

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

NV Energy

Docket No. ER15-1196-000

**MOTION TO INTERVENE, COMMENTS AND PROTEST  
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> the Commission’s March 10, 2015, “Combined Notice of Filings #1,” and March 24, 2015, “Notice of Extension of Time” the Western Power Trading Forum (“WPTF”) submits this motion to intervene, comments and protest of NV Energy’s proposed revisions to its Open Access Transmission Tariff (“OATT”) to Implement the Energy Imbalance Market (“NV Energy EIM Proposal”).<sup>2</sup>

**I. COMMUNICATIONS**

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

<sup>2</sup> NV Energy, “*Proposed Amendments to its Open Access Transmission Tariff to provide for Voluntary Participation in the Energy Imbalance Market with the California Independent System Operator*, Docket No. ER15-1196-000, filed March 6, 2015 (“NV Energy EIM Proposal”).

## **II. MOTION TO INTERVENE IN DOCKET ER15-1196-000**

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 also supports the development 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 16, 2014, the California Independent System Operator Corporation ("CAISO") filed an Implementation Agreement to initiate expansion of the Energy Imbalance Market ("EIM") to NV Energy.<sup>3</sup> On March 6, 2015, NV Energy submitted a filing seeking to approve revisions to its OATT to implement the EIM within its Balancing Authority Areas ("BAAs"). Following the March 10, 2015, Combined Notice of Filings #1, on March 24, the Commission extended the deadline for interventions, comments and protests to April 6, 2015.<sup>4</sup>

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<sup>3</sup> California Independent System Operator Corporation, "*California Independent System Operator Corporation Filing of ISO Rate Schedule No 76 Docket No. ER14-1729-000*," filed April 16, 2014 ("CAISO IA Proposal").

<sup>4</sup> Federal Energy Regulatory Commission, "*Notice of Extension of Time, Docket No. ER15-1196-000*," March 24, 2015.

Prior to NV Energy's EIM Proposal, on June 19, 2014, FERC conditionally approved tariff modifications to both the CAISO tariff and PacifiCorp's tariff.<sup>5,6</sup> Such modifications allowed the implementation of the EIM, which began financially binding operations on November 1, 2014.

#### **IV. COMMENTS AND PROTEST OF WPTF**

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, PacifiCorp, and NV Energy. Despite some issues experienced in the first months of EIM operation between the CAISO and PacifiCorp, WPTF supports the development of well-functioning EIMs across the Western Interconnection and generally supports the NV Energy EIM Proposal.<sup>7</sup> Through involvement in the NV Energy process and a variety of other venues, WPTF has demonstrated its continued support for a well-functioning EIM. For instance, WPTF supported PacifiCorp's EIM Proposal when it was filed with FERC.<sup>8</sup> WPTF has also continued to advocate for a well-designed and well-functioning market, including advocating for robust EIM simulation and a significant period of parallel, non-binding EIM operations for future EIM entities.<sup>9</sup> WPTF continues to support the expansion of the EIM to external resources and participation at the interties of the EIM Entities.

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<sup>5</sup> *Order Conditionally Accepting Proposed Tariff Revisions to Implement Energy Imbalance Market, California Independent System Operator*, 147 ¶ FERC 61,231 (June 19, 2014).

<sup>6</sup> *Order Conditionally Accepting in Part and Rejecting in Part Proposed Tariff Revisions to Implement the Energy Imbalance Market, PacifiCorp*, 147 ¶ FERC 61,227 (June 19, 2014).

<sup>7</sup> Although, as described herein, WPTF is protesting certain aspects of NV Energy's EIM Proposal.

<sup>8</sup> WPTF Comments in "*PacifiCorp Filing for Revisions to the OATT to Implement the Energy Imbalance Market, Docket No. ER14-1578-000*, filed April 23, 2014.

<sup>9</sup> WPTF Comments in, "*California Independent System Operator Corporation Filing of Tariff Amendment to Implement Transition Period Pricing for Energy Imbalance Market, Docket No. ER15-861-000*," filed January 26, 2015, at p. 4.

