

**UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION**

PacifiCorp

Docket No. ER14-1578-000

**MOTION TO INTERVENE AND COMMENTS  
OF THE WESTERN POWER TRADING FORUM**

Pursuant to Rules 211, 212 and 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (the “Commission” or “FERC”)<sup>1</sup> and the Commission’s March 25, 2014 “Combined Notice of Filings #2,” the Western Power Trading Forum (“WPTF”) submits this motion to intervene and comments on PacifiCorp’s revisions to its Open Access Transmission Tariff (“OATT”) to Implement the Energy Imbalance Market (“PacifiCorp EIM Proposal”).<sup>2</sup>

**I. COMMUNICATIONS**

Communications in connection with this filing should be addressed to:

Caitlin Liotiris  
Energy Strategies  
215 South State Street, Suite 200  
Salt Lake City, UT 84111  
Telephone: (801) 355-4365  
Facsimile: (801) 521-9142  
[ccollins@energystrat.com](mailto:ccollins@energystrat.com)

Daniel W. Douglass\*  
DOUGLASS & LIDDELL  
21700 Oxnard Street, Suite 1030  
Woodland Hills, CA 91367  
Telephone: (818) 961-3001  
Facsimile: (818) 961-3004  
[douglass@energyattorney.com](mailto:douglass@energyattorney.com)

\* person designated to receive service

---

<sup>1</sup> 18 C.F.R. § 385.211, 212, 214.

<sup>2</sup> PacifiCorp, “*Filing for Revisions to the OATT to Implement the Energy Imbalance Market*, Docket No. ER14-1578-000. (filed March 25, 2014) (“PacifiCorp EIM Proposal”).

## **II. MOTION TO INTERVENE IN DOCKET ER14-1578-000**

WPTF is a California nonprofit, public benefit corporation. It is a broad-based membership organization dedicated to enhancing competition in Western electric markets while maintaining the current high level of system reliability. WPTF supports development of competitive markets throughout the West and of uniform rules to facilitate transactions among market participants. The membership of WPTF includes energy service providers, scheduling coordinators, generators, power marketers, financial institutions, energy consultants, and public utilities. WPTF's membership actively participates in electric power markets in the West and across the country. WPTF's intervention in this proceeding is in the public interest. WPTF's interests will not be adequately represented by any other party. Therefore, WPTF respectfully requests that this motion to intervene be granted.

## **III. BACKGROUND**

On April 30, 2013, the California Independent System Operator Corporation ("CAISO") filed an Implementation Agreement to begin development of the Energy Imbalance Market ("EIM") with PacifiCorp.<sup>3</sup> On February 28, 2014, the CAISO submitted a filing in which it sought Commission approval of Tariff revisions that would implement the EIM ("CAISO EIM Proposal").<sup>4</sup> On March 25, 2014, PacifiCorp submitted a filing seeking to approve revisions to its OATT to implement the EIM within its Balancing Authority Areas ("BAAs"). In its March 25, 2014, Combined Notice of Filings #2, the Commission established April 15, 2014, as the date

---

<sup>3</sup> California Independent System Operator Corporation, "*California Independent System Operator Corporation Filing of ISO Rate Schedule No. 7.3 Docket No. ER13-1372-000*," (filed April 30, 2013) ("CAISO IA Proposal").

<sup>4</sup> California Independent System Operator Corporation, "*California Independent System Operator Corporation ISO Tariff Amendments to Implement an Energy Imbalance Market, Docket No. ER14-1386-000*," (filed February 28, 2014) ("CAISO EIM Proposal").

on which comments on the PacifiCorp EIM Proposal are due. Subsequently, the Commission extended the comment date until April 25, 2014.<sup>5</sup>

#### **IV. COMMENTS**

WPTF supports the further expansion of open and efficient markets throughout the Western Interconnection and, to that end, has actively participated in the EIM stakeholder processes at the CAISO and at PacifiCorp. Through the stakeholder processes, WPTF has become aware of a limited subset of EIM design aspects that could affect market efficiency; nevertheless, WPTF generally supports the PacifiCorp EIM Proposal, which has been substantially modified to address many of WPTF's original concerns regarding open access and comparable treatment.

