

124 FERC ¶ 61,317
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Standards for Business Practices and
Communication Protocols for Public Utilities

Docket Nos. RM05-5-005
and RM05-5-006

ORDER NO. 676-D

ORDER GRANTING CLARIFICATION
AND DENYING REHEARING

(Issued September 30, 2008)

1. In this order, the Commission clarifies Order No. 676-C¹ to provide: (1) that the implementation date for Appendix D of the North American Energy Standards Board (NAESB) Standard WEQ-008 -- Transmission Loading Relief - Eastern Interconnection (TLR) -- is the date of the completion by the North American Electric Reliability Corporation (NERC) of its field tests of the TLR procedures referenced in Order No. 676-C, because completion of these tests automatically transfers responsibility over these matters to the North American Standards Board (NAESB); and (2) that the implementation date of October 1, 2008 for Standard WEQ-012 -- Public Key Infrastructure (PKI) -- does not mean that public utilities are required by October 1, 2008 to obtain a PKI compliant certificate from an authorized certification authority (Certification Authority).²

¹ *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676-C, 73 Fed. Reg. 43,848 (July 29, 2008), FERC Stats. & Regs. ¶ 31,274 (July 21, 2008).

² However, if they do enter a contract with a Certification Authority on or after October 1, 2008 (the implementation date of Standard WEQ-012), they must do so in accordance with the requirements of this standard.

I. Background

2. In Order No. 676-C, the Commission amended its regulations under the Federal Power Act (FPA)³ to incorporate by reference the latest version (Version 001) of certain business practice standards adopted by the Wholesale Electric Quadrant (WEQ) of the NAESB concerning: (1) Open Access Same-Time Information Systems (OASIS); (2) gas/electric coordination; and (3) four business practice standards relating to reliability issues. In addition, the Commission amended its regulations to incorporate by reference NAESB's new standards on TLR and PKI and to add a new OASIS implementation guide.

3. In response to the Commission's issuance of Order No. 676-C, the Midwest Independent Transmission System Operator, Inc. (Midwest ISO) filed a motion for clarification and a group of six independent system operators (ISOs) and regional transmission organizations (RTOs)⁴ filed a request for clarification or, in the alternative, rehearing. Midwest ISO seeks clarification of whether the implementation date for Appendix D of Standard WEQ-008 TLR is the date on which (1) NERC completes its TLR field tests or (2) NERC transfers the standard to NAESB. In essence, the ISOs/RTOs are seeking an industry-wide extension of time for implementation of the requirement to enter contracts with an authorized Certification Authority.⁵

II. Discussion

A. Implementation Date for Appendix D

4. In Order No. 676-C, the Commission incorporated by reference the Regional Differences Section in Appendix D of the WEQ-008 TLR-Eastern Interconnection standards. In response to concerns raised by the Midwest ISO, the Commission did not require this standard to be implemented until after the completion of the field tests within PJM, Midwest ISO, and SPP.⁶ The Commission explained that the Regional Differences

³ 16 U.S.C. 791a, et seq.

⁴ The motion was jointly filed by the California Independent System Operator Corporation; Electric Reliability Council of Texas, Inc.; Midwest ISO; New York Independent System Operator, Inc.; PJM Interconnection, L.L.C.; and Southwest Power Pool (collectively referred to as "ISOs/RTOs").

⁵ The ISOs/RTOs are seeking clarification that Order No. 676-C does not impose such a requirement. They have, alternatively, filed a request for rehearing if the Commission finds that Order No. 676-C does impose such a requirement.

⁶ Order No. 676-C at P 70, 80.

Section currently is housed in the NERC Reliability Standards and will remain so until the completion of the field tests, at which time Section E of the NERC TLR Standard will be deleted from its Reliability Standards and transferred to the NAESB Business Practice Standards. The Commission stated that it was postponing the implementation of Appendix D until after the field tests were over and NERC has transferred its responsibility to NAESB, because this would will leave the responsibility for the Regional Differences Section in only one party's hands at a given time, and alleviate Midwest ISO's concerns.⁷

5. Midwest ISO now requests clarification as to the implementation date for these standards in the event that the completion of the field tests and the transfer of responsibility to NAESB are separate events occurring at different times.