WPTF actively participated in NV Energy's EIM stakeholder process and appreciates NV Energy's responsiveness to several issues brought up during the process. In response to comments submitted by WPTF, NV Energy eliminated proposed "penalty tiers" from Schedule 4 and Schedule 9 of the NV Energy OATT prior to filing its EIM Proposal with FERC.

Unfortunately, despite WPTF's general support for the EIM, there are a number of design issues included in NV Energy's EIM Proposal that are of concern. Specifically, WPTF believes that the requirement to submit financially binding Base Schedules at T-57 and the proposed timing of using of Available Transfer Capability ("ATC") for EIM Transfers will actually decrease system flexibility and undermine the OATT framework that exists in the NV Energy BAA. WPTF is eager to see the EIM framework succeed, but believes that, in order to do so, NV Energy's EIM design must include some modifications from the current design that exists between PacifiCorp and the CAISO. Below WPTF offers a protest on several implementation details proposed in the NV Energy EIM Proposal.

WPTF regrets that it did not bring up the issues addressed below during the NV Energy stakeholder process. At times, it has been unclear whether specific issues (such as those raised by WPTF herein) would be addressed in the CAISO's stakeholder process and tariff modifications or in the EIM Entity's stakeholder process and tariff modification. When NV Energy's stakeholder process was underway, WPTF believed many of the transmission related issues addressed in this protest, may have been more appropriately addressed through the CAISO's EIM Year One Enhancements stakeholder process and subsequent tariff revisions and WPTF provided comments in that venue. WPTF did not make specific comments on these issues in the NV Energy stakeholder process, but the clear language in the NV Energy EIM Proposal illustrates that this docket is the appropriate venue to address concerns related to

transmission use and base schedule development under the EIM and, thus, WPTF is protesting that aspect of the NV Energy EIM Proposal.

Although WPTF did not raise these concerns in the stakeholder process, Powerex filed comments at the tail end of NV Energy's EIM stakeholder process that highlighted similar issues. NV Energy has indicated a willingness to review these issues as part of its review of transmission charges in the EIM.<sup>10</sup> WPTF appreciates NV Energy's willingness to work on this in the future. But, given that these issues are before the Commission in this docket and deal with the fundamental rights of firm OATT transmission customers, FERC should address the issues now, rather than deferring to a vague commitment to reevaluate the issue at a yet to be determined date. As the protest below addresses, there are fundamental flaws with the financially binding deadlines imposed by NV Energy which undermine the OATT framework and also serve to decrease overall system flexibility, in contradiction to the intent of the EIM.

**A. Establishing Financially Binding Base Schedules at T-57 Undermines the OATT Framework and will Decrease System Flexibility**

NV Energy's EIM Proposal explicitly addresses a proposed requirement that, upon EIM implementation, Transmission Customers must submit Forecast Data by T-57. In contrast to other EIM related filings that have come before the Commission, NV Energy directly addresses the proposed financial treatment of schedule changes received after T-57 by explaining that "*Transmission Customers become financially responsible for imbalances based on the data they provide by T-57.*"<sup>11</sup> NV Energy's filing represents the first time that the Commission is directly asked to address both the financial consequences of imposing this EIM-related deadline and how such a requirement interacts with the existing OATT framework. As described more fully

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<sup>10</sup> NV Energy EIM Proposal, at p. 29.

<sup>11</sup> Id at p. 27.

below, WPTF protests the proposed treatment of schedule changes after T-57 because it fundamentally erodes the financial value of firm OATT transmission rights; results in the application of congestion charges to firm OATT transmission reservations that have (prior to EIM implementation) never been subject to such charges; may decrease system flexibility; and is inconsistent with the CAISO's tariff timelines.

