

148 FERC ¶ 61,240  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Chairman;  
Philip D. Moeller, Tony Clark,  
and Norman C. Bay.

PacifiCorp

Docket No. ER14-2544-000

ORDER ACCEPTING SUBJECT TO CONDITION PROPOSED TARIFF REVISIONS  
AND DIRECTING COMPLIANCE FILING

(Issued September 29, 2014)

1. In this order, we accept subject to condition proposed revisions filed by PacifiCorp to Attachment T (Energy Imbalance Market) of its Open Access Transmission Tariff (OATT) under section 205 of the Federal Power Act,<sup>1</sup> to become effective on the dates requested by PacifiCorp for the filing. We further direct PacifiCorp to submit a compliance filing within 30 days of the date of this order.

**I. Background**

2. On March 25, 2014, PacifiCorp filed proposed revisions to its OATT to participate in the expanded real-time market for imbalance energy, or Energy Imbalance Market (EIM), being developed by the California Independent System Operator Corporation (CAISO).<sup>2</sup> These OATT amendments included a new Attachment T, which sets forth the roles and responsibilities of customers and PacifiCorp under the EIM. On June 19, 2014, the Commission conditionally accepted in part and rejected in part the EIM Tariff Filing, with the effective dates requested by PacifiCorp.<sup>3</sup>

---

<sup>1</sup> 16 U.S.C. § 824d (2012).

<sup>2</sup> Filing for Revisions to the OATT to Implement the Energy Imbalance Market, Docket No. ER14-1578-000 (Mar. 25, 2014) (EIM Tariff Filing). CAISO's EIM proposal was filed in Docket No. ER14-1386-000. *See Cal. Indep. Sys. Operator Corp.*, 147 FERC ¶ 61,231 (2014).

<sup>3</sup> *PacifiCorp*, 147 FERC ¶ 61,227 (2014) (June 19 Order). Requests for rehearing and clarification of the June 19 Order are currently pending in Docket No. ER14-1578-002. On July 18, 2014, PacifiCorp submitted its compliance filing in Docket No. ER14-1578-001 to implement the directives in the June 19 Order.

3. PacifiCorp's two balancing authority areas (BAAs)—PacifiCorp East and PacifiCorp West—are slated to be the first participants in the EIM. Under the EIM, market participants in BAAs outside of CAISO will have the opportunity to take part in the imbalance energy portion of the locational marginal price-based real-time market CAISO currently operates within its own BAA. PacifiCorp's transmission customers will be able to elect whether to bid into the EIM or continue to serve their load as they do today, either through self-supply of generation or bilateral energy purchases.

## II. PacifiCorp's Filing

4. PacifiCorp proposes two sets of amendments to its OATT Attachment T to add new sections reflecting additional circumstances PacifiCorp states it encountered as an EIM Entity (i.e., a BAA that has joined the EIM) since the submission of Attachment T as part of its initial EIM Tariff Filing.<sup>4</sup> PacifiCorp states that the proposed amendments are consistent with the existing Attachment T provisions accepted by the Commission in the June 19 Order. As to the first set of amendments, PacifiCorp is proposing to amend the provisions concerning the sub-allocation of operating reserve obligations. PacifiCorp explains that, when PacifiCorp receives a payment from CAISO for Operating Reserves it will be as a result of transmission customers' resources located in PacifiCorp's BAAs contributing to a portion of the CAISO's reserve obligation; therefore, this proposed sub-allocation methodology allows these transmission customers to receive their appropriate share of the aggregate payment for the additional generation, consistent with cost causation principles.<sup>5</sup>

5. PacifiCorp explains that CAISO has filed proposed tariff revisions in Docket No. ER14-2536-000 modifying the allocation of costs for contingency reserves that CAISO will procure to meet revised Western Electricity Coordinating Council regional reliability standard BAL-002-WECC-2.<sup>6</sup> According to PacifiCorp, CAISO has amended its tariff to include new sub-section (n) to section 29.11 (Settlements and Billing for EIM

---

<sup>4</sup> PacifiCorp Transmittal Letter at 2. PacifiCorp refers to itself throughout the PacifiCorp Transmittal Letter as the "PacifiCorp EIM Entity," defined in section 1.30F of PacifiCorp's OATT as: "[PacifiCorp] in performance of its role as an EIM Entity under the [EIM provisions of the CAISO tariff] and [PacifiCorp's] Tariff, including, but not limited to, Attachment T. The term 'PacifiCorp EIM Entity' refers collectively to the EIM Entities for both [PacifiCorp East] and [PacifiCorp West]." To minimize confusion, we simply will refer to PacifiCorp in this order.

