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

**AVAILABILITY OF) DOCKET NO. RM11-12-000
E-TAG INFORMATION TO)
COMMISSION STAFF)**

**COMMENTS OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
IN RESPONSE TO NOTICE OF PROPOSED RULEMAKING**

Gerald W. Cauley
President and Chief Executive Officer
David N. Cook
Senior Vice President and General Counsel
North American Electric Reliability
Corporation
116-390 Village Boulevard
Princeton, NJ 08540-5721
(609) 452-8060
(609) 452-9550 – facsimile
david.cook@nerc.net

Holly A. Hawkins
Assistant General Counsel for Standards and
Critical Infrastructure Protection
Willie L. Phillips
Attorney
North American Electric Reliability
Corporation
1120 G Street, N.W.
Suite 990
Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
holly.hawkins@nerc.net
willie.phillips@nerc.net

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I. INTRODUCTION

The North American Electric Reliability Corporation (“NERC”) hereby provides these comments in response to the Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) April 21, 2011 Notice of Proposed Rulemaking (“NOPR”) regarding the availability of electronic tag (“e-Tag”) information to Commission staff.¹ In the NOPR, the Commission proposes to require NERC to make available to Commission staff, on an ongoing basis, access to the complete e-Tags used to schedule the transmission of electric power transactions in wholesale markets. According to the NOPR, the Commission intends to use e-Tag information to aid in market monitoring and the prevention of market manipulation, assuring just and reasonable rates, and monitoring compliance with business practice standards adopted by the North American Energy Standards Board (“NAESB”).²

NERC’s mission, as the FERC-designated Electric Reliability Organization (“ERO”),³ is to ensure the reliability of the bulk power system in North America by, in part, developing and enforcing mandatory Reliability Standards. NERC’s reliability mandate under section 215 of the Federal Power Act (“FPA”) does not include authority to monitor and enforce market-based issues.⁴ The NOPR invites comment on the benefits or drawbacks of FERC obtaining e-Tag information from NERC rather than from individual market participants.⁵ By this filing, NERC submits comments in response to the NOPR.

¹ *Availability of E-Tag Information to Commission Staff*, 135 FERC ¶ 61,052 (April 21, 2011) (“NOPR”).

² NOPR at p. 1.

³ *See North American Electric Reliability Corporation, “Order Certifying North American Electric Reliability Corporation as the Electric Reliability Organization and Ordering Compliance Filing,”* 116 FERC ¶ 61,062 (July 20, 2006).

⁴ *See Mandatory Reliability Standards for the Calculation of Available Transfer Capability, Capacity Benefit Margins, Transmission Reliability Margins, Total Transfer Capability, and Existing Transmission Commitments and Mandatory Reliability Standards for the Bulk-Power System*, Order No. 729, 129 FERC ¶ 61,155 at P 109 (2009).

⁵ NOPR at P 8.

II. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed to:

Gerald W. Cauley
President and Chief Executive Officer
David N. Cook*
Senior Vice President and General
Counsel
North American Electric Reliability
Corporation
116-390 Village Boulevard
Princeton, NJ 08540-5721
(609) 452-8060
(609) 452-9550 – facsimile
david.cook@nerc.net

Holly A. Hawkins*
Assistant General Counsel
Willie L. Phillips*
Attorney
North American Electric Reliability
Corporation
1120 G Street, N.W., Suite 990
Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
Holly.hawkins@nerc.net
willie.phillips@nerc.net

*Persons to be included on the Commission's service list are indicated with an asterisk. NERC requests waiver of the Commission's rules and regulations to permit the inclusion of more than two people on the service list.

III. DISCUSSION

a. Background

E-Tags (or Requests for Interchange) are used to schedule interchange transactions in wholesale markets.⁶ NERC defines interchange transactions “as an agreement to transfer energy from a seller to a buyer that crosses one or more Balancing Authority Area boundaries.”⁷ Additionally, e-Tags are sometimes used to schedule transactions internal to a single Balancing Authority Area as well.

⁶ NOPR at P 6.

⁷ *Glossary of Terms Used in NERC Reliability Standards* (May 24, 2011), available at: http://www.nerc.com/files/Glossary_of_Terms_2011May24.pdf.

