

153 FERC ¶ 61,097
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

PacifiCorp

Docket No. ER15-2591-000

ORDER REJECTING PROPOSED TARIFF REVISIONS

(Issued October 28, 2015)

1. In this order, we reject as premature proposed tariff revisions submitted on September 1, 2015 (September 1 Filing) by PacifiCorp, without prejudice to PacifiCorp submitting a new filing under section 205 of the Federal Power Act (FPA)¹ subsequent to a Commission order regarding Energy Imbalance Market (EIM) enhancements proposed by the California Independent System Operator Corporation (CAISO) in Docket No. ER15-861-003.

I. Background

2. PacifiCorp commenced financially binding participation in the EIM on November 1, 2014. Shortly thereafter, CAISO filed a petition (Waiver Petition) with the Commission seeking limited waiver of the pricing parameters in its tariff for the 90-day period from November 14, 2014 to February 12, 2015. CAISO explained that transitional conditions in the EIM caused transmission and system energy-balance constraints to bind more frequently than expected since the EIM began operation, resulting in high prices that were not always indicative of actual physical conditions on the system.² CAISO asserted that these high prices reflected challenges PacifiCorp had in providing timely and complete data to ensure system visibility under the new procedures, exacerbated by limitations on resources available to PacifiCorp for use in the EIM and several forced

¹ 16 U.S.C. §824d (2012).

² See Docket No. ER15-402-000, Waiver Petition at 3.

outages of large EIM participating resources.³ The Commission granted the Waiver Petition on December 1, 2014.⁴

3. On January 15, 2015, CAISO filed a proposed tariff amendment (Transition Pricing Filing) in Docket No. ER15-861-000 that would apply the waiver of the pricing parameters to all new entities joining the EIM for a 12-month period and would set the flexible ramping constraint relaxation parameter to a range between \$0 and \$0.01 for each new EIM Entity's Balancing Authority Area (BAA) during such period. CAISO proposed that the new provisions would also apply to PacifiCorp BAAs for the remainder of their first 12 months of participation in the EIM. On February 12, 2015, the Commission issued an order extending the waiver granted in the December 1 Order, subject to a further order in the Transition Pricing Filing proceeding.⁵ On March 16, 2015, the Commission issued an order rejecting the Transition Pricing Filing, further extending the waiver granted in the December 1 Order, instituting an investigation pursuant to section 206 of the FPA⁶ into the justness and reasonableness of the EIM pricing provisions of CAISO's tariff, and directing staff to hold a technical conference to develop a record regarding the issues underlying the price excursions.⁷

4. Following the April 9, 2015 technical conference, the Commission issued an order directing CAISO to file proposed tariff provisions to establish just and reasonable rates, terms, and conditions of service in compliance with the March 16 Order and the order on technical conference.⁸ On August 19, 2015, CAISO filed a compliance filing (August 19 Compliance Filing) in Docket No. ER15-861-003 to enable the EIM to automatically recognize and account for capacity that is available to maintain reliable operations in the BAA. According to CAISO, the proposed enhancement will enable the EIM Entity to identify capacity it deems necessary to reliably operate its system and deploy such capacity through the EIM to resolve power balance infeasibilities in the BAA, and also simultaneously participate in congestion management. CAISO contends that its proposal

³ *Id.* at 8-11.

⁴ *Cal. Indep. Sys. Operator Corp.*, 149 FERC ¶ 61,194 (2014) (December 1 Order).

⁵ *Cal. Indep. Sys. Operator Corp.*, 150 FERC ¶ 61,086 (2015).

⁶ 16 U.S.C. § 824e (2012).

⁷ *Cal. Indep. Sys. Operator Corp.*, 150 FERC ¶ 61,191 (2015) (March 16 Order).

⁸ *Cal. Indep. Sys. Operator Corp.*, 152 FERC ¶ 61,060 (2015).

will avoid power balance constraint infeasibilities that result from false scarcity conditions that can occur when the EIM fails to account for capacity available to EIM Entities to ensure reliability. On September 23, 2015, the Commission issued a deficiency letter on the August 19 Compliance Filing seeking additional details about the proposal. CAISO filed its response on October 21, 2015. The August 19 Compliance Filing is currently pending before the Commission.

II. September 1 Filing

5. In the September 1 Filing, PacifiCorp proposes to revise provisions of its Open Access Transmission Tariff (OATT) related to its participation in the EIM administered by CAISO, to make conforming changes to implement the remedy that CAISO proposed in its August 19 Compliance Filing.

6. PacifiCorp states that according to CAISO's proposed remedy, the EIM Entity Scheduling Coordinator will identify the available capacity – referred to as the “EIM Available Balancing Capacity” – from its EIM Participating and Non-Participating Resources, and include this capacity in the “regulation up” and “regulation down” fields of the Resource Plan.⁹ PacifiCorp states that CAISO emphasizes that EIM Available Balancing Capacity refers to capacity the EIM Entity maintains to further ensure reliable operations, and therefore, CAISO's remedy is not an alternative means for participation in the EIM.

7. PacifiCorp states that in each interval of the real-time market, CAISO will use EIM Available Balancing Capacity from Participating and Non-Participating Resources to resolve potential infeasibility, while concurrently performing congestion management, based on the economic merit order of energy bids corresponding to such capacity.¹⁰ PacifiCorp explains that capacity that is not actually bid into the EIM will not be eligible to set the clearing price, unless using that capacity is needed to resolve a potential infeasibility. According to PacifiCorp, CAISO will therefore exhaust all EIM bids prior to looking at EIM Available Balancing Capacity.¹¹

8. PacifiCorp asserts that when CAISO's market optimization dispatches EIM Available Balancing Capacity through the 15-minute market and five-minute market to resolve infeasibility within an EIM Entity's BAA, CAISO will send a new Dispatch

⁹ PacifiCorp September 1 Filing, Transmittal Letter at 3.

