

154 FERC ¶ 61,170  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

PacifiCorp

Docket No. ER16-682-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued March 4, 2016)

1. On January 4, 2016, PacifiCorp filed under section 205 of the Federal Power Act (FPA)<sup>1</sup> proposed revisions (January 4 Filing) to its Open Access Transmission Tariff (OATT) related to PacifiCorp's participation in the Energy Imbalance Market (EIM) administered by the California Independent System Operator Corporation (CAISO). The purpose of the January 4 Filing is to make conforming changes to the PacifiCorp OATT necessary to implement CAISO's enhancements to the EIM functionality that allow the EIM to automatically recognize and account for capacity an entity participating in the EIM (EIM Entity)<sup>2</sup> has available to maintain reliable operations in its own Balancing Authority Area (BAA), but has not bid into the EIM (Available Balancing Capacity).<sup>3</sup> In this order, the Commission accepts PacifiCorp's January 4 Filing, effective on CAISO's actual EIM Available Balancing Capacity activation date, as requested.

**I. Background**

2. On November 1, 2014, PacifiCorp began financially binding operations in the CAISO EIM, which enables entities with BAAs outside of CAISO to voluntarily take

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<sup>1</sup> 16 U.S.C. § 824d (2012).

<sup>2</sup> An EIM Entity is a balancing authority area that represents one or more EIM transmission service providers and enters into an agreement with CAISO to enable the operation of the EIM in its Balancing Authority Area.

<sup>3</sup> *Cal. Indep. Sys. Operator Corp.*, 153 FERC ¶ 61,305 (2015) (December 17 Order).

part in the imbalance energy portion of the CAISO locational marginal price (LMP)-based real-time market alongside participants from within the CAISO BAA.<sup>4</sup>

3. Shortly after the EIM commenced operation in November 2014, CAISO filed a petition in Docket No. ER15-402-000 seeking limited waiver of the pricing parameters in its tariff. 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. The Commission granted the waiver petition on December 1, 2014.<sup>5</sup> Subsequently, 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 BAA during such period. On March 16, 2015, the Commission issued an order rejecting the Transition Pricing Filing, further extending the waiver granted in the December 1 Order,<sup>6</sup> instituting an investigation pursuant to section 206 of the FPA<sup>7</sup> into the justness and reasonableness of the EIM pricing provisions of CAISO's tariff, and directing Commission staff to hold a technical conference to develop a record regarding the issues underlying the price excursions.<sup>8</sup>

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.<sup>9</sup> On August 19, 2015, as amended on October 21, 2015, CAISO

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<sup>4</sup> *Cal. Indep. Sys. Operator Corp.*, 147 FERC ¶ 61,231, *order on reh'g*, 149 FERC ¶ 61,058 (2014).

<sup>5</sup> *Cal. Indep. Sys. Operator Corp.*, 149 FERC ¶ 61,194 (2014) (December 1 Order).

<sup>6</sup> The Commission previously issued an order, on February 12, 2015, extending the initial 90-day waiver granted in the December 1 Order, subject to a further order in the Transition Pricing Filing proceeding. *Cal. Indep. Sys. Operator Corp.*, 150 FERC ¶ 61,086 (2015).

<sup>7</sup> 16 U.S.C. § 824e (2012).

<sup>8</sup> *Cal. Indep. Sys. Operator Corp.*, 150 FERC ¶ 61,191 (2015) (March 16 Order).

<sup>9</sup> *Cal. Indep. Sys. Operator Corp.*, 152 FERC ¶ 61,060 (2015).

submitted a compliance filing (Available Balancing Capacity Filing) in Docket No. ER15-861-006 proposing to enhance the EIM functionality so that the EIM will automatically recognize and account for capacity that is available to an EIM Entity to maintain reliable operations in its own BAA, but has not been bid into the EIM. In its Available Balancing Capacity Filing, CAISO explained that the enhancement would 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. According to CAISO, the enhancement would 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.<sup>10</sup>

