

149 FERC ¶ 61,168
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. ER15-9-000

ORDER ACCEPTING PROPOSED TARIFF REVISION

(Issued November 25, 2014)

1. In this order we accept an amendment to Schedule 4 (Energy Imbalance Service) of PacifiCorp's open access transmission tariff (OATT) that revises the manner in which intrachange transactions will be calculated and settled upon the commencement of the expanded Energy Imbalance Market operated by California Independent System Operator Corporation (CAISO), effective December 1, 2014, as requested.

I. Background

2. On June 19, 2014, the Commission issued an order conditionally accepting in part, subject to modifications, and rejecting in part, revisions submitted by PacifiCorp to its OATT to enable PacifiCorp's two balancing authority areas (PacifiCorp West and PacifiCorp East) to participate in the expanded Energy Imbalance Market being developed by CAISO.¹ Specifically, the Commission conditionally accepted a significant portion of PacifiCorp's Energy Imbalance Market filing, including its plan to use locational marginal prices (LMPs) resulting from the Energy Imbalance Market to settle imbalances for transmission customers who continue to take service under Schedules 4 and 9 of PacifiCorp's OATT instead of participating in the Energy Imbalance Market.

3. According to PacifiCorp, intrachange transactions are purchases or sales between PacifiCorp's transmission customers which occur internal to either of PacifiCorp's

¹ *PacifiCorp*, 147 FERC ¶ 61,227, *reh'g denied*, 149 FERC ¶ 61,057 (2014).

balancing authority areas.² Under the Energy Imbalance Market, CAISO does not receive or otherwise measure intrachange transactions internal to PacifiCorp's balancing authority areas for imbalance purposes. As such, there are no imbalance settlements measured and issued by CAISO to PacifiCorp as a result of these transactions, and PacifiCorp does not sub-allocate any imbalance settlements to intrachange transactions when changes occur in the value of intrachange between an e-Tag submitted 57 minutes prior to the Operating Hour (T-57) and the actual e-Tag value.³

II. PacifiCorp's Proposal

4. On October 1, 2014, PacifiCorp filed the instant amendment. PacifiCorp states that several of its transmission customers expressed concern about the current methodology, which does not calculate and settle an energy imbalance amount for intrachange (unlike the other three components of a transmission customer base schedule – resource, interchange and load).⁴ According to PacifiCorp, intrachange transactions based on long-term, bilateral purchase and sale arrangements often permit either the buyer or the seller (both of which may be PacifiCorp's transmission customers) to unilaterally make an intrachange e-Tag modification after T-57 up to 20 minutes prior to the operating hour (T-20), or otherwise make intra-hourly adjustments to either reduce or increase the amount of the transaction.

5. In addition, PacifiCorp notes that intrachange forecast data will also be required from minority owners of jointly-owned generators located in PacifiCorp's balancing authority areas which schedule their minority share of the generation. For example, PacifiCorp states that a generation owner of a 25 percent interest in a 400 MW generating unit in the same balancing authority area as its load is required to schedule its own 100 MW share of the generating unit as an intrachange transaction in which it becomes a buyer and the unit operator (typically, the majority owner) is the seller.⁵ PacifiCorp asserts that the ability of minority owners of a jointly-owned unit to make schedule

² Intrachange is defined in section 1.15F of PacifiCorp's OATT as e-Tagged energy transfers within each of PacifiCorp's balancing authority areas not including real-time actual energy flows associated with Energy Imbalance Market dispatch instructions. PacifiCorp Transmittal Letter at 2.

³ *Id.* at 3.

⁴ *Id.*

⁵ *Id.*

changes after T-57, including intra-hourly adjustments, is also affected by the treatment of intrachange. Under either the long-term bilateral arrangement or the minority ownership scenario, the counterparty to the transaction may be responsible for either resource or load Uninstructed Imbalance Energy charges as a result of such transmission customer's response to the e-Tag modification, with potentially no contractual or regulatory recourse against the counterparty.

6. Accordingly, PacifiCorp proposes a new sub-section to Schedule 4 to provide that transmission customers will be charged or paid for Energy Imbalance Service measured as the deviation of the actual, integrated energy amount of intrachange (either positive or negative) based upon the final e-Tag value, compared to the intrachange component (either positive or negative) of the transmission customer's base schedule settled as Uninstructed Imbalance Energy for the period of the deviation at the applicable Load Aggregation Point price, less marginal losses.⁶ The Load Aggregation Point price will be based upon the balancing authority areas' location where the intrachange transaction occurs.