<sup>5</sup> *Id.* at 4.

<sup>6</sup> *Id.* at 3. See Amendment to California ISO FERC Electric Tariff to Modify Allocation of Contingency Reserve Costs, Docket No. ER14-2536-000 (July 30, 2014).

Market Participants) to reflect the allocation and settlement of operating reserve obligations to EIM Entity Scheduling Coordinators for EIM Transfers.<sup>7</sup> PacifiCorp states that, accordingly, it proposes adding a new section 8.9 (Operating Reserve Obligations) to its Attachment T that addresses the appropriate sub-allocation of these charges and payments from CAISO to PacifiCorp.<sup>8</sup>

6. PacifiCorp states that under section 8.9, any payments of operating reserve obligations made to PacifiCorp pursuant to section 29.11(n)(1) of the CAISO tariff will be sub-allocated to PacifiCorp transmission customers with resources participating in the EIM (PacifiCorp EIM Participating Resources), based on whether EIM Transfers during the operating hour occur both from PacifiCorp West to CAISO and between the PacifiCorp BAAs, or only from PacifiCorp West to CAISO. Specifically:

- a. Payments for operating hours during which EIM Transfers from the PacifiCorp West BAA to the CAISO BAA occurred will be sub-allocated to transmission customers with PacifiCorp EIM Participating Resources in the PacifiCorp West BAA on a ratio-share basis, defined as the proportion of the volume of a PacifiCorp EIM Participating Resource dispatched during the operating hour compared to the total volume of all PacifiCorp EIM Participating Resources dispatched in the PacifiCorp West BAA for the operating hour.<sup>9</sup>
- b. Payments for operating hours during which EIM Transfers both from the PacifiCorp East BAA to the PacifiCorp West BAA and from the PacifiCorp West BAA to the CAISO BAA occurred will be sub-allocated to transmission customers with PacifiCorp EIM Participating Resources in the PacifiCorp East and/or PacifiCorp West BAAs on a ratio-share basis, using the ratio of the volume of a PacifiCorp EIM Participating Resource dispatched during the operating hour compared to the total volume of all PacifiCorp EIM

---

<sup>7</sup> Section 1.11H of PacifiCorp's OATT defines an "EIM Transfer" as the transfer of real-time energy resulting from an EIM dispatch instruction either between PacifiCorp's BAAs, between a PacifiCorp BAA and the CAISO BAA, between a PacifiCorp BAA and another EIM Entity's BAA, or between the CAISO BAA and another EIM Entity BAA using transmission capacity available in the EIM.

<sup>8</sup> An order on CAISO's filing to revise section 29.11 of its tariff is being issued concurrently in Docket No. ER14-2536-000.

<sup>9</sup> PacifiCorp Transmittal Letter at 3.

Participating Resources dispatched in both the PacifiCorp West and PacifiCorp East BAAs for the operating hour.<sup>10</sup>

7. PacifiCorp asserts that the distinction set forth in section 8.9 is necessary in light of the configuration and operation of PacifiCorp's transmission system and its two BAAs with regard to EIM Transfers.<sup>11</sup> PacifiCorp states that during operating hours in which there will only be EIM Transfers from the PacifiCorp West BAA to the CAISO BAA, there necessarily would be no dispatch from resources located within the PacifiCorp East BAA included in the EIM Transfer. However, PacifiCorp adds, when EIM Transfers occur from both the PacifiCorp East and PacifiCorp West BAAs during an operating hour, PacifiCorp may not be able to specifically identify which resources are being dispatched in relation to the MWh reported on a dynamic e-Tag for EIM Transfers. According to PacifiCorp, when EIM Transfers in an operating hour occur from both the PacifiCorp East BAA to the PacifiCorp West BAA and the PacifiCorp West BAA to the CAISO BAA, PacifiCorp EIM Participating Resources in both of PacifiCorp's BAAs could have contributed to the EIM Transfer to the CAISO BAA. Therefore, PacifiCorp states, all such resources are entitled to receive a portion of the payment from CAISO, on the proposed ratio-share basis.<sup>12</sup>