6. NERC's Standard IRO-006-4, Section E (which corresponds to Appendix D of NAESB's TLR Standards) explicitly provides that the regional differences waivers given to PJM, Midwest ISO, and SPP are "to be retired upon completion of the field test."⁸ Thus, once NERC completes its TLR field testing, responsibility for Appendix D of the WEQ-008 TLR standards immediately transfers to NAESB. This transfer of responsibilities occurs automatically and does not require NERC to take any further steps to accomplish it. Thus, there will be no lag between the completion by NERC of its field testing and the assumption by NAESB of its responsibility for administering the Regional Differences Section under Appendix D.

B. Implementation Date for PKI

7. In Order No. 676-C, the Commission incorporated by reference into its regulations NAESB's Standard WEQ-012 on public key infrastructure (PKI),⁹ including Standard

⁷ *Id.* P 71.

⁸ NERC's Standard IRO-006-4, Section E at 5, 8. *See* <http://www.nerc.com/files/IRO-006-4.pdf>.

⁹ As the Commission explained in Order No. 676-C, the PKI standards have been created to create greater security for business transactions taking place over the Internet. Order No. 676-C at P 7. The PKI mechanism involves the use of extremely long prime numbers, called keys, to provide assurance that communications are properly protected. Two keys are involved -- a private key, which only the user has access to, and a public key, which can be accessed by anyone. The two keys work together so a message scrambled with the private key can only be unscrambled with the public key and vice versa. The more digits in these keys, the more secure the process. Similar to proving an identity through a handwritten signature offline, a digital signature is used to prove an identity online. Order No. 676-C at n.49.

WEQ-012-1.5.¹⁰ The PKI Standards are designed to provide uniform standards for an encryption system that companies can, but are not required to, use to enhance security for business transactions taking place over the Internet. The PKI Standards provide standards for: (1) who will authorize the Certification Authorities; (2) what an entity must do to qualify to be deemed an authorized Certification Authority; (3) what kind of transactions can be handled by an authorized Certification Authority; and (4) how such transactions must be handled. The Commission included these standards in the general set of standards to be implemented on October 1, 2008.¹¹

8. The ISOs/RTOs are concerned that the October 1, 2008 implementation date for WEQ-012 means that those who wish to contract with a Certification Authority to obtain a PKI compliant certificate must do this by October 1, 2008. The ISOs/RTOs add that they have been informed by NAESB that the PKI Standard was not intended to require the use of PKI standard-compliant digital certificates until after NAESB finishes its efforts to develop more specific PKI rules for OASIS functions and other software applications. The ISOs/RTOs also state that no authorized Certification Authority currently exists, so it will not be feasible to require them to enter contracts with such entities until they exist in reasonable numbers and offer services that can be evaluated.¹² The ISOs/RTOs, therefore, request an extension of time to comply with the PKI standards.

9. We find no need to grant an extension of time, because the standards do not require parties to use PKI. The standards do not require that public utilities use PKI for all business transactions over the Internet and the standards permit public utilities to conduct business transactions over the Internet that do not involve the use of authorized Certification Authorities.

10. Thus, while authorized Certification Authorities will when finalized provide better security for business transactions over the Internet by public utilities, WEQ-012 neither

¹⁰ The sole issue raised in the comments on the WEQ Version 001 NOPR regarding WEQ-012 involved the provision in WEQ-012-1.5 providing that the WEQ authorized certification authority may impose a “reasonable fee” for the issuance or renewal of certificates and other services and may not impose a fee to revoke certificates, for access to the subscriber’s certificate, or for access to an authorized certification authority’s published CRL. The Commission rejected the suggestion that it should become involved in regulating the fees charged by Certification Authorities (Order No. 676-C at P 75).

¹¹ Order No. 676-C at P 80.

¹² ISOs/RTOs Rehearing at 1-3.

requires those who wish to contract with an authorized Certification Authority to obtain a PKI compliant certificate to enter such contracts by October 1, 2008, nor does it preclude business transactions over the Internet by public utilities that do not involve authorized Certification Authorities. Accordingly, in light of this clarification, we find no need to grant the industry an extension of time for implementation and deny the ISOs/RTOs' alternative request for rehearing.

The Commission orders:

- (A) The requested clarifications are granted as discussed in the body of the order.
- (B) The alternative request for rehearing is denied.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.