5. On December 17, 2015, the Commission accepted CAISO's Available Balancing Capacity Filing effective January 5, 2016.<sup>11</sup> On December 23, 2015, CAISO filed a petition for limited tariff waiver to modify the effective date of the Available Balancing Capacity provisions.<sup>12</sup> CAISO explained that it expected to be able to implement the Available Balancing Capacity provisions on February 16, 2016, but requested waiver of the tariff revisions until no later than March 1, 2016 to allow for any complications that may arise during testing. The Commission granted CAISO's request on January 4, 2016.<sup>13</sup>

## II. PacifiCorp's January 4 Filing

6. PacifiCorp proposes to revise its OATT to implement CAISO's Available Balancing Capacity Filing as accepted by the Commission in the December 17 Order. Specifically, PacifiCorp proposes revisions to the definitions in OATT section I.1, as well as revisions to Attachment T and Schedule 9. Each of these is discussed in detail below.

7. PacifiCorp proposes to add new definitions of "EIM Available Balancing Capacity" and "Balancing Authority Area Resources" to OATT section I.1. PacifiCorp proposes to define "EIM Available Balancing Capacity" as "[a]ny upward or downward capacity from a Balancing Authority Area Resource that has not been bid into the EIM

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<sup>10</sup> PacifiCorp previously filed conforming changes to its OATT in Docket No. ER15-2591-000, which the Commission rejected as premature. *PacifiCorp*, 153 FERC ¶ 61,097 (2015).

<sup>11</sup> December 17 Order, 153 FERC ¶ 61,305 at P 1 and Ordering Para. (A).

<sup>12</sup> CAISO, Petition for Limited Tariff Waiver, Docket No. ER15-861-007, at 1 (filed December 23, 2015) (Petition for Limited Waiver).

<sup>13</sup> *Cal. Indep. Sys. Operator Corp.*, 154 FERC ¶ 61,001 (2016).

and is included in the PacifiCorp EIM Entity's Resource Plan."<sup>14</sup> PacifiCorp explains that EIM Available Balancing Capacity will be drawn from resources that the EIM Entity has the authority to use for regulation or load following responsibilities, and is not an alternative means of participating in the EIM. Accordingly, PacifiCorp states that unaffiliated (or third party) resources can only be designated as EIM Available Balancing Capacity if the relevant contract permits PacifiCorp power supply group to call on the resource.<sup>15</sup> To this end, PacifiCorp proposes a definition of "Balancing Authority Area Resource" to include only resources owned or voluntarily contracted for by PacifiCorp to provide regulation and load following services to enable the PacifiCorp EIM Entity to meet reliability criteria. The definition also clarifies that no resource unaffiliated with the PacifiCorp EIM Entity shall be a Balancing Authority Area Resource solely because it is a Designated Network Resource, it flows on a point-to-point transmission service reservation, or it is an interconnection customer under the OATT.<sup>16</sup> PacifiCorp also explains that the definition of Balancing Authority Area Resource is not meant to include units that might be subject to manual dispatch during a system emergency. Furthermore, PacifiCorp states, EIM Available Balancing Capacity is not a form of redispatch under the OATT.

8. In addition to these new definitions, PacifiCorp proposes revisions to certain existing definitions in its OATT. Specifically, PacifiCorp proposes to expand the definition of "Resource Plan" to include EIM Available Balancing Capacity, and to expand the definitions of "Dispatch Instruction" and "Dispatch Operating Point"<sup>17</sup> to include Balancing Authority Area Resources.<sup>18</sup>

9. PacifiCorp states that, as accepted by the Commission, CAISO's revised tariff would require that all non-participating resources eligible to provide EIM Available Balancing Capacity be registered with CAISO with a default energy bid. Accordingly, PacifiCorp proposes to expand section 4.1.2.2 of OATT Attachment T to permit the PacifiCorp EIM Entity to establish the CAISO default energy bids for non-participating

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<sup>14</sup> PacifiCorp January 4 Filing at 13; PacifiCorp, Proposed OATT § I.1.11F1.

<sup>15</sup> PacifiCorp January 4 Filing at 12.

<sup>16</sup> *Id.* at 12; PacifiCorp, Proposed OATT § I.1.4B1.