Tags (the predecessor to e-Tags) were created to ensure that when transmission congestion occurred, entities could quickly identify what generation was contributing to the congestion and modify dispatch to mitigate the congestion. To further improve this capability, NERC's predecessor, the North American Electric Reliability Council and industry stakeholders developed the interim Interchange Distribution Calculator ("iIDC," the predecessor to the current Interchange Distribution Calculator ("IDC")) to aid in the determination of what transactions physically impacted congested facilities.

NERC initially implemented e-Tags in the Eastern Interconnection on September 22, 1999, to improve the speed and efficiency of the tagging process.⁸ In addition to interchange schedule coordination, e-Tag data is used to "assist Reliability Coordinators in identifying transactions that need to be curtailed for relieving overload when transmission constraints occur."⁹

The NOPR explains:

E-Tags require that, prior to scheduling transactions, one of the market participants involved in a transaction must submit certain transaction-specific information, such as the source and sink control areas (now referred to as Balancing Authority Areas) and control areas along the contract path, as well as the transaction's level of priority and transmission reservation Open Access Same-Time Information System reference numbers, to control area operators and transmission operators on the contract path.¹⁰

Moreover, e-Tags are submitted in accordance with the NAESB business practice standards incorporated by reference into the Commission's regulations, which makes compliance with

⁸ NOPR at P 11.

⁹ NOPR at P 6.

¹⁰ NOPR at P 11.

NAESB standards mandatory.¹¹ NERC and NAESB coordinate the development of business practice standards and Reliability Standards to ensure the avoidance of potential conflicts.¹²

E-Tags in the Eastern Interconnection are ultimately delivered to the IDC. Since its implementation, the IDC has supported NERC Reliability Coordinators in the administration of the NERC Transmission Loading Relief (“TLR”) procedures. Specifically, the purpose of the IDC is to aid Reliability Coordinators in the Eastern Interconnection in implementing the TLR procedures as specified by NERC in Reliability Standard IRO-006 and by the NAESB Business Practice Standard WEQ-008. When a TLR is issued by a Reliability Coordinator and a curtailment quantity is requested, the IDC specifies e-Tag and market flow curtailment quantities by TLR level and priority (as well as firm generation redispatch if TLR Level 5 or higher is invoked).

b. NERC’s role in IDC and E-Tag

NERC served as a technology incubator for e-Tagging, and with the exception of the very earliest tagging systems based on e-mail and Excel worksheets, NERC has not owned or operated an e-Tag system. NERC facilitated the creation of the e-Tag Specifications and Schema, which were then used by software vendors and the industry to develop e-Tagging tools. NERC transferred responsibility for the e-Tag Specifications and Schema to NAESB effective October 27, 2009.

NERC currently contracts for IDC operation services with Open Access Technology International, Inc. (“OATI”) through the Interchange Distribution Calculator Operation Services Extension Agreement, dated April 1, 2008 (the “IDC Extension Agreement”). The IDC Extension Agreement pertains only to the Eastern Interconnection. On April 29, 2011, NERC

¹¹ NOPR at P 6.

¹² NOPR at P 4.

gave OATI formal notice under the IDC Extension Agreement¹³ that NERC will not extend the IDC Extension Agreement when the current term expires in March 2013. Under the IDC Extension Agreement, NERC may only authorize OATI to grant access to e-Tag data in accordance with the IDC Extension Agreement, which states that “[t]he Topology Data, Tag Data, power flow models, market data provided to the IDC and archival data used to provide the IDC Operation Services are the sole property of NERC and Operating Reliability Entities.”¹⁴ Given that e-Tag data provided to the IDC is jointly owned by NERC *and* the Operating Reliability Entities (*i.e.*, Balancing Authorities, Reliability Coordinators and Transmission Service Providers), NERC alone cannot grant rights to the e-Tag data without prior authorization from the Operating Reliability Entities.

Therefore, the Commission must seek approval from the Operating Reliability Entities in order to have access to the e-Tag data. Once such authorization is acquired, FERC would then need to work directly with OATI to determine how this data would be accessed, and pay any related costs.

c. WECC and the Western Interconnection

As noted above, e-Tag information provided to the IDC is used for the Eastern Interconnection. Instead of the IDC, WECC utilizes the WECC Interchange Tool (“WIT”), which is the Tagging Authority Service for the Western Interconnection. WECC contracts with OATI directly for this service.