8. PacifiCorp proposes to sub-allocate any charges to PacifiCorp from CAISO for operating reserve obligations to transmission customers within the PacifiCorp West BAA based on measured demand.<sup>13</sup> PacifiCorp states that, presently, there is no ability for EIM Transfers to occur from the CAISO BAA directly into the PacifiCorp East BAA. As a result, PacifiCorp explains, any EIM Transfer from CAISO to a PacifiCorp BAA must be to the PacifiCorp West BAA, necessitating the allocation of operating reserve obligation charges only to transmission customers with resources located within the PacifiCorp West BAA. PacifiCorp states that it will not sub-allocate charges for operating reserve obligations to transmission customers solely within the PacifiCorp East BAA. PacifiCorp asserts that, consistent with cost causation principles, charges for operating reserves from CAISO will be sub-allocated to those loads and exports in the PacifiCorp West BAA that necessitated, and benefited from, the provision of the reserves from CAISO's BAA.

---

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 4.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

9. As to the second set of amendments, PacifiCorp proposes changes related to the submission of, and costs for, the provision of forecast data for non-participating resources that are variable energy resources. PacifiCorp states that since its submission of the EIM Tariff Filing, and as a result of increased implementation work with CAISO, it has recently obtained more information about CAISO's requirements concerning the method of submission of forecast data for variable energy resources that do not participate in the EIM, and has determined that such requirements must be reflected in PacifiCorp's Attachment T.<sup>14</sup> Accordingly, PacifiCorp proposes revisions to section 4.1.3.1 (Submission of Transmission Customer Base Schedule, forecast data for Non-Participating Resources that are Variable Energy Resources, and Resource Plans) to include, among PacifiCorp's EIM responsibilities, the provision of forecast data for non-participating variable energy resources to CAISO, consistent with the CAISO tariff's treatment of variable energy resource production forecasts. PacifiCorp notes that it initially planned to address the submission and costs of providing forecast data for these resources in its EIM business practice manual, but has since determined that the proposed provisions are material to the terms and conditions of service and therefore proposes to include them in its OATT.<sup>15</sup> PacifiCorp states that it reviewed this proposal with its stakeholders and received no objections.

10. PacifiCorp has also amended section 4.2.4.2 (Transmission Customers with Non-Participating Resources) of Attachment T to require such customers to submit resource forecast data with hourly granularity, in addition to resource forecast data with either five-minute or 15-minute granularity.<sup>16</sup> Specifically, PacifiCorp adds, a transmission customer with a non-participating resource that is a variable energy resource must provide, at minimum, a three-hour rolling forecast with 15-minute granularity, updated every 15 minutes, and may provide, in the alternative, a three-hour rolling forecast with five-minute granularity, updated every five minutes, in addition to hourly forecast data.

11. PacifiCorp also proposes to include a new section 4.2.4.2.1 (Alternative Methods for Transmission Customers with Non-Participating Resources that are Variable Energy Resources to Submit Resource Forecast Data) to provide that transmission customers with variable energy resource non-participating resources may submit resource forecast data by: (1) using PacifiCorp's variable energy resource reliability forecast prepared for variable energy resources within PacifiCorp's BAAs; (2) self-supplying the forecast data and providing such data to PacifiCorp; and (3) electing that CAISO produce forecast data

---

<sup>14</sup> *Id.* at 5.

<sup>15</sup> *Id.* at 8.