<sup>17</sup> A Dispatch Operating Point is the change in output CAISO expects an EIM Participating Resource or a Balancing Authority Area Resource to provide when CAISO issues a dispatch instruction. *See* PacifiCorp, Proposed OATT § I.1.11B.

<sup>18</sup> PacifiCorp January 4 Filing at 12-13; PacifiCorp, Proposed OATT §§ I.1.11A, I.1.11B, I.1.45A.

resources that are Balancing Authority Area Resources and that might be included as EIM Available Balancing Capacity.<sup>19</sup>

10. According to PacifiCorp, when CAISO dispatches EIM Available Balancing Capacity, it sends a new Dispatch Operating Point to the Scheduling Coordinator associated with that resource. PacifiCorp explains that, for participating resources, CAISO will communicate the Dispatch Operating Point directly to the Participating Resource Scheduling Coordinator, but for non-participating resources, CAISO will communicate the Dispatch Operating Point to the PacifiCorp EIM Entity.<sup>20</sup> PacifiCorp proposes to add a new Attachment T, section 4.1.3.4 providing for the PacifiCorp EIM Entity to inform a non-participating resource of the Dispatch Operating Point, “except in circumstances in which the PacifiCorp EIM Entity has reason not to follow the dispatch instruction.”<sup>21</sup> PacifiCorp asserts that this limitation is necessary because, as the Balancing Authority, PacifiCorp may have otherwise addressed the situation or determined that deployment of the EIM Available Balancing Capacity is not warranted by operational circumstances.<sup>22</sup>

11. PacifiCorp cites to testimony from Mr. Donald Tretheway, which was included as part of CAISO’s Available Balancing Capacity Filing, supporting CAISO’s proposal to settle EIM Available Balancing Capacity deployed by CAISO as instructed imbalance energy. To implement this approach, PacifiCorp proposes revisions to OATT Schedule 9 to specify that Transmission Customers that have received an EIM Available Balancing Capacity dispatch will be charged or paid for Generator Imbalance Service based on the deviation of the Transmission Customer’s metered generation compared to the EIM Available Balancing Capacity dispatch amount.<sup>23</sup> PacifiCorp also proposes changes to Attachment T, section 8.1 to add EIM Available Balancing Capacity dispatch as an additional factor the PacifiCorp EIM Entity must use to sub-allocate charges or payments for Instructed Imbalance Energy to transmission customers.<sup>24</sup>

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<sup>19</sup> PacifiCorp January 4 Filing at 13.

<sup>20</sup> *Id.*

<sup>21</sup> PacifiCorp, Proposed OATT, Attachment T § 4.1.3.4.

<sup>22</sup> PacifiCorp January 4 Filing at 13-14.

<sup>23</sup> This treatment is identical to that of Transmission Customers that have received a Manual Dispatch or have communicated physical changes in the output of resources to the market operator. PacifiCorp, Proposed OATT, Schedule 9.

<sup>24</sup> PacifiCorp January 4 Filing at 14.

12. PacifiCorp also provides a table setting forth each issue that has been raised by interested parties in the past regarding PacifiCorp's implementation of CAISO's Available Balancing Capacity provisions, along with a response regarding how PacifiCorp believes the issue has been resolved.<sup>25</sup>

13. In its January 4 Filing, PacifiCorp requests waiver of the Commission's 60-day prior notice requirements<sup>26</sup> to allow the proposed OATT revisions to become effective on the latter of February 16, 2016 or CAISO's actual EIM Available Balancing Capacity activation date, consistent with CAISO's Petition for Limited Waiver.<sup>27</sup> In support of its request, PacifiCorp states that the proposed OATT revisions implement the CAISO Available Balancing Capacity-related tariff provisions and therefore need to be effective at the same time. PacifiCorp also asserts that this proposal will reduce rates and charges by assisting in identifying additional resources for the EIM and reducing the potential for inappropriate application of the parameter prices.

