actually **opposes** this initiative. To the extent we act to improve our enforcement mechanisms to the benefit of transmission customers, I would hope to see greater unanimity of support among such purported beneficiaries. In this regard, the commenters which oppose the unmasking of source and sink information are among those attendees at our July, 1997 technical conference on OASIS implementation which expressed great concern for the validity and usefulness of OASIS postings and procedures and urged a number of proposed improvements. However, unmasking of source and sink information was not one of the improvements advanced for our consideration.

Third, as today's order recognizes, the Commission itself recently reaffirmed -- as recently as March 1997 in Order No. 888-A -- the commercial and competitive sensitivity of source and sink information by providing in the pro forma transmission tariff that such information would remain confidential, except in certain limited circumstances. What circumstances have transpired in the last year as to defeat the presumption of confidentiality and to compel a reversal and the disclosure of such information at this time?

Fourth, we have incomplete information upon which to take the significant step of changing our mind and now unmasking information concerning the location of generation and load. The Commission is advancing an order on a variation of that which was set for notice and comment last summer. We have not elicited comments on whether delaying the posting of this information until the time of transaction finalization, or delaying the effectiveness of revisions to the OASIS Standards and Communications Protocols Document for seven months (until January 1, 1999), is sufficient to mitigate the competitive concerns of the commenters. The Coalition for a Competitive Market (CCEM) suggests, as an alternative, that the Commission could balance its concerns by further delaying disclosure of source and sink information for 30 days after a request for service is accepted, denied or withdrawn.

I am basing my decision on the pleadings as compiled in this proceeding. Upon the submission of further comment (such as in petitions for rehearing) as to the balancing of interests between protecting commercially and competitively sensitive

information and using such information to promote enforcement and monitoring of markets, I could be persuaded to adopt a different balance.

At this time, however, I believe that the Commission's very important interest in monitoring markets and protecting against the abuse of monopoly power by transmission providers does **not** outweigh the Commission's interest in protecting this type of commercially and competitively sensitive information and, thereby, promoting a vigorous and thriving wholesale power market.

For all of these reasons, I **dissent** from the decision to require the unmasking of source and sink information and to adopt revised procedures in the OASIS Standards and Communications Protocols Document to reflect this unmasking of information. I **concur** in all other respects with the findings of the order.

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Vicky A. Bailey
Commissioner