**1. Description of the Problem - Scheduling Today and Under the EIM**

**a. Scheduling Today**

Prior to implementation of the NV Energy EIM, a Transmission Customer that owns firm point-to-point, OATT transmission rights on the NV Energy system may utilize its rights and submit schedules up through 20 minutes ahead of the operating hour, or T-20. Under NV Energy's existing OATT framework, Transmission Customers are also afforded the ability to make schedule changes up to 20 minutes prior to each 15-minute interval without the imposition of imbalance charges. These practices stem from FERC Order 888 and FERC Order 764, as described more fully below. It is also important to note that, under NV Energy's OATT today, firm point-to-point OATT customers are not charged for redispatch associated with relieving congestion.<sup>12</sup>

In Order 888, FERC required that scheduling changes be "permitted up to twenty (20 minutes [or a reasonable time that is generally accepted in the region and consistently adhered to by the Transmission Provider] before the start of the next clock hour."<sup>13</sup> Since Order 888, FERC has continued to require that Transmission Providers adhere to this deadline by allowing

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<sup>12</sup> NV Energy OATT, Section 33.3

<sup>13</sup> Order No. 888, Appendix D, Section 13.8.

Transmission Customers to make schedule changes until T-20 without the imposition of charges or penalties.<sup>14</sup>

Under Order 764, FERC sought to further increase the flexibility afforded to Transmission Customers seeking to make schedule changes close to the operating horizon by providing customers the ability to update transmission schedules on an intra-hour basis. FERC has repeatedly supported increased scheduling flexibility and ordered that Transmission Customers must be allowed to modify their schedules through T-20 without the imposition of fines or penalties. For instance, in *PJM*, FERC found that PJM's proposal to require the submission of schedules 20 minutes prior to the *operating hour* was not-compliant with Order 764 because it did not provide the ability to modify schedules before each 15-minute interval.<sup>15</sup>

Through these orders, FERC has demonstrated a commitment to scheduling flexibility. Such scheduling flexibility exists under NV Energy's current OATT which allows customers to submit schedules up to 20 minutes before each 15-minute scheduling interval without being charged imbalance charges. In addition, today, firm OATT customers are insulated from the costs associated with redispatch to relieve congestion. As described in subsequent sections, the NV Energy EIM proposal would fundamentally change these practices.

#### **b. Scheduling Under the EIM Proposal**

Under NV Energy's EIM Proposal a Transmission Customer must submit its Forecast Data by T-75 and such data is used to create the Transmission Customer's Base Schedule. All forecast data becomes financially binding at T-57.<sup>16</sup> After T-57, Transmission Customers become financially responsible for any scheduling changes, and such changes are priced at the

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<sup>14</sup> For example, *Allegheny Power System Inc, et al.* 80 FERC ¶ 61,143 (1997) and *Mid-Continent Area Power Pool, et al.* 87 FERC ¶ 61,075 (1999).

<sup>15</sup> *Order Accepting in Part and Rejecting in part Proposed Tariff Revisions*, PJM Interconnection, LLC, 147 FERC ¶ 61,045 (2014), at 11.

<sup>16</sup> NV Energy EIM Proposal at p. 27.

Location Marginal Price (“LMP”) resulting from the EIM. Under NV Energy’s EIM Proposal, schedules would technically be permitted to be modified up through T-20. However, all schedules would become financially binding at T-57, making the ability to modify schedules until T-20 irrelevant, from a financial perspective.

It is helpful to evaluate several examples, as there are two distinct differences between how scheduling occurs today and how it would occur under the proposed NV Energy EIM. The first relates to the use of OATT transmission service for loads and resources *within* the NV Energy BAA. The second is the application of imbalance charges to transactions that simply “wheel-through” the NV Energy BAAs.

First, let’s evaluate a generator, which is a Non-Participating Resource, located in NV Energy’s BAA. This generator utilizes firm point-to-point transmission rights purchased under the OATT to export its generation to an adjacent BAA. Under today’s framework, the generator must submit its e-Tag and transmission reservation by 20 minutes ahead of the operating hour. In addition, the generator may submit intrahour changes to its schedule (per FERC Order 764) by 20 minutes ahead of each 15-minute scheduling period. The Transmission Customer is then assessed an imbalance charge/payment, under OATT Schedule 9, for any deviations from its schedule. This structure provides an opportunity for the Transmission Customer to utilize firm OATT rights to balance its schedule, should it have access to imbalance service that is more efficient than the imbalance service provided by NV Energy. However, under the proposed implementation of the EIM, the same generator would be captive to the EIM prices for any imbalance needs it required after T-57. While the generator is still permitted to make changes to its schedule between T-20 and T-57, any such changes are settled at the LMPs from the EIM, rendering the ability to make changes after T-20 void of any financial value to the generator.