¹⁰ *Id.* at 5.

¹¹ *See* proposed CAISO Tariff section 29.54(r)(4)(C).

Operating Point to the Scheduling Coordinator representing the resource.¹² The EIM Participating Resource Scheduling Coordinator will communicate directly with Participating Resources, and the EIM Entity will do so with Non-Participating Resources. PacifiCorp states that this new Dispatch Operating Point will be the basis for that resource's imbalance energy settlement for the interval. If the resource is dispatched to resolve a constraint in the 15-minute market, then CAISO will settle the changes from the Base Schedule as instructed imbalance energy at the relevant 15-minute price and CAISO will settle a resource dispatched to resolve a constraint in the five-minute real-time dispatch as instructed imbalance energy at the five-minute price.¹³

9. PacifiCorp proposes to revise its OATT to: (1) add new definitions of "Balancing Authority Area Resources" to include resources owned or voluntarily contracted for by PacifiCorp that can provide regulation and load-following services to enable the PacifiCorp EIM Entity to meet reliability criteria, and "EIM Available Balancing Capacity" to be any upward or downward capacity from a Balancing Authority Area Resource that is not bid into the EIM and that the PacifiCorp EIM Entity includes in its Resource Plan; (2) expand the definition of "Resource Plan" to include EIM Available Balancing Capacity; (3) enable the PacifiCorp EIM Entity to seek to obtain a default energy bid from CAISO for selected Non-Participating Resources that it may use to supply EIM Available Balancing Capacity; (4) provide that the PacifiCorp EIM Entity will communicate the CAISO Dispatch Operating Point to the Non-Participating Resource for any EIM Available Balancing Capacity dispatched by CAISO, except in circumstances in which the PacifiCorp EIM Entity determines the additional capacity is not needed for the BAA or has taken other actions to meet the capacity need; and (5) provide for settlement of EIM Available Balancing Capacity associated with Non-Participating Resources dispatched by CAISO.¹⁴ PacifiCorp requests an effective date of November 1, 2015, for the proposed tariff provisions included in this filing to coincide with CAISO's requested effective date for the August 19 Compliance Filing.¹⁵

III. Notice and Responsive Pleadings

10. Notice of PacifiCorp's filing was published in the *Federal Register*, 80 Fed. Reg. 53,790 (2015), with interventions and protests due on or before September 22, 2015.

¹² PacifiCorp September 1 Filing, Transmittal Letter at 5.

¹³ *Id.*

¹⁴ *Id.* at 6.

¹⁵ *Id.* at 7.

Timely motions to intervene were filed by Puget Sound Energy, Inc., Northern California Power Agency, Utah Associated Municipal Power Systems, Modesto Irrigation District, Cities of Santa Clara and Redding, California, M-S-R Public Power Agency, Transmission Agency of Northern California, California Municipal Utilities Association, and the Balancing Authority of Northern California. Timely motions to intervene and comments were filed by Bonneville Power Administration (BPA) and Powerex Corp. (Powerex). A timely motion to intervene, comment, and protest was filed by Western Power Trading Forum (WPTF). A timely motion to intervene and comment in support of PacifiCorp's OATT revisions was filed by CAISO. Nevada Power Company and Sierra Pacific Power Company, d/b/a NV Energy, Inc. and PacifiCorp (collectively, the EIM Entities) filed an answer on October 7, 2015.

11. Commenters raise numerous issues, including issues generally related to the timing of PacifiCorp's request in relation to CAISO's Available Balancing Capacity proposal that is pending before the Commission in Docket No. ER15-861-003. Commenters request clarity on issues such as the manner of applying power-balance infeasibility penalties, especially its effects on transmission customers,¹⁶ rules related to the exclusion of contingency reserves from the Available Balancing Capacity designation,¹⁷ details about the circumstances in which PacifiCorp's Available Balancing Capacity might need to deviate from EIM Dispatch Operating Points,¹⁸ and assurances that third-party resources will be compensated based on preexisting contractual arrangements made with PacifiCorp.¹⁹

IV. Discussion

A. Procedural Matters

12. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2015), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

13. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2015), prohibits an answer to a protest unless otherwise ordered by the

¹⁶ BPA Comments at 3-4; Powerex Comments at 7-8.

¹⁷ BPA Comments at 3-4; Powerex Comments at 7.

¹⁸ BPA Comments at 5.

¹⁹ WPTF Comments and Protest at 3.

decisional authority. We are not persuaded to accept the EIM Entities' answer and therefore reject it.

B. Commission Determination

14. The Commission rejects, as premature, PacifiCorp's proposed tariff revisions without prejudice to PacifiCorp submitting a new filing under section 205 of the FPA in the future to address CAISO's EIM enhancements. We cannot at this time evaluate the justness and reasonableness of PacifiCorp's proposed OATT revisions, which are to implement CAISO's compliance proposal in Docket No. ER15-861-003, given that CAISO's August 19 Compliance Filing is currently pending before the Commission. For this reason, we find that PacifiCorp's proposal is premature at this time.

15. Because we are rejecting PacifiCorp's filing as premature, addressing the substantive concerns raised by commenters regarding PacifiCorp's proposal is unnecessary. The Commission will address relevant comments if and when PacifiCorp submits a new FPA section 205 filing.

The Commission orders:

PacifiCorp's proposed tariff revisions are hereby rejected, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.