



FEDERAL ENERGY REGULATORY COMMISSION

NEWS

June 19, 2008

Docket Nos. RM05-17-003, 002, RM05-25-003 and OA08-62-000

NEWS MEDIA CONTACT

Barbara A. Connors - 202.502.8680

FERC Reaffirms OATT Rule

The Federal Energy Regulatory Commission (FERC) today largely reaffirmed its rule on open access transmission, Order No. 890, issued in 2007 and its later rehearing order, Order No. 890-A. Today's ruling provides clarification and guidance on the landmark rule.

Also today, FERC accepted the Order No. 890 transmission planning process compliance filing for California Independent System Operator Corporation (OA08-62-000). FERC accepted CAISO's filing subject to a further compliance filing. Order No. 890 requires regional transmission planning and improvements in transparency of the planning process; FERC accepted six similar compliance filings in May.

The reforms that FERC affirmed in Order No. 890 are designed to: (1) strengthen the pro forma open access transmission tariff (OATT) to ensure that it achieves its original purpose of remedying undue discrimination; (2) provide greater specificity to reduce opportunities for undue discrimination and facilitate the Commission's enforcement; and (3) increase transparency in the rules applicable to planning and use of the transmission system.

Order No. 890, *Promoting Undue Discrimination and Preference in Transmission Service*, reforms the open access regulatory framework first set out in Order Nos. 888 and 889 in 1996. The rule ensures that transmission service is provided on a nondiscriminatory, just and reasonable basis and helps provide the foundation for a competitive electric power market. Order No. 890 also provides for more effective regulation and transparency in the operation of the transmission grid.

"With today's orders we are continuing our progress toward more perfect competition through open access and improved regional planning," FERC Chairman Joseph T. Kelliher said. "The open access transmission tariff helps achieve the core objective of remedying undue discrimination in providing transmission service. A consistent framework and a more transparent planning process help ensure a non-discriminatory transmission network and a competitive electric power market that will benefit electric power customers."

FERC reaffirmed its rationale for issuing Order No. 890 and Order No. 890-A— to correct flaws in the 1996 ruling – by reforming the terms and conditions of the OATT.

FERC noted in Order No. 890-A that work was "well underway" to develop consistent available transfer capability (ATC) calculation in coordination with the North American Electric Reliability Corporation and the North American Energy Standards Board and reaffirmed that adjacent transmission providers must coordinate and exchange data and assumption to achieve consistent ATC values on either side of an interface.

FERC also noted in Order No. 890-A that "substantial resources" have been dedicated to the development of transmission planning processes in response to Order No. 890. FERC reiterated that





“transmission planning is critical because it is the means by which customers consider and access new sources of energy.”

The order affirms, and in some cases clarifies, FERC’s position as stated in Order No. 890 regarding, among other issues:

- the methodology for calculating ATC;
- standardization of energy and generation imbalance charges;
- rollover rights; and
- rules regarding the designation and undesignation of network resources.

Today’s rule becomes effective 60 days after publication in the *Federal Register*.

(30)

R-08-42