14. PacifiCorp also requests waiver of the full cost of service statement requirements of 18 C.F.R. § 35.13. PacifiCorp states that the Commission has previously granted waiver of the requirement that utilities provide all required cost of service information in similar cases.<sup>28</sup>

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

15. Notice of PacifiCorp's January 4 Filing was published in the *Federal Register*, 81 Fed. Reg. 1181 (2016), with interventions or protests due on or before January 25, 2016. Timely motions to intervene were filed by Northern California Power Agency, Modesto Irrigation District, and the Cities of Santa Clara, California and Redding, California and the M-S-R Public Power Agency. Timely motions to intervene and comments were submitted by Bonneville Power Administration (Bonneville) and the Western Power Trading Forum (WPTF). PacifiCorp filed an answer to the comments on February 10, 2016.

16. WPTF supports the OATT revisions proposed in the January 4 Filing. WPTF states that PacifiCorp's modifications to the definition of Balancing Authority Area

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<sup>25</sup> *Id.* at 7-11.

<sup>26</sup> 18 C.F.R. § 35.3 (2015).

<sup>27</sup> PacifiCorp January 4 Filing at 14 (citing CAISO, Petition for Limited Waiver at 1-2 and 6).

<sup>28</sup> *Id.* at 15

Resource address its previous concerns that third-party resources might be involuntarily counted as part of the Available Balancing Capacity mechanism.<sup>29</sup> According to WPTF, PacifiCorp's clarification that compensation for third party resources is a contractual matter between the resource and the EIM Entity, and that PacifiCorp can only designate EIM Available Balancing Capacity up to the amount specified in a contract address its concerns regarding the potential for inappropriate counting and compensation of third party resources. Accordingly, WPTF supports PacifiCorp's proposal to implement the Available Balancing Capacity mechanism within the PacifiCorp OATT.<sup>30</sup>

17. Bonneville asserts that transmission customers should not be allocated the costs of penalties that PacifiCorp incurs, including power balance infeasibility penalties and flexible ramping constraint penalties.<sup>31</sup> Bonneville argues that PacifiCorp is the only entity that has control over whether power balance infeasibilities and flexible ramping constraint infeasibilities occur in its portion of the EIM. Furthermore, Bonneville asserts, PacifiCorp owns, controls, or has contractual rights to the majority of the generation in its BAAs and can elect to offer this generation into the EIM. Bonneville argues that transmission customers have no control over PacifiCorp's resource decisions and cannot designate Available Balancing Capacity.<sup>32</sup> In addition, Bonneville notes that transmission customers pay PacifiCorp to hold sufficient resources by purchasing regulation and frequency response service under OATT Schedule 3, and that PacifiCorp should thus pay the penalty rate if it is not fulfilling its obligation to provide the necessary resources under the service.<sup>33</sup>

18. Bonneville claims that transmission customers are not responsible for PacifiCorp's actions that lead to power balance infeasibilities, and notes that PacifiCorp has three

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<sup>29</sup> WPTF Comments at 2.

<sup>30</sup> *Id.* at 3.

<sup>31</sup> Bonneville asserts that PacifiCorp's transmittal letter misstates Bonneville's position regarding the inclusion of locational marginal prices in the imbalance energy service charges under PacifiCorp OATT Schedules 4 and 9. Bonneville claims that it has never argued that the transmission customer should be exempt from paying LMPs or imbalance charges under Schedules 4 and 9. Rather, Bonneville states that it argued that the EIM Entity should not be allowed to allocate power balance infeasibilities to transmission customers because they have already paid PacifiCorp to provide regulation and frequency reserves. Bonneville Comments at 8-9.

<sup>32</sup> *Id.* at 4-5.

<sup>33</sup> *Id.* at 7.

opportunities to remedy a power balance infeasibility by correcting its EIM Base Schedule Resource Plan.<sup>34</sup> Bonneville further contends that transmission customers cannot deviate from the EIM Base Schedule because the operating hour for the Base Schedule is in the future, not real time. Accordingly, Bonneville asserts that transmission customers should not be subject to penalties resulting from PacifiCorp's actions with respect to power balance infeasibilities.<sup>35</sup> With respect to the Flexible Ramping Constraint penalty, Bonneville states that a transmission customer's base schedule and uninstructed deviation from the base schedules is not an input to the Flexible Ramping Constraint Capacity requirement and is not considered in the EIM Entity's Flexible Ramping Capacity test. Thus, Bonneville claims that PacifiCorp is in control of whether it meets this requirement, not transmission customers.<sup>36</sup>