A second example illustrates the implications of the T-57 deadline on “wheel through” transactions. “Wheel-through” transactions are not formally defined, but are transactions where the Transmission Customer does not have any resources or load within NV Energy’s BAA. These transactions utilize the NV Energy transmission system to deliver energy from a generator outside the NV Energy BAA to load outside the NV Energy BAA. Today “wheel through” transactions using firm OATT rights are not subject to any imbalance charges, nor are they subject to congestion charges. Absent the EIM, imbalances would generally be applied only at the location of the generation behind these transactions or at the site of the load to which these transactions are being delivered. Under the EIM Proposal, Transmission Customers would be required to submit forecast data for “wheel through” transactions. Any changes to the forecast data submitted at T-57 would be settled as “imbalances” and would be charged/paid the LMP differential between the location where the energy entered NV Energy’s transmission system and the location where it exited the NV Energy system. The LMP differential charged/paid to “wheel through” transactions in this example is the congestion component of the LMPs. Thus, under the NV Energy EIM Proposal, these “wheel-through” transactions would be subject to EIM congestion for any changes to schedules made after T-57.<sup>17</sup> Again, in this example the ability to make changes to schedules after T-57 is void of its historical financial value, as the Transmission Customer becomes captive to pricing in the EIM.

## **2. Deadline of T-57 Significantly Erodes the Value of Firm OATT Rights**

As illustrated above, NV Energy’s proposal to create financially binding schedules at T-57 significantly restricts firm OATT Transmission Customers’ right to make schedule changes until T-20. Though this restriction may not occur from a physical perspective (schedule

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<sup>17</sup> See NV Energy EIM Proposal, Attachment P, Section 8.1 which is the tariff language that will be used to implement this practice.

changes are not explicitly prohibited after T-57), from a financial perspective the restriction on changes after T-57 is undeniable. Any schedule submitted or adjusted after T-57 will be treated as “imbalance” and priced exclusively at the LMPs calculated in the EIM.

This proposal is in contradiction to the intent of FERC’s requirement under Order 888 to allow schedule changes up to T-20 and contrary to the intent of Order 764 to provide greater scheduling flexibility. Under NV Energy’s EIM Proposal the value of firm OATT rights expires at T-57 *ahead of the operating hour*, a significant decrease from the T-20 deadline that exists today. Furthermore, under this structure, any customer utilizing 15-minute scheduling or dynamic scheduling will be exposed to imbalance pricing resulting from the EIM. In this manner, the value of firm transmission rights is substantially diminished under the NV Energy EIM Proposal.

### **3. Deadline Applies Congestion Charges to Firm OATT Rights**

The T-57 deadline significantly modifies the conditions of NV Energy’s current OATT, under which firm point-to-point OATT customers are not charged for redispatch costs associated with relieving congestion. Today, any costs associated with redispatch to relieve congestion are proportionally paid by the Transmission Provider and Network Customers, pursuant to FERC Order 890.<sup>18</sup> While, NV Energy’s tariff filing does not specifically address this substantial modification to the OATT, the implication of imposing the T-57 deadline is that, firm point-to-point OATT customers will no longer be protected from redispatch costs after T-57.

Under the EIM Proposal, firm, point-to-point OATT customers will bear the burden of redispatch costs. Even firm Transmission Customers “wheeling through” the NV Energy BAA will pay the EIM congestion charges for any schedule changes made after T-57. Therefore, despite paying for priority access to the transmission system, firm OATT Transmission

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<sup>18</sup> NV Energy OATT, Section 33.3 and Order 890-B

Customers making schedule change after T-57 will bear the costs of congestion in the same manner as lower priority transmission. This is in direct contradiction to Order 890 and the purpose of OATT transmission priorities and should be rejected by the Commission.