<sup>16</sup> *Id.* at 5-6.

for the variable energy resource.<sup>17</sup> PacifiCorp states that a transmission customer with a non-participating variable energy resource must elect one of these alternative methods prior to commencement of the EIM, but may change its election by providing advance notice to PacifiCorp.<sup>18</sup> Finally, PacifiCorp proposes to revise section 8.8 (Variable Energy Resource Forecast Charge) to provide that transmission customers that choose to either use PacifiCorp's reliability forecast or self-supply forecast data will be allocated any costs incurred by PacifiCorp related to the preparation and submission of resource forecast data.<sup>19</sup>

12. PacifiCorp requests an effective date of the later of October 1, 2014 or the date of EIM implementation for revised section 8.8 and new section 8.9 of Attachment T.<sup>20</sup> PacifiCorp states that this requested effective date will ensure that the provisions necessary for the sub-allocation of operating reserve obligation payments and charges and allocation of costs for the submission of non-participating variable energy resource forecast data are effective by the day the EIM commences operation. PacifiCorp notes that the addition of new section 8.9 necessitates the renumbering of subsequent sections 8.10 through 8.12, and thus requested the same effective date for these sections, as originally proposed in the EIM Tariff Filing and granted in the June 19 Order.<sup>21</sup>

13. PacifiCorp requests waiver of the Commission's prior notice requirement to permit certain provisions to become effective less than 60 days after the date PacifiCorp filed the OATT amendments with the Commission.<sup>22</sup> PacifiCorp requests that section 4.2.4.2.1 of Attachment T be made effective as of August 15, 2014, to permit transmission customers with non-participating variable energy resources to elect one of the alternative methods to comply with the forecast data submission requirements in section 4.2.4.2(4) several weeks in advance of the earliest date on which the forecast data may be provided by PacifiCorp (i.e., September 23, 2014). PacifiCorp notes that it has

---

<sup>17</sup> *Id.* at 6. PacifiCorp states that for each option above, the forecast data shall be considered to be the basis for physical changes in the output of the resource communicated to CAISO for purposes of settlement pursuant to PacifiCorp's OATT Schedule 9 (Generator Imbalance Service). *Id.*

<sup>18</sup> *Id.* at 7.

<sup>19</sup> *Id.*

<sup>20</sup> *Id.* at 8-10.

<sup>21</sup> PacifiCorp Transmittal Letter at 8.

<sup>22</sup> *Id.* at 8-9.

updated the first paragraph of section 1 of Attachment T, which enumerates the effective dates of various sub-sections in Attachment T, and thus requests an August 15, 2014 effective date for this provision as well, to the extent it refers to an effective date of August 15, 2014 for section 4.2.4.2.1. Additionally, PacifiCorp asks the Commission to make sections 4.1.3.1 and 4.2.4.2 of Attachment T effective as of September 23, 2014, consistent with the effective dates granted in the June 19 Order for sections 4.1.3 and 4.2.4.2, so that the forecast data can be used by PacifiCorp to establish transmission customer base schedules and settle imbalances upon commencement of the EIM.<sup>23</sup> Finally, to the extent that any filing requirement in Part 35 of the Commission's regulations is not satisfied by its filing, PacifiCorp requests waiver of such requirement.<sup>24</sup>

### **III. Notice and Responsive Pleadings**

14. Notice of PacifiCorp's filing was published in the *Federal Register*, 79 Fed. Reg. 46,253 (2014), with interventions and protests due on or before August 21, 2014. Timely motions to intervene were filed by the Modesto Irrigation District; Western Area Power Administration; Utah Associated Municipal Power Systems; the Cities of Santa Clara and Redding, California and the M-S-R Public Power Agency; and Western Power Trading Forum. Powerex Corporation (Powerex) filed a timely motion to intervene and protest. On August 29, 2014, PacifiCorp filed a motion for leave to answer and answer to Powerex's protest. Powerex filed a motion to answer and answer to PacifiCorp's answer on September 12, 2014. On September 19, 2014, CAISO filed a motion to intervene out-of-time in this proceeding.

15. In its protest, Powerex argues that PacifiCorp's proposed section 8.9 is not consistent with the Commission's cost causation principles because it does not ensure that a resource in a PacifiCorp BAA that provides contingency reserves is allocated the resulting contingency reserves payments from CAISO.<sup>25</sup> Powerex claims that the practical effect of PacifiCorp's proposed ratio-share sub-allocation is that any contingency reserve payments PacifiCorp receives will be allocated to all resources in the PacifiCorp BAAs that are dispatched in the EIM, rather than to the resources that actually provided the additional contingency reserves to support the EIM Transfer to CAISO.<sup>26</sup>

---

<sup>23</sup> *Id.* at 9. On September 16, 2014, PacifiCorp filed a motion seeking to modify the effective date of the tariff revisions pending in this proceeding in light of CAISO and PacifiCorp's decision to delay full activation of the EIM by one month. The Commission will address this motion in a separate order.