7. According to PacifiCorp, both the buyer and seller to an intrachange transaction (both of which are PacifiCorp's transmission customers) would receive separate intrachange Uninstructed Imbalance Energy settlements from PacifiCorp. For transmission customers involved in the intrachange transaction, the settlement of intrachange with PacifiCorp will have the effect of offsetting any resulting Uninstructed Imbalance Energy charge on resources or load created by the adjustment to intrachange after T-57. PacifiCorp asserts that its proposal is a means to transfer Uninstructed Imbalance Energy charges and payments between transmission customers that engage in intrachange transactions and will not result in any net imbalance to PacifiCorp's balancing authority areas. Moreover, PacifiCorp expects its proposal will minimize or eliminate incentives for PacifiCorp's transmission customers to intentionally "lean" on the Energy Imbalance Market by not adjusting resources to offset known changes in their respective load obligations.⁷

III. Notice of Filing and Responsive Pleadings

8. Notice of PacifiCorp's filing was published in the *Federal Register*, 79 Fed. Reg. 61,075 (2014), with interventions and protests due on or before October 22, 2014. Deseret Generation & Transmission Co-Operative, Inc. (Deseret) and Powerex submitted

⁶ *Id.* at 4.

⁷ *Id.*

timely motions to intervene and comments. On November 3, 2014, PacifiCorp filed an answer to Powerex's comments.

A. Deseret and Powerex's Comments

9. Deseret supports PacifiCorp's proposed revision to Schedule 4 and notes that the proposal incorporates input provided by Deseret during PacifiCorp's Energy Imbalance Market stakeholder process.⁸ Deseret contends that the current OATT provisions create disincentives for customers to modify their schedules within PacifiCorp's balancing authority areas to balance load and resources within the hour while the instant proposal will have the effect of offsetting any Uninstructed Imbalance Energy charges on resources or loads that are created by adjusting intrachange transactions after T-57. Accordingly, Deseret requests that the Commission accept PacifiCorp's filing.⁹

10. Powerex seeks clarification of the impact of PacifiCorp's proposal on three hypothetical settlement examples.¹⁰ First, Powerex questions whether a transmission customer serving load in a PacifiCorp balancing authority area with an intrachange purchase adjusted after T-57 would be deemed to have both: (1) a load Uninstructed Imbalance Energy, which is charged the Load Aggregation Point price determined in the Energy Imbalance Market; and (2) a new intrachange Uninstructed Imbalance Energy that is paid that same Load Aggregation Point price, which essentially results in no net Schedule 4 charges.¹¹

11. Next, Powerex questions whether a transmission customer with generation in a PacifiCorp balancing authority area that also serves load in the same balancing authority area (via an intrachange schedule adjusted after T-57) would have both: (1) a resource Uninstructed Imbalance Energy, which is paid the LMP at the generator bus; and (2) a new intrachange Uninstructed Imbalance Energy, which is charged the Load Aggregation Point price. Under that scenario, Powerex requests clarification as to whether the generator transmission customer would be liable for any price difference between the LMP at the generator bus and the price for the Load Aggregation Point and whether a price liability would exist if the intrachange is scheduled on a firm transmission

⁸ Deseret Comments at 3.

⁹ *Id.* at 5.

¹⁰ Powerex Comments at 5.

¹¹ *Id.*

reservation where the transmission customer ordinarily would not pay for the cost of congestion.

12. Lastly, Powerex asks whether PacifiCorp will provide a comparable mechanism for offsetting any resulting Uninstructed Imbalance Energy on resources or load created by adjustment after T-57 for interchange schedules.¹² Powerex states that, unless PacifiCorp voluntarily files a supplemental filing that provides additional detail and explanation, the Commission should direct PacifiCorp to provide further detail on these matters to allow its transmission customers to fully evaluate the impact of the proposed amendment.

