

157 FERC ¶ 61,142
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

November 22, 2016

In Reply Refer To:
PacifiCorp
Docket No. ER16-2680-000

PacifiCorp
825 NE Multnomah Street
Suite 1800
Portland, OR 97232

Attention: Mark M. Rabuano, Esq.

Dear Mr. Rabuano:

1. On September 28, 2016 (September 28 Filing), pursuant to section 205 of the Federal Power Act (FPA),¹ PacifiCorp filed revisions to its Open Access Transmission Tariff (OATT) to conform to the tariff amendments accepted by the Commission² to implement a new Flexible Ramping Product in California Independent System Operator Corporation's (CAISO) real-time market, which includes the Energy Imbalance Market (EIM). As discussed below, we accept the proposed tariff revisions, effective November 1, 2016.

2. On June 24, 2016, CAISO proposed modifications to its tariff to implement a new Flexible Ramping Product to manage the ramping capability necessary for meeting changes in net demand. PacifiCorp states that the Flexible Ramping Product will procure and compensate resources for providing ramping capability for both the forecasted movement of net load and uncertainty in the forecasted net load.³ The Commission

¹ 16 U.S.C. § 824d (2012).

² *Cal. Indep. Sys. Operator Corp.*, 156 FERC ¶ 61,226 (2016) (September 26 Order).

³ *Id.* at 2 (citing CAISO, Motion for Leave to Answer and Answer to Comments and Protest, Docket No. ER16-2023-000 at 3 (filed Aug. 1, 2016)).

accepted CAISO's filing, effective October 1, 2016.⁴ CAISO subsequently filed a request to delay the effective date of the Flexible Ramping Product tariff revisions until November 1, 2016,⁵ which the Commission granted on October 20, 2016.⁶

3. In the instant filing, PacifiCorp proposes to update section 8.5.6 of Attachment T to: (1) reflect CAISO's change from the Flexible Ramping Constraint to the Flexible Ramping Product; (2) insert the correct cross-references governing allocation of payments and charges for this new Flexible Ramping Product;⁷ and (3) allocate various Flexible Ramping Constraint Product charges and payments.⁸

4. Specifically, PacifiCorp proposes to allocate charges and payments for the Flexible Ramping Forecasted Movement⁹ demand allocation on the basis of Metered Demand.¹⁰ PacifiCorp states that this is the same allocator used by CAISO for this charge code and reflects CAISO's distribution of the Flexible Ramping Forecasted Movement settlement amount to scheduling coordinators with metered EIM demand or metered CAISO demand in proportion to its share of the total EIM metered demand and total CAISO metered demand.¹¹

⁴ September 26 Order, 156 FERC ¶ 61,226 at PP 1, 36.

⁵ *Cal. Indep. Sys. Operator Corp.*, Petition for Limited Tariff Waiver to Modify Effective Date, Docket No. ER16-2023-000 (filed Sept. 28, 2016).

⁶ *Cal. Indep. Sys. Operator Corp.*, 157 FERC ¶ 61,048, at P 5 (2016).

⁷ September 28 Filing at 3-4.

⁸ PacifiCorp also proposes administrative changes to its tariff to be consistent with the definitions proposed by CAISO and accepted in the Commission's September 26 Order. *Id.* at 6-7.

⁹ PacifiCorp proposes to define Flexible Ramping Forecasted Movement as "[a] resource's change in forecasted output between market intervals for purposes of the Flexible Ramping Product." PacifiCorp, Proposed OATT § 1.14A1.

¹⁰ Metered Demand is defined as "[m]etered load volumes, including losses pursuant to Schedule 10 of this Tariff or the appropriate transmission provider's tariff provision addressing Real Power Losses, in PacifiCorp's BAAs." PacifiCorp, OATT § 1.19D.

¹¹ September 28 Filing at 4.

5. PacifiCorp proposes to allocate charges and payments for the Flexible Ramping Forecasted Movement resource settlement, as well as the Daily and Monthly Flexible Ramping Uncertainty Awards (in both the upward and downward directions),¹² on the basis of Measured Demand.¹³ PacifiCorp contends that while it recognizes that CAISO has chosen to directly assign Flexible Ramping Uncertainty Awards costs and payments to load, supply, and interties, at this time there is no basis to determine a similar approach would be cost-effective for PacifiCorp or other EIM Entities.¹⁴ PacifiCorp further asserts that the Commission has found that the Measured Demand allocator “presents a simplified alternative to allocating these charges to those that benefit from the additional reliability that the flexible ramping constraint provides to the system.”¹⁵ According to PacifiCorp, the same reasoning should apply to the sub-allocation of the Flexible Ramping Product to PacifiCorp’s transmission customers.