#### **4. Deadline Will Decrease System Flexibility upon EIM Implementation**

Under the NV Energy EIM Proposal, there is substantial financial risk imposed on schedule changes that occur after T-57 as those changes become captive to EIM prices. For EIM Participating Resources, such financial risk can be mitigated through submission of economic bids into the market. But for Transmission Customers wheeling-through NV Energy's system and resources within NV Energy's BAA that are Non-Participating Resources, there is no way to mitigate the price risk. The only option to decrease exposure to what have, so far, proven to be volatile EIM prices is to strictly adhere to the schedule provided to the EIM Entity at T-57. Therefore, under the EIM, customers will have a decreased willingness to modify their schedules close to the hour, which, in turn, serves to decrease the amount of flexibility available on the system.

WPTF has continued to advocate for the expansion of the EIM to include participation in the CAISO's 15-minute market ("FMM") at the EIM Entity boundaries. However, just as PacifiCorp, NV Energy has opted to decline such an expansion at this time. Offering participation at the ties would provide mechanisms for customers to mitigate price exposure and would likely increase the amount of system flexibility available under the EIM. But, under the current proposal, WPTF expects the lack of allowed participation at the ties, in combination with the T-57 deadline, will actually decrease the amount of system flexibility that is available. The increased pricing exposure faced by market participants making schedule changes after T-57 will discourage market participants from modifying schedules close to the hour.

## **5. Timeline is Inconsistent with CAISO's Tariff Timelines**

WPTF is also concerned about the seams issues created by the interaction of the T-57 deadlines with the CAISO's tariff deadlines for the hour ahead scheduling process ("HASP"). The T-57 deadline proposed by NV Energy would penalize entities for participating in the CAISO's hourly market and will result in further declines to liquidity in the CAISO hourly markets.

The core of the problem is that the bidding and award schedules of the CAISO, on the one hand, and the timelines for the e-Tagging protocols (as required under the NV Energy EIM Proposal), on the other hand, do not align with each other. Bids for the CAISO's HASP must be in by T-75. Then, typically, the CAISO publishes awards between T-60 and T-45. This means that, under most circumstances, a market participant does not have final award information in time to tag a schedule, or submit a base schedule to the EIM Entity by T-57.<sup>19</sup> Currently, under the CAISO's tariff, if a market participant modifies a day-ahead tag in an attempt to avoid an imbalance it will trigger the CAISO's HASP reversal rule. Thus, schedule modifications made at T-57, or earlier, are being penalized by triggering the HASP reversal rules. On the other hand, schedule changes submitted after T-57 are being subjected to volatile EIM prices. These timelines would appear to penalize entities for participating in the hourly market.

It is not commercially reasonable to assume that a market participant can create or modify a tag (or several tags) in a timely fashion and avoid any EIM imbalance penalties (given that the EIM deadline falls within the earliest range of when HASP/FMM awards are published). Because of the potential exposure to unpredictable and volatile EIM prices due to unaligned

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<sup>19</sup> Although NV Energy's EIM Proposal refers to the submission of Forecast Data by T-57, it has been the experience of WPTF members that, in PacifiCorp's implementation of the EIM, e-Tags must be submitted by T-57 and those e-Tags are used as the basis for imbalances that are charged to customers that wheel-through the PacifiCorp BAAs.

tagging deadlines, a market participant may potentially modify a day-ahead tag in anticipation of receiving an FMM/HASP award. However, it has been the experience of WPTF's members that the CAISO applies the HASP Reversal Rule when market participants try to use this methodology to manage the misalignment of timelines (based upon settlement/billing data).<sup>20</sup>

Requiring market participants to submit financially binding schedules through EIM Entity BAAs by T-57, such as NV Energy's tariff proposes, does not give market participants a chance to schedule energy awarded as part of the CAISO's HASP without incurring volatile and unpredictable EIM imbalance charges. This clash of timelines likely contributes to, and perhaps is even the primary cause of, the illiquidity that is currently witnessed in CAISO's HASP markets, which will only be increased if NV Energy's EIM Proposal is accepted without any modifications to the T-57 deadline.