B. PacifiCorp's Answer to Powerex's Comments

13. In its answer, PacifiCorp responds to each of the hypothetical examples provided by Powerex. Regarding Powerex's first example, PacifiCorp agrees that a transmission customer serving load in a PacifiCorp balancing authority area with an intrachange purchase (i.e., a buyer) adjusted after T-57 would have intrachange Uninstructed Imbalance Energy settlement at the Load Aggregation Point price. In addition, to the extent the change in the intrachange schedule (resulting in Uninstructed Imbalance Energy) was equal to and an opposite sign from the load Uninstructed Imbalance Energy for the period (i.e., the difference between the buyer's imputed load at T-57 and metered load), the buyer would have an offsetting settlement on load, also at the Load Aggregation Point price.¹³

14. Regarding Powerex's second example, PacifiCorp explains that a transmission customer with generation in a PacifiCorp balancing authority area will receive a generator imbalance assessment (either a payment or charge) under Schedule 9 of PacifiCorp's OATT at the applicable LMP; however, PacifiCorp states it is not clear from the facts contained in the example whether settlement for the generator Uninstructed Imbalance Energy would result in a payment or a charge.¹⁴ PacifiCorp notes that a transmission customer would be subject to energy imbalance for the load served in a PacifiCorp balancing authority area; however, PacifiCorp states it is unclear from the example whether settlement for the load Uninstructed Imbalance Energy would result in a payment or a charge. Finally, PacifiCorp asserts that, if a transmission customer within a

¹² *Id.* at 6.

¹³ PacifiCorp Answer at 4.

¹⁴ *Id.* at 6.

PacifiCorp balancing authority area had intrachange sales or purchases adjusted after T-57, the transmission customer would be subject to intrachange Uninstructed Imbalance Energy settled at the Load Aggregation Point price under Schedule 4; however, once again PacifiCorp states it is not clear from the facts contained in the example whether the intrachange settlement would be a payment or a charge.¹⁵

15. PacifiCorp states that a transmission customer will be subject to the price difference between the LMP nodal price at the generator bus and the Load Aggregation Point price (which could result in a liability or a benefit, depending on the unique facts) to the extent that: (1) the metered load varies from the imputed scheduled load; and (2) the generator output is adjusted or otherwise varies to follow load (or varies for any reason) from the generation scheduled at T-57. Furthermore, the treatment of Uninstructed Imbalance Energy, whether associated with metered load, generation, or intrachange will be unaffected by the type (i.e., the firmness) of transmission service purchased by the transmission customer.¹⁶

16. Lastly, regarding Powerex's third example, PacifiCorp states that its proposal addresses only intrachange settlement under Schedule 4 because the settlement of interchange is already governed by Section 8.1 of PacifiCorp's OATT Attachment T.¹⁷ PacifiCorp notes that interchange settlement does not raise asymmetrical settlement concerns because PacifiCorp's OATT already addresses interchange imbalance settlements resulting from differences between the interchange component of the transmission customer's base schedule and interchange at T-57.¹⁸

IV. Discussion

A. Procedural Matters

17. 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 Deseret and Powerex parties to this proceeding. 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

¹⁵ *Id.*

¹⁶ *Id.* at 6-7.

¹⁷ *Id.* at 7.

¹⁸ *Id.* at 8.

to a protest unless otherwise ordered by the decisional authority. We will accept PacifiCorp's answer because it has provided information that assisted us in our decision-making process.

B. Substantive Matters

18. We find PacifiCorp's proposed revision to Schedule 4 to be just and reasonable and not unduly discriminatory, and we will accept it for filing, effective December 1, 2014, as requested.

19. PacifiCorp undertook the filing to change its Schedule 4 based on stakeholder feedback that a potential problem existed for transmission customers with intrachange settlement under the Energy Imbalance Market and we encourage PacifiCorp to continue to engage its stakeholders as experience is acquired regarding operation of the Energy Imbalance Market. We agree with Deseret that PacifiCorp's proposed change to Schedule 4 is an efficient solution to a potential problem whereby transmission customers may not adjust their intrachange schedules in response to known changes in load or resource output as the economic signals under the existing Schedule 4 did not encourage that behavior. We therefore find the proposed revision to Schedule 4 provides the appropriate incentive for transmission customers to engage in intrachange transactions internal to either of PacifiCorp's balancing authority areas.

20. Moreover, we find that PacifiCorp has adequately responded to the request for clarification sought by Powerex. Accordingly, we will not direct PacifiCorp to provide any further detail and find that PacifiCorp has fully supported its filing.

The Commission orders:

PacifiCorp's proposed tariff revisions are hereby accepted for filing, effective December 1, 2014, as requested, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.