<sup>24</sup> *Id.* at 10.

<sup>25</sup> Powerex Comments at 7-9.

<sup>26</sup> *Id.* at 8.

Also, Powerex adds, the allocation in section 8.9 does not ensure that the entity that is responsible for procuring contingency reserves will receive any compensation for that service, which means that resources will have to recover those costs through other means.<sup>27</sup>

16. Powerex states further that PacifiCorp's proposal to allocate contingency reserve charges from CAISO based on measured demand raises three problems.<sup>28</sup> First, Powerex claims that PacifiCorp transmission customers are already subject to charges for contingency reserves under PacifiCorp's existing OATT Schedule 5 (Operating Reserve – Spinning Reserve Service) and Schedule 6 (Operating Reserve – Supplemental Reserve Service), and as a result, will face duplicative charges for contingency reserves when the energy sinks in PacifiCorp's BAAs. Second, Powerex argues that even though PacifiCorp's imports will reduce its contingency reserve requirements, PacifiCorp's proposal will not pass through any of those cost savings and, moreover, will pass all of the costs from the CAISO BAA on to PacifiCorp West load and exports.<sup>29</sup> Powerex argues that, because PacifiCorp customers will see none of the benefits of PacifiCorp's reduced contingency reserve obligation resulting from EIM Transfers from the CAISO BAA, it is patently improper for the costs of achieving those savings to be passed through to measured demand, while the savings are not.<sup>30</sup>

17. Finally, Powerex asserts that section 8.9 of Attachment T is flawed in that it makes no provision to exempt self-supply customers from the allocation of CAISO-imposed contingency reserves charges.<sup>31</sup> Powerex argues that, in contrast with PacifiCorp OATT Schedules 5 and 6, which permit transmission customers to self-supply all or a portion of their reserves requirement and thereby avoid paying Schedules 5 and 6 charges, section 8.9 of Attachment T will impose the cost of contingency reserves charged to PacifiCorp on all PacifiCorp loads and exports, even those that self-supply all required

---

<sup>27</sup> *Id.* at 9.

<sup>28</sup> *Id.* at 10.

<sup>29</sup> *Id.* at 10-11.

<sup>30</sup> *Id.* at 11.

<sup>31</sup> *Id.* at 11-12.

operating reserves.<sup>32</sup> Powerex maintains that this structure is inconsistent with Order No. 888<sup>33</sup> and other Commission precedent.

18. PacifiCorp maintains in its answer that its proposal for the sub-allocation of CAISO's payments for operating reserves is just and reasonable and consistent with cost causation principles.<sup>34</sup> In particular, PacifiCorp asserts that the sub-allocation of any such payments on a ratio-share basis recognizes the fact that PacifiCorp EIM Participating Resources dispatched during the operating hour will be providing energy that ultimately will support the EIM Transfer. PacifiCorp states that it proposed its sub-allocation methodology in order to broadly distribute the benefits associated with EIM participation, and therefore believes that its proposal is just and reasonable.<sup>35</sup>

19. However, PacifiCorp states that, to the extent that the Commission agrees with Powerex that contingency reserve payments should be distributed to specific resources that provide contingency reserves, it would be able to implement such a solution in its OATT by distributing operating reserves payments from CAISO in proportion to the aggregate contingency reserves supply offered by PacifiCorp EIM Participating Resources in any given operating hour. PacifiCorp maintains that it could obtain reserves information through the resource plan each PacifiCorp EIM Participating Resource submits to PacifiCorp and CAISO, among other potential sources.<sup>36</sup>

20. PacifiCorp states that, if directed by the Commission, it will amend proposed section 8.9 of Attachment T to specify that the ratio-share basis for sub-allocating contingency reserves payments will be based on the proportion of the volume of *operating reserves provided* by the PacifiCorp EIM Participating Resource dispatched

---

<sup>32</sup> *Id.* at 12.