19. Bonneville argues that it is unjust and unreasonable to pass these penalties on to its transmission customers. Bonneville asserts that penalizing PacifiCorp's transmission customers violates the basic tenet of cost causation, because the transmission customers have no control over whether the penalty is incurred. Furthermore, Bonneville asserts that an effective penalty must be borne by the entity in control of the behavior a penalty is intended to incentivize, in order for the penalty to be effective. According to Bonneville, a more effective penalty structure would support a better-functioning market.<sup>37</sup> Instead of charging customers these penalties, Bonneville argues that transmission customers should be charged the last market bid price prior to the penalty being imposed.

20. Additionally, Bonneville argues that the Commission did not state that penalty pricing should be passed on to customers in the December 17 Order, as implied by PacifiCorp. Bonneville notes that CAISO has included provisions to shield customers from the impacts of a failure of an EIM Entity to meet the power balance test or flexible ramping test and argues that PacifiCorp should adopt provisions to provide similar protection to its transmission customers.<sup>38</sup>

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<sup>34</sup> Bonneville notes that increases in measured demand from forecasted demand do not cause a power balance infeasibility penalty because the CAISO's validations test supply balance against the demand forecast, not measured demand. *Id.* at 5-6.

<sup>35</sup> *Id.* at 6.

<sup>36</sup> *Id.* at 6.

<sup>37</sup> *Id.* at 6-7.

<sup>38</sup> *Id.* at 8-10.

21. Bonneville also asserts that the Commission should require PacifiCorp to clarify which version of Attachment T, section 4.1.3.4 it is proposing to add to its OATT. Bonneville points out that the proposed OATT language in section 4.1.3.4 provides that PacifiCorp is not required to communicate the CAISO Dispatch Operating Point “in circumstances in which the PacifiCorp EIM Entity has reason not to follow the dispatch instruction.”<sup>39</sup> In contrast, PacifiCorp’s transmittal letter states that PacifiCorp is not required to communicate the CAISO Dispatch Operating Point “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.”<sup>40</sup> According to Bonneville, these inconsistencies require clarification regarding what OATT language PacifiCorp is proposing in this docket.<sup>41</sup>

22. Finally, Bonneville argues that the Commission should require PacifiCorp to provide more clarity regarding the specific circumstances in which the PacifiCorp EIM Entity is not required to follow CAISO’s dispatch instruction. According to Bonneville, both the language in PacifiCorp’s OATT redline and the language in its transmittal letter are far too open-ended. Bonneville asserts that both versions of the language provide no guidance as to how PacifiCorp determines that Available Balancing Capacity is not needed for the BAA or explains the types of actions that PacifiCorp would take to avoid calling on Available Balancing Capacity.<sup>42</sup> In support of its arguments, Bonneville points out that the OATT language proposed by NV Energy in the compliance filing it submitted on January 4, 2016 in Docket No. ER15-1196-005 does not include discretionary language. Bonneville further argues that PacifiCorp does not require the unlimited ability to not dispatch Available Balancing Capacity because it already has discretion to include capacity from a resource as EIM Available Balancing Capacity by designating the capacity as EIM Available Balancing Capacity in the EIM Entity Resource Plan. Accordingly, Bonneville asserts that if PacifiCorp believes it may need more flexibility to determine how to deploy a resource, it should not designate it as Available Balancing Capacity.<sup>43</sup>

23. PacifiCorp asserts that Bonneville’s arguments regarding power balance and flexible ramping constraint parameter prices are beyond the scope of this proceeding and

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<sup>39</sup> *Id.* at 10-11 (citing PacifiCorp, Proposed OATT, Attachment T § 4.1.3.4).

<sup>40</sup> *Id.* at 10 (citing PacifiCorp January 4 Filing at 12).

<sup>41</sup> *Id.* at 11.

<sup>42</sup> *Id.* at 11-12.

<sup>43</sup> *Id.* at 12.

without merit. PacifiCorp explains that nothing in CAISO's Available Balancing Capacity Filing sought to change the amount of the parameters, how they are used to set LMPs during shortages, or how LMPs are allocated. Furthermore, PacifiCorp argues nothing in the January 4 Filing addressed parameter prices.