WPTF continues to support the EIM because its expanded footprint, enhanced regional coordination, and further reductions of barriers to trade will improve market efficiency. The EIM is expected to offer benefits to PacifiCorp's customers in the form of more efficient dispatch within the PacifiCorp BAAs and will also benefit PacifiCorp's transmission customers through more efficient pricing on imbalance charges under Schedule 4 & 9. In addition, even with the limited initial transfer capability being made available between PacifiCorp and the CAISO, some inter-regional benefits associated with least-cost dispatch are expected to be realized. WPTF believes the EIM offers an important expansion in organized markets and WPTF supports EIM development.

Below, WPTF offers comments on a narrow set of EIM design elements.

---

<sup>5</sup> Docket ER14-1578-000, Notice of Extension of Time, April 9, 2014.

**A. Initial Transmission Policies are Reasonable but the Commission should Direct a Review of EIM Transmission Policies within 12 Months**

The CAISO and PacifiCorp have proposed a temporary, “reciprocal” policy for transmission charges in the EIM. The proposed approach is reasonable for initial EIM operations, particularly given the substantial modifications PacifiCorp has made from its initial proposals. The modifications made by PacifiCorp have resulted in transmission policies that provide open and non-discriminatory access to the EIM.

Initially, PacifiCorp proposed to require that PacifiCorp EIM Participating Resources hold long-term firm transmission rights on PacifiCorp’s system in order to be eligible to participate in the EIM. This proposal would have unnecessarily restricted market access and was inconsistent with encouraging open and efficient markets. However, through the stakeholder process, PacifiCorp has modified this requirement such that EIM Participating Resources may use existing transmission rights or may pay an hourly transmission rate, assessed after-the-fact, to meet its requirement that such resources hold transmission, and thus has gone a long way to facilitate EIM participation. This revised approach will eliminate barriers to entry for third-party suppliers in the EIM, provides consistent treatment with respect to other uses of PacifiCorp’s transmission system, and is a reasonable policy for initial EIM operations.

Despite these improvements, inequalities remain in the transmission charge paradigm proposed under the EIM. Under the proposed “reciprocal” EIM transmission policy between the CAISO and PacifiCorp, when real time (EIM) exports are made from the CAISO to PacifiCorp, they are exempt from a PacifiCorp transmission charge. Similarly, EIM exports from PacifiCorp to the CAISO must pay the PacifiCorp transmission rate, but incur no additional charge for

transmission into the CAISO BAA.<sup>6</sup> This result is reasonable for initial EIM operations. While PacifiCorp and the CAISO promote this concept of “reciprocity” for transmission use for initial EIM operations, in part, because reciprocal access avoids additional transmission rate pancaking,<sup>7</sup> the reality is that rate pancaking cannot be avoided until there are uniform application of transmission charges throughout an expanded EIM footprint.

In fact, WPTF is concerned that, unless PacifiCorp explicitly addresses the treatment of future EIM Entities, the construct in PacifiCorp’s EIM Proposal could allow for a good deal of rate pancaking. Specifically, in a situation where another EIM Entity (not directly connected to the CAISO) joins the EIM, it appears that EIM Entity would not receive the same reciprocity for EIM transmission charges that exists between the CAISO and PacifiCorp. In this situation, suppliers in a new EIM Entity (not directly connected to the CAISO) would have to pay any required transmission rate in the BAA of the new EIM Entity, the PacifiCorp hourly transmission rate,<sup>8</sup> and, if that energy serves a CAISO load, the load will again have to pay the CAISO Transmission Access Charge. Therefore, WPTF is concerned that PacifiCorp’s EIM Proposal does not appear to equally extend the reciprocity concept to future EIM Entities. This could impact market efficiency and create distortions in the EIM. WPTF requests that PacifiCorp explicitly address the treatment of future EIM Entities within its EIM Proposal.

While both PacifiCorp and the CAISO have committed to reevaluating transmission charges in the EIM after gaining some operational experience with this new market,<sup>9</sup> the timeframe required for those evaluations and tariff modifications has not been specified. To

---

<sup>6</sup> Although, in this case, the CAISO load remains responsible for paying the CAISO’s Transmission Access Charge.

<sup>7</sup> PacifiCorp EIM Proposal, p.37.

<sup>8</sup> PacifiCorp EIM Proposal, OATT Attachment T, Section 8.7.