<sup>33</sup> *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, *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002).

<sup>34</sup> PacifiCorp Answer at 4-5.

<sup>35</sup> *Id.* at 5.

<sup>36</sup> *Id.*

during the operating hour compared to the total volume of *operating reserves provided* by all PacifiCorp EIM Participating Resources dispatched in the PacifiCorp West BAA or in the PacifiCorp West and PacifiCorp East BAAs, as applicable, for the operating hour.<sup>37</sup>

21. PacifiCorp asserts that this clarification is just and reasonable, consistent with cost causation principles, and addresses Powerex's concerns that only those resources providing contingency reserves should be eligible to receive sub-allocated payments from the CAISO for EIM Transfers under PacifiCorp's OATT.<sup>38</sup> However, PacifiCorp cautions that, at the present time, the practical effect of passing through contingency reserves payments to the specific resources providing additional contingency reserves to support EIM Transfers to CAISO will be to sub-allocate such payments only to PacifiCorp Energy, PacifiCorp's marketing function and the balancing agent for PacifiCorp's BAAs. According to PacifiCorp, PacifiCorp Energy is currently the only PacifiCorp transmission customer providing contingency reserves under the currently-effective reliability standard for setting PacifiCorp's BAA contingency reserves obligations.

22. PacifiCorp states that, to the extent the operational provision of contingency reserves in PacifiCorp's BAAs changes and other transmission customers supply contingency reserves to meet the reserve obligation calculated pursuant to BAL-002-WECC-2, PacifiCorp would also be able to allocate payments to transmission customers with these PacifiCorp EIM Participating Resources through this further-amended section 8.9 of Attachment T.<sup>39</sup> PacifiCorp adds that transmission customers that will self-supply contingency reserves for their own generation and load would not be eligible for a distribution of contingency reserves payments, because any such resources are not offering contingency reserves for the overall BAA contingency reserves obligations.

23. Additionally, PacifiCorp explains that the rates included in PacifiCorp's OATT Schedules 5 and 6 were derived from an analysis of total PacifiCorp generation and associated costs, and ultimately reflected in an approved settlement in PacifiCorp's transmission formula rate proceeding in Docket No. ER11-3643-000.<sup>40</sup> PacifiCorp contends that these rates are not inclusive of PacifiCorp EIM Participating Resource dispatches, which result in EIM Transfers, or dispatches of CAISO resources to support

---

<sup>37</sup> *Id.* at 5-6.

<sup>38</sup> *Id.* at 6.

<sup>39</sup> *Id.*

<sup>40</sup> *Id.* at 7-8. See *PacifiCorp*, 143 FERC ¶ 61,162 (2013) (approving settlement resolving issues concerning PacifiCorp's formula rates).

EIM Transfers to the PacifiCorp West BAA. PacifiCorp adds that any incremental costs incurred by CAISO resulting from additional contingency reserves requirements from EIM Transfers represent a different set of resources and costs that would be providing PacifiCorp's BAAs with contingency reserves service. PacifiCorp maintains that it is appropriate to include these separate and additional costs in its Attachment T in this manner.

24. PacifiCorp acknowledges that due to contingency reserves pricing differences between CAISO and PacifiCorp, an analysis of the net impact of EIM dispatches may in fact reveal that there are no savings derived from contingency reserves associated with EIM Transfers from the CAISO BAA to the PacifiCorp West BAA, as claimed by Powerex.<sup>41</sup> PacifiCorp states that it has already committed to analyze EIM Transfers once it has more operational experience, as part of CAISO and PacifiCorp's stated commitment to revisit certain EIM-related transmission issues, and such analysis may be used to inform any proposals to amend the rates and terms of PacifiCorp's Schedules 5 and 6, as appropriate. PacifiCorp states that until that time, it could allocate any operating reserve charges from CAISO to PacifiCorp rather than sub-allocate them to any transmission customers.