24. PacifiCorp asserts that Bonneville must file a complaint if it seeks to challenge practices that PacifiCorp has not proposed to revise.<sup>44</sup> PacifiCorp also asserts that the Commission has already denied Bonneville's requested relief, finding in the December 17 Order that penalty prices are appropriate when a power balance infeasibility exists and rejecting Bonneville's arguments that such penalties should not be passed through to transmission customers.<sup>45</sup> In addition, PacifiCorp argues that Bonneville is alleging continuation of a problem without waiting for CAISO to implement the accepted remedy to that problem – the Available Balancing Capacity solution.<sup>46</sup> PacifiCorp further states that PacifiCorp is not the only party that can assure power balance infeasibilities do not occur, because any transmission customer may participate in the EIM and thereby increase the pool of resources that can be dispatched by CAISO, and because transmission customer imbalances may also contribute to the shortages and amount of flexible ramp requirements. PacifiCorp also asserts that Bonneville appears to be under the impression that the parameter price is assessed separately from the LMP, when in fact the parameter price is the LMP and the payment process is clear. Finally, PacifiCorp states that regulation and frequency response service under Schedule 3 is a separate service, and therefore Bonneville's argument that they pay for regulation and frequency response service is misplaced.<sup>47</sup>

25. PacifiCorp asserts that the Commission should accept section 4.1.3.4 to Attachment T as filed. According to PacifiCorp, CAISO's Available Balancing Capacity Filing helps mitigate, but does not completely eliminate, timing issues caused by market analysis being run in advance of real-time conditions. PacifiCorp explains that, as the balancing authority, it must not blindly follow CAISO's dispatch of EIM Available Balancing Capacity if it has already otherwise reacted to the event. According to PacifiCorp, the PacifiCorp EIM Entity would have to have a reliability reason to disregard CAISO's dispatch instructions, except in instances where it has already addressed the relevant event.<sup>48</sup> PacifiCorp also disagrees with Bonneville's assertion

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<sup>44</sup> PacifiCorp Answer at 3-4.

<sup>45</sup> *Id.* at 4-5 (citing December 17 Order, 153 FERC ¶ 61,305 at P 82).

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

<sup>47</sup> *Id.* at 6.

<sup>48</sup> *Id.* at 7-8.

that the ability to not follow CAISO's dispatch instructions for Available Balancing Capacity is unwarranted because PacifiCorp has discretion not to designate a resource as Available Balancing Capacity if it believes it may need more flexibility to determine how to deploy that resource. According to PacifiCorp, section 4.1.3.4 of Attachment T is not intended to address instances where PacifiCorp needs additional flexibility, but rather to address a timing issue between PacifiCorp and CAISO. PacifiCorp asserts that the provision anticipates scenarios where PacifiCorp has already addressed the event CAISO's dispatch instruction was intended to address, and it must have discretion not to overcorrect for such an event. PacifiCorp asserts that this discretion is necessary for PacifiCorp to meet its balancing authority reliability responsibilities.<sup>49</sup>

#### **IV. Discussion**

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

26. 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.

27. 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 or answer 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. Commission Determination**

28. We accept PacifiCorp's proposed OATT revisions, effective on CAISO's actual EIM Available Balancing Capacity activation date, as requested. We find that the OATT revisions proposed in PacifiCorp's January 4 Filing appropriately implement the tariff revisions in CAISO's Available Balancing Capacity Filing, as accepted by the Commission in the December 17 Order. We find that these revisions will reduce the potential for imbalance energy price spikes by providing for greater visibility of the capacity the PacifiCorp EIM Entity has available to it to resolve power balance violations within its own BAAs, even when that capacity is not being offered into the EIM.