<sup>9</sup> CAISO EIM Proposal, p. 38 and PacifiCorp EIM Proposal, p.37-38.

ensure that these issues are addressed in a timely manner, WPTF requests that the Commission include in its Order specific direction to PacifiCorp and the CAISO that they must file their proposed tariff rate structure modifications or, at a minimum, a plan for making those modifications, within 12 months of the EIM go-live. Moreover, the Commission should direct PacifiCorp to initiate a stakeholder process (which should be done in conjunction with the CAISO) to address these issues within 30 days of acceptance of this filing. This will allow various stakeholders to begin working to address EIM wheeling charges and associated issues as quickly as possible after the market design is finalized.

**B. Access to the EIM for External Resources has Greatly Improved but Further Review of Market Expansion is Necessary Following EIM Operation**

PacifiCorp has made substantial progress in implementing non-discriminatory rules for external resource participation in the EIM. However, as is the case with its transmission policies, there are remaining issues that should be addressed within 12 months of EIM go-live and WPTF requests that the Commission include direction to PacifiCorp to continue working with stakeholders to effectuate resolutions to the remaining issues.

Initially, PacifiCorp proposed an arbitrary restriction on external resource participation in the EIM (which would have restricted external EIM resource participation to designated network resources). Through its stakeholder process, PacifiCorp has come up with an approach that provides non-discriminatory treatment of external resources. Under this approach, resources that implement a pseudo-tie into a PacifiCorp BAA, and meet other requirements applicable to resources internal to a PacifiCorp BAA, are eligible to participate in the EIM.

This approach is reasonable and WPTF supports this policy for initial EIM operations. However, WPTF believes that expanding the ability of external resources to participate, either through dynamic schedules or through expansion of the CAISO's 15-minute market to

PacifiCorp’s boundaries, could greatly expand the benefits that are realized through the EIM. In order to ensure market expansion continues to be evaluated, the Commission should direct PacifiCorp to initiate a stakeholder process to address the feasibility of market expansion no later than 12 months after EIM operations commence.

**C. Schedule 9 Requires Modification**

The revisions to Schedule 9 contained in PacifiCorp’s EIM Proposal are set up to ensure uninstructed generator imbalances are charged or paid the CAISO’s Uninstructed Imbalance Energy (UIE) price, while instructed imbalances (such as compliance with a Manual Dispatch) are charged or paid at the Instructed Imbalance Energy (IIE) price. This framework is logical. However, there is a slight inconsistency which PacifiCorp has been made aware of and has indicated it will correct.

In order to ensure that this issue does not get overlooked in the tariff approval process, WPTF wishes to point out that the language used in Schedule 9, for resources which have received a Manual Dispatch or which have communicated physical changes in the output from resources to the Market Operator, does not correctly apply charges and payments to generators. The order of the terms used in Schedule 9 implies that a generator should be charged when, in fact, a payment is in order (or vice versa). Some slight modification to the language in Schedule 9 will remedy this problem. It is best to illustrate the issue with an example. Assume the following:

<u>Base Schedule (X)</u>	<u>30 MW</u>
<u>Manual Dispatch or from physical changes in the output from resources communicated to the MO (Y)</u>	<u>32 MW</u>
<u>Metered Generation (Z)</u>	<u>35 MW</u>

In this example, per the language in Schedule 9, the generator would be paid as follows:

1. Deviation of metered generation from Manual Dispatch (Z-Y) = (35-32) = 3 MW at UIE
2. Deviation of Base Schedule from Manual Dispatch (30-32) = -2 MW at IIE.

As illustrated by this example, the direction of charges is not correct. The generator should be receiving payment for 5 MW total (2 MW at UIE and 3 MW at IIE), but is instead receiving a net payment for just 1 MW. To remedy this issue, WPTF recommends modifications to Schedule 9 as follows:

The following provisions shall apply to Transmission Customers which have received a Manual Dispatch or which have communicated physical changes in the output from resources to the MO:

- (1) A Transmission Customer shall be charged or paid for Generator Imbalance Service measured as the deviation of that resources responding to a Manual Dispatch instruction the Transmission Customer's metered generation from the Manual Dispatch amount or from physical changes in the output from resources communicated to the MO prior to the FMM, settled at the UIE price, as determined by the MO under Section 29.11(b)(3)(B) of the MO Tariff for the period of the deviation at the applicable PNode where the generator is located, less the price component for marginal losses; and
- (2) (a) A Transmission Customer shall be charged or paid for Generator Imbalance Service measured as the deviation of the ~~resource component of the Transmission Customer Base Schedule from the Manual Dispatch amount~~ or from physical changes in the output from resources communicated to the