6. In support of its allocation proposal, PacifiCorp explains that it previously performed an analysis comparing the current Measured Demand allocation with the approach used by CAISO for the existing Flexible Ramping Constraint, which allocates 75 percent of the costs to load and 25 percent to generation. Based on this analysis, PacifiCorp concluded that CAISO’s Flexible Ramping Constraint allocation calculation would result in a relatively minor financial impact both to PacifiCorp and its third-party

¹² PacifiCorp proposes to define Flexible Ramping Uncertainty Award as “[a] resource’s award for meeting a Flexible Ramping Uncertainty Requirement under the Flexible Ramping Product.” PacifiCorp, Proposed OATT § 1.14A2. A Flexible Ramping Uncertainty Requirement is “[f]lexible ramping capability to meet the Flexible Ramping Product requirements established by [CAISO].” *Id.* § 1.14A3.

¹³ September 28 Filing at 4. Measured Demand includes (1) Metered Demand, plus (2) e-Tagged export volumes from a PacifiCorp BAA, including losses pursuant to Schedule 10 of the OATT (excluding Dynamic Schedules that support EIM Transfers) or the appropriate transmission provider’s tariff provision addressing Real Power Losses. PacifiCorp, OATT § 1.19C.

¹⁴ September 28 Filing at 4 (citing *Am. Elec. Power Serv. Corp.*, 116 FERC ¶ 61,179, at P 25 (2006); *City of Bethany v. FERC*, 727 F.2d 1131, 1136 (D.C. Cir. 1984), *cert. denied*, 469 U.S. 917 (1984) (stating that FERC has interpreted its authority to review rates as “limited to an inquiry into whether the rates proposed by a utility are reasonable -- and not to extend to determining whether a proposed rate schedule is more or less reasonable than alternative rate designs”)).

¹⁵ *Id.* (quoting *Puget Sound Energy Inc.*, 155 FERC ¶ 61,111, at P 112 (2016)).

transmission customers that does not justify the administrative burden required to implement such a change.¹⁶

7. PacifiCorp asserts that the same factors that weighed against using CAISO's allocation method for the existing Flexible Ramping Constraint would apply to any sub-allocation of the Flexible Ramping Product costs for a number of reasons. First, PacifiCorp argues that it is highly questionable that adopting CAISO's direct assignment method would have a material effect. PacifiCorp's previous study found that the significant time and cost of assigning a portion of flexible ramping costs directly to generation did not result in a significant reallocation of costs among transmission customers. Second, the data provided by CAISO at the EIM Entity level would need to be disaggregated into individual customer bills, and PacifiCorp argues that this is a tremendous amount of data to disaggregate and could increase the likelihood of errors leading to prolonged disputes.¹⁷ Third, PacifiCorp contends that until there is a better understanding and history of the contributors to CAISO's Flexible Ramping Product procurement, a Measured Demand allocator is a just and reasonable method for assigning charges and payments for a necessary reliability service.¹⁸ In sum, PacifiCorp states that it has no current basis to conclude that the significant effort required to directly assign Flexible Ramping Product costs is warranted and that the added administrative expense may outweigh any customer benefit.¹⁹

8. PacifiCorp requests waiver of the Commission's prior notice requirements set forth in section 35.3(a)(1) of the Commission's regulations, 18 C.F.R. § 35.3(a)(1) (2016), to permit an effective date of November 1, 2016 for the revised OATT provisions.

9. Notice of PacifiCorp's September 28 Filing was published in the *Federal Register*, 81 Fed. Reg. 68,409 (2016), with interventions and protests due on or before October 19, 2016. None was filed.

10. We find that PacifiCorp's proposed revisions are just and reasonable and not unduly discriminatory or preferential. PacifiCorp's proposed OATT revisions will effectively implement CAISO's Flexible Ramping Product, as accepted by the

¹⁶ *Id.* at 5; see PacifiCorp, Letter Regarding Energy Imbalance Market, Docket No. ER14-1578-000 at 2 (filed Feb. 1, 2016).

¹⁷ September 28 Filing at 5-6.

¹⁸ *Id.* (quoting CAISO Flexible Ramping Product Filing at 25).

¹⁹ *Id.* at 6.

Commission. As the Commission found in the September 26 Order, the Flexible Ramping Product will enhance CAISO's ability to manage ramping capability to address changes in system conditions by extending CAISO's ability to procure ramping capability in both the upward and downward directions and to account for forecasted net load movement and forecast uncertainty in all processes of the real-time market.²⁰ We recognize the significant administrative burden and associated costs that would be required in order for PacifiCorp to adopt an allocation methodology similar to CAISO's, as described by PacifiCorp in the September 28 Filing. We find that PacifiCorp has adequately supported its proposed allocation methodology, which will allocate charges to those who benefit from the reliability that the Flexible Ramping Product will provide to the system. Accordingly, we accept PacifiCorp's proposed tariff revisions, effective November 1, 2016, as requested.²¹

By direction of the Commission.

Kimberly D. Bose,
Secretary.

²⁰ September 26 Order, 156 FERC ¶ 61,226 at P 36.

²¹ *Cal. Indep. Sys. Operator Corp.*, 157 FERC ¶ 61,048 at P 5. See CAISO, *Market Notice: FRP and RSI/CMP/CCE2 Deployed and Activated* (Nov. 1, 2016), https://www.caiso.com/Documents/FRP-RSI_CPM_CCE2Deployed-Activated.html (confirming CAISO activation of the Flexible Ramping Product on November 1, 2016).