29. We find that Bonneville's arguments regarding allocation of what it characterizes as power balance infeasibility penalties and flexible ramping constraint penalties are

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<sup>49</sup> *Id.* at 9.

beyond the scope of this proceeding.<sup>50</sup> PacifiCorp's proposed OATT revisions are limited to those necessary to effectuate CAISO's Available Balancing Capacity Filing, which provides additional visibility to CAISO regarding resources that are available to an EIM Entity to maintain reliable operations in its BAAs. Nothing in the January 4 Filing changes the existing pricing mechanisms in CAISO's tariff that give rise to what Bonneville refers to as "penalties" or PacifiCorp's existing responsibility to submit sufficient EIM Base Schedules and to meet the Flexible Ramping Constraint capacity requirement determined by CAISO. Accordingly, CAISO's pricing mechanisms and the allocation of charges resulting from those mechanisms are not at issue here and are not subject to reopening in this proceeding.

30. We disagree with Bonneville's assertion that additional clarification is required regarding what version of the OATT language in Attachment T, section 4.1.3.4 PacifiCorp is proposing in this docket. While a filing utility's transmittal letter may explain the intent of proposed tariff revisions, it is the language in the filed tariff itself that is controlling. Accordingly, we find that the language included in PacifiCorp's eTariff record is the language proposed by PacifiCorp and considered by the Commission in this docket.

31. We are not persuaded by Bonneville's assertions that PacifiCorp should provide additional specificity regarding the circumstances in which it has discretion to decline to follow EIM Available Balancing Capacity deployment instructions from CAISO. We also disagree with Bonneville's argument that such discretion is unnecessary. As the Balancing Authority, PacifiCorp is responsible for maintaining reliability in the PacifiCorp BAAs, regardless of PacifiCorp's participation in the EIM. Accordingly, PacifiCorp may need to take an alternative action to maintain reliability in its BAAs independent of a Dispatch Operating Point it may receive from CAISO. Furthermore, CAISO made clear in its Available Balancing Capacity Filing that the EIM Entity retains dispatch authority over the resources providing Available Balancing Capacity,<sup>51</sup> and the Commission acknowledged this in its December 17 Order.<sup>52</sup> We find that this discretion

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<sup>50</sup> Notwithstanding the fact that we find these issues beyond the scope of this proceeding, we note that Bonneville's use of the term "penalty" is unclear, as this term does not appear in either PacifiCorp OATT Attachment T provision that Bonneville references. Bonneville Comments at 8 (citing PacifiCorp OATT, Attachment T §§ 8.5.5 and 8.5.6).

<sup>51</sup> CAISO, Available Balancing Capacity Filing at 22 and Attachment C at 30 (filed August 19, 2015).

<sup>52</sup> December 17 Order, 153 FERC ¶ 61,305 at P 72.

is appropriate given the voluntary nature of the EIM market design and PacifiCorp's reliability responsibilities in its BAAs.

32. Furthermore, while PacifiCorp is not required to dispatch EIM Available Balancing Capacity according to the Dispatch Operating Point it receives from CAISO, we find that PacifiCorp has incentives to do so unless operational circumstances dictate otherwise. The Available Balancing Capacity solution will allow the market optimization to recognize Available Balancing Capacity automatically in order to formulate feasible solutions in which the Available Balancing Capacity may be used to address potential infeasibilities. Thus, we agree with CAISO's representation in its Available Balancing Capacity Filing that it will be able to provide EIM Entities reliable feasible dispatch solutions that EIM Entities may use to operate their systems unless circumstances dictate otherwise.<sup>53</sup> In addition, a Balancing Authority Area Resource's imbalance energy settlement is based on the Dispatch Operating Point issued by CAISO, so to the degree the EIM Entity deviates from that solution, the EIM Entity faces potential financial losses from energy imbalance charges and from using more expensive resources instead of following the least-cost dispatch. Thus, an EIM Entity such as PacifiCorp has a strong incentive to follow CAISO's Dispatch Operating Points.

33. Finally, we grant PacifiCorp's request for waiver of the filing requirements under section 35.13 of the Commission's regulations.

The Commission orders:

(A) PacifiCorp's compliance filing is hereby accepted, effective on CAISO's actual EIM Available Balancing Capacity activation date, as requested, as discussed in the body of this order.

(B) The Commission directs PacifiCorp to notify the Commission of the actual effective date of the OATT revisions within five business days of their implementation, in an eTariff submittal using Type of Filing Code 150 – Report.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>53</sup> See CAISO, Available Balancing Capacity Filing at 22.