As such, NERC does not have access to e-Tag data in WECC, except to the extent that it can request e-Tag information as it performs its compliance-related duties, or to the extent that data is shared with the Eastern Interconnection (as may be the case for transactions scheduled

¹³ See Section 7 of the IDC Extension Agreement.

¹⁴ Section 4.3 of the IDC Extension Agreement.

between Interconnections). In order to gain access to WECC e-Tag data, FERC should contact WECC or the WIT Users directly to determine what authorization or other actions are required.

d. TRE and ERCOT

ERCOT, as the single Reliability Coordinator for TRE, is responsible for e-Tag duties in its region. The interactions between ERCOT, Southwest Power Pool, and *Comision Federal de Electricidad* for the purposes of e-Tagging energy transactions across DC-ties are governed by ERCOT Operating Procedures.¹⁵

Similar to WECC, NERC does not have access to ERCOT e-Tag data, except to the extent that it can request e-Tag information as it performs its compliance-related duties, or to the extent that data is shared with the Eastern Interconnection (as may be the case for transactions scheduled between Interconnections). As with the IDC and WIT, FERC must contact TRE and ERCOT directly to determine what authorization or other actions are required in order to gain access e-Tag data for the region.

e. Scope of Section 215

As a separate matter, NERC has a concern about the overall nature of the Commission's proposal. The Commission stated the purpose of the proposed data collection as follows:

We believe that access to this information would enhance the Commission staff's efforts to monitor market developments and prevent market manipulation, assure just and reasonable rates, and in monitoring compliance with certain NAESB business practice standards.¹⁶

¹⁵ ERCOT Operating Procedures, available at <http://www.ercot.com/mktrules/guides/procedures/>.

¹⁶ NOPR at P 7.

Those subjects are outside the scope of section 215. NERC questions whether it should be implicated in subjects and activities that are outside the confines of section 215. NERC believes it is contrary to the section 215 for the Commission to make use of section 215 to pursue matters that are outside the scope of section 215.

The NOPR does not describe how the Commission staff will collect or use the e-Tag data. It asserts, at P 20, that the burden placed on NERC will be *de minimis* and will only involve NERC's giving consent to the Commission staff's having access to the e-Tag data. In the absence of information about how the Commission staff will collect and use the e-Tag data, it is not clear that NERC's involvement will be so limited.

Moreover, the NOPR also poses the question of whether the market-monitoring units of ISOs and RTOs should also be given access to e-tag data. The NOPR contains no discussion about what NERC's role would be in the event the Commission were to determine that e-Tag data should be provided to market monitors.

IV. CONCLUSION

NERC alone cannot grant the Commission access to e-Tag data for the Eastern Interconnection. As a prerequisite to NERC providing e-Tag data for the Eastern Interconnection, NERC must have authorization from the Operating Reliability Entities in accordance with the IDC Extension Agreement. Furthermore, NERC will no longer be a party to the IDC Extension Agreement after March 2013. NERC has no contractual relationship regarding e-tag data for the Western Interconnection or ERCOT, and it does not otherwise collect such data on an ongoing basis. NERC suggests that before pursuing these matters further, the Commission should convene a technical conference to discuss and fully explore the issues presented by the NOPR and these comments.

Gerald W. Cauley
President and Chief Executive Officer
David N. Cook
Senior Vice President and General Counsel
North American Electric Reliability Corporation
116-390 Village Boulevard
Princeton, NJ 08540-5721
(609) 452-8060
(609) 452-9550 – facsimile
david.cook@nerc.net

Respectfully submitted,

/s/ Willie L. Phillips
Holly A. Hawkins
Assistant General Counsel for Standards
and Critical Infrastructure Protection
Willie L. Phillips
Attorney
North American Electric Reliability
Corporation
1120 G Street, N.W.
Suite 990
Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
holly.hawkins@nerc.net
willie.phillips@nerc.net

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 27th day of June, 2011.

/s/ Willie L. Phillips
Willie. L Phillips
Attorney for North American Electric
Reliability Corporation