25. Accordingly, PacifiCorp states, if directed by the Commission, it will strike the following proposed language from section 8.9 of Attachment T:

Any charges to [PacifiCorp] pursuant to Section 29.11(n)(2) of the [CAISO] Tariff for Operating Reserve Obligations shall be sub-allocated to Transmission Customers within the [PacifiCorp West] BAA based on Measured Demand. [PacifiCorp] shall not sub-allocate charges for Operating Reserve Obligations to Transmission Customers solely within the [PacifiCorp East] BAA.<sup>42</sup>

26. PacifiCorp states that this amendment ensures that its proposal to effectively retain operating reserves charges from the CAISO is just and reasonable, consistent with cost causation principles, and addresses Powerex's concerns that such charges may be duplicative of those charges already recovered by PacifiCorp from transmission customers under its OATT Schedules 5 and 6 framework.<sup>43</sup>

---

<sup>41</sup> PacifiCorp Answer at 8.

<sup>42</sup> *Id.* at 8-9.

<sup>43</sup> *Id.* at 9.

27. In its answer, Powerex asserts that, because changes in load and generation occurring in the EIM will change the level of contingency reserves required under Western Electricity Coordinating Council reliability standards, PacifiCorp will bear any resulting increase in its BAAs' contingency reserves obligations, as well as any resulting benefits when those reserves obligations are reduced.<sup>44</sup> According to Powerex, PacifiCorp benefits when EIM Transfers from CAISO into the PacifiCorp West BAA reduce required contingency reserves, because PacifiCorp does not plan to reduce its collection of Schedule 5 and Schedule 6 charges from its transmission customers. Powerex states that PacifiCorp likewise will not receive additional Schedule 5 and Schedule 6 revenues from its transmission customers to defray costs when EIM transfers from the PacifiCorp West BAA into CAISO require the procurement of additional contingency reserves. Accordingly, Powerex reasons that it is appropriate for PacifiCorp to be allocated both the operating reserves costs charged by CAISO and the operating reserves revenues paid by CAISO, and not appropriate for these charges and revenues to be sub-allocated to PacifiCorp's transmission customers.

28. Powerex therefore supports PacifiCorp's alternative proposal to bear any charges that must be paid to CAISO for operating reserves without sub-allocation to its transmission customers.<sup>45</sup> However, Powerex does not support PacifiCorp's additional alternate proposal to allocate CAISO operating reserves revenues to resources participating in the EIM in proportion to their contingency reserves in their operating plans. Powerex asserts that the EIM has nothing to do with PacifiCorp's procurement activities of the required level of contingency reserves, and that PacifiCorp, as the sole entity bearing the costs of any additional procurement, should also be allocated any ensuing revenues. Accordingly, Powerex requests that the Commission reject PacifiCorp's proposal to sub-allocate to its transmission customers any CAISO operating reserves charges or revenues.<sup>46</sup>

#### **IV. Discussion**

##### **A. Procedural Matters**

29. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2014), the timely, unopposed motions to intervene serve to make the entities that filed them parties to the proceeding. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2014), the

---

<sup>44</sup> Powerex Answer at 3.

<sup>45</sup> *Id.* at 4.

<sup>46</sup> *Id.* at 5.

Commission will grant CAISO's late-filed motion to intervene given its interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

30. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2014), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We accept the answers filed by PacifiCorp and Powerex because they have provided information that assisted us in our decision-making process.

### **B. Commission Determination**

31. We will accept subject to condition PacifiCorp's proposed OATT revisions, to become effective on the dates as requested by PacifiCorp, subject to the compliance filing discussed below. We find that PacifiCorp's proposed amendments regarding the submission of and costs for the provision of forecast data for non-participating variable energy resources in sections 4.1.3.1, 4.2.4.2, and 8.8 of Attachment T of its OATT are just and reasonable. We agree with PacifiCorp that these provisions reflect the terms and conditions of EIM service and therefore are properly included in the OATT, rather than its business practice manual. We also find that the proposed OATT amendments to align PacifiCorp's forecast provisions for non-participating variable energy resources with comparable provisions under CAISO's tariff will enable PacifiCorp to obtain better accuracy of forecast data for submission to CAISO, and fairly recover the costs of preparing or submitting such data, while providing the transmission customers owning these resources reasonable flexibility in choosing their method of providing such forecast data.