MO prior to the FMM, from the resource component of the Transmission Customer Base Schedule, settled at the FMM IIE price, as determined by the MO under Section 29.11(b)(1)(A)(ii) of the MO Tariff for the period of the deviation at the applicable PNode where the generator is located, less the price component for marginal losses; or

- (2) (b) A Transmission Customer shall be charged or paid for Generator Imbalance Service measured as the deviation of the ~~resource component of the Transmission Customer Base Schedule from the Manual Dispatch amount~~ from the resource component of the Transmission Customer Base Schedule, settled at the RTD IIE price, as determined by the MO under Section 29.11(b)(2)(A)(ii) of the MO Tariff for the period of the deviation at the applicable PNode where the generator is located, less the price component for marginal losses. This provision only applies to Transmission Customers which have received a Manual Dispatch.

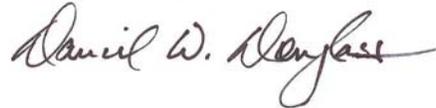
This modification ensures the language in the PacifiCorp tariff is consistent with respect to the direction of charges and that generators will be charged or paid for imbalances appropriately.

## V. CONCLUSION

WPTF supports, in principle, the development of the EIM and supports approval of the revisions to PacifiCorp's OATT, subject to the clarifications necessary to Schedule 9, so that the EIM can commence operations in October 2014. In approving the modifications to PacifiCorp's OATT necessary to implement the EIM, WPTF requests that the Commission include in its

Order direction to PacifiCorp to further develop its transmission policies and market expansion, as requested herein.

Respectfully submitted,



Caitlin Liotiris  
Energy Strategies  
215 South State Street, Suite 200  
Salt Lake City, UT 84111  
Telephone: (801) 355-4365  
Facsimile: (801) 521-9142  
[ccollins@energystrat.com](mailto:ccollins@energystrat.com)

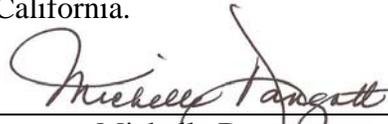
Daniel W. Douglass\*  
DOUGLASS & LIDDELL  
21700 Oxnard Street, Suite 1030  
Woodland Hills, CA 91367  
Telephone: (818) 961-3001  
Facsimile: (818) 961-3004  
[douglass@energyattorney.com](mailto:douglass@energyattorney.com)

April 23, 2014

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of the *Motion to Intervene and Comments of the Western Power Trading Forum* on all parties of record in proceeding *ER14-1578-000* by serving an electronic copy on their email addresses of record (listed below) and by mailing a properly addressed copy by first-class mail with postage prepaid to each party for whom an email address is not available.

Executed on April 23, 2014, at Woodland Hills, California.

  
\_\_\_\_\_  
Michelle Dangott

andrew.meditz@smud.org  
andrew.young@klgates.com  
bkm@dwgp.com  
ccollins@energystrat.com  
craig.silverstein@stinsonleonard.com  
david.mills@pse.com  
deanna.king@bgllp.com  
denyse.zosa@stinsonleonard.com  
douglass@energyattorney.com  
dtrotter@utc.wa.gov  
erin.apperson@pse.com  
gdb@vnf.com  
gga@dwgp.com  
glt@vnf.com  
harvey.reiter@stinsonleonard.com  
inactive  
jason.lewis@jpmorgan.com  
jennifer.d.augustine@xcelenergy.com  
jessica.miller@bgllp.com  
jhilton@idahopower.com

john.chiles@gdsassociates.com  
joseph.hoerner@pse.com  
jtg@dwgp.com  
kanderson2@idahopower.com  
karen.mcdonald@powerex.com  
lsnorris@bpa.gov  
mark.rabuano@pacificcorp.com  
marshall@uamps.com  
mdelaba@gcpud.org  
molly.suda@klgates.com  
mrp@dwgp.com  
ragreene@bpa.gov  
rkahn@nippc.org  
sarah.edmonds@pacificcorp.com  
stephen.j.beuning@xcelenergy.com  
stephen.t.greenleaf@jpmorgan.com  
steve.daniel@gdsassociates.com  
thomaspcorr@gmail.com  
tracey.bradley@bgllp.com  
tshuba@goodwinprocter.com