32. However, we are persuaded by protestors' concerns regarding PacifiCorp's proposal to sub-allocate operating reserves payments from CAISO using a ratio-share method based on dispatch volume, and to sub-allocate operating reserves charges from CAISO based on measured demand. In particular, we agree with Powerex that, consistent with cost causation principles, operating reserves payments should be allocated to the specific resources providing additional contingency reserves to support EIM Transfers to CAISO, instead of broadly distributed to EIM participants.<sup>47</sup> Likewise, we agree with Powerex that PacifiCorp's proposal does not ensure that the entity responsible for procuring operating reserves will receive proper compensation for providing that

---

<sup>47</sup> See, e.g., *Black Oak Energy, LLC v. FERC*, 725 F.2d 230, 237 (2013) (explaining that the cost causation principle "requires that all approved rates reflect to some degree the costs actually caused by the customer who must pay them") (quoting *E. Ky. Power Coop., Inc. v. FERC*, 489 F.3d 1299, 1303 (D.C. Cir. 2007) (internal quotation marks omitted); *KN Energy, Inc. v. FERC*, 968 F.2d 1295, 1300 (D.C. Cir. 1992) (same)).

service. We are also persuaded by Powerex's concern that PacifiCorp's proposal to sub-allocate operating reserves charges on the basis of measured demand could result in overcharging customers while not reflecting savings from EIM Transfers into the PacifiCorp BAA. We understand that PacifiCorp may not yet have the necessary data to analyze the net impact of EIM dispatches to determine if there are any savings to be realized when an import into its BAA reduces its operating reserves requirement. However, we find it would be inappropriate for PacifiCorp to pass through the costs of importing such capacity, without passing through the savings.

33. In its answer, PacifiCorp acknowledged some of these concerns and proposed to revise the sub-allocation of operating reserves payments such that the ratio-share reflects the volume of operating reserves provided by the resource, compared to the total volume of operating reserves provided by other resources in the BAA(s) during the operating hour. PacifiCorp also proposes in its answer to delete language in section 8.9 of Attachment T regarding the sub-allocation of operating reserves charges, and to allocate operating reserves charges from CAISO to PacifiCorp as the EIM Entity pending an analysis of operational data regarding EIM Transfers and consideration of the need for amendments to the rates and terms of PacifiCorp's OATT Schedules 5 and 6.

34. We find that PacifiCorp's offered modifications address our concerns by helping to ensure that the payments flow through to the resources providing the benefits. While Powerex argues that this allocation is contrary to cost causation principles, we disagree. PacifiCorp's proposed language expressly links the allocation of operating reserves payments to the volume of operating reserves provided by the resource, providing sufficient nexus between the entities incurring the costs and receiving the benefits.

35. Based upon the foregoing, we accept PacifiCorp's proposed OATT revisions, subject to the condition that PacifiCorp submit a compliance filing within 30 days of the date of this order, revising proposed section 8.9 as described in its answer.

36. We find that PacifiCorp has shown good cause to grant waiver of the Commission's prior notice requirements under section 35.11 of the Commission's regulations.<sup>48</sup> Accordingly, we grant PacifiCorp's requested effective dates, including the requested August 15, 2014 effective date for section 4.2.4.2.1 (and section 1, to the extent that it refers to an August 15, 2014 effective date for section 4.2.4.1), and the requested September 23, 2014 effective date for sections 4.1.3 and 4.2.4.2.

---

<sup>48</sup> 18 C.F.R. § 35.11 (2014). See *Central Hudson Gas and Electric Corp.*, 60 FERC ¶ 61,106, *reh'g denied*, 61 FERC ¶ 61,089 (1993).

The Commission orders:

(A) PacifiCorp's proposed revisions to Attachment T of its OATT are hereby accepted subject to condition, to become effective on the dates requested, as discussed in the body of this order.

(B) PacifiCorp is hereby directed to submit a compliance filing, within 30 days of the date of this order, as discussed in the body of this order.

(C) PacifiCorp's request for waiver of the Commission's prior notice requirement, 18 C.F.R. § 35.3(a)(1) (2014), is hereby granted, as discussed in the body of this order.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.