The rules established by NV Energy as part of its implementation of the EIM should allow the CAISO's hourly market to function effectively. This requires providing market participants with *at least* 15 minutes, following HASP results, to create and submit e-Tags to wheel those transactions through EIM Entities' BAAs. This can be accomplished by either changing the CAISO tariff to establish an earlier timeline for HASP results or by modifying the EIM timeline to allow submission of schedules at least 15 minutes after the CAISO HASP results are published (which would be T-30). The latter is preferable and could be accomplished by implementing one of WPTF's suggested solutions to the T-57 deadline (described in subsequent sections).

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<sup>20</sup> HASP reversals are occurring as of the date of this writing. However, there have been informal discussions with the CAISO that indicate some degree of possibility that the software may be applying the rule inappropriately. If the CAISO does indeed ultimately take that position, then our specific concern relating to HASP reversals may be rendered moot.

## **6. NV Energy Should be Directed to Make Modifications**

As WPTF has highlighted, the imposition of financially binding schedules at T-57 decreases the value of firm OATT rights; will apply congestion costs to firm OATT customers that have, heretofore, been protected from such charges; will decrease flexibility on the system; and is inconsistent with the CAISO's timelines. For the reasons discussed above, FERC should direct NV Energy to modify its EIM proposal in a manner that respects the existing value of firm OATT transmission rights and does not impose new congestion charges to Transmission Customers using their firm OATT rights after T-57. WPTF's protest is not intended to delay the EIM due to the issues surrounding the T-57 deadline. Therefore, WPTF offers some potential solutions that NV Energy might consider in addressing the issues discussed above.

There are at least two solutions which would support the EIM, while also maintaining the integrity of the OATT structure and adhering to the principles of Order 888 and Order 764. One solution is likely far more difficult to implement than the other. Under the more difficult to implement solution, NV Energy could convert OATT rights into an allocation right to EIM congestion rents (i.e. providing congestion payments to the owners of firm OATT rights). Alternatively, NV Energy could simply apply a different mechanism for sub-allocating the imbalance costs resulting from modifications to Base Schedules of firm OATT customers after T-57 (but before the traditional T-20 scheduling deadline). There are multiple ways to solve the T-57 deadline issue using different sub-allocation schemes.

One option for an alternate sub-allocation solution would be for the NV Energy EIM Scheduling Coordinator to assume these costs without sub-allocation to Transmission Customers. While this will represent a risk to the NV Energy EIM Scheduling Coordinator, PacifiCorp has opted to adopt a similar practice for a number of other EIM related charges from the CAISO. Another option would be to sub-allocate all the costs/payments resulting from the

T-57 imbalance to Metered Demand. This practice is superior to NV Energy's proposal for two reasons. First, this treatment would extend the current provision of NV Energy's OATT that shields firm OATT customers from congestion costs. Second, Metered Demand is anticipated to be the primary beneficiary of EIM benefits; thus, it makes sense for the risks and costs of congestion to be absorbed by Metered Demand, rather than to be allocated to firm OATT customers. Should the EIM deliver its anticipated benefits, allocating these charges to Metered Demand should still provide savings to end use customers, while respecting NV Energy's long-firm OATT customers' right to use their transmission through T-20.

There are likely other solutions that would also allow the EIM to be implemented in a manner than supports efficient market functioning. FERC should direct NV Energy to correct the deficiencies that result from the T-57 deadline included in the NV Energy EIM Proposal.

#### **7. FERC has not Addressed These Concerns in Other Dockets**

WPTF's protest on the T-57 deadline does not seek to revisit any of the issues raised in the initial implementation of the EIM in either the CAISO tariff modifications or the PacifiCorp modifications. Rather, WPTF's protest seeks to address issues which were not clear in those filings and which have only become clear through subsequent updates to the PacifiCorp EIM Business Practice and through operational experience with the EIM.

NV Energy claims that the Commission has already addressed this issue of T-57 Base Schedule submission in the PacifiCorp proceeding. However, in the PacifiCorp proceeding FERC did not fully address the issues raised in this protest. In the PacifiCorp proceeding, the Commission determined that:

*The timeframe that PacifiCorp will use to measure imbalance energy is the exact same timeframe that CAISO will use to measure imbalances for non-participating load and resources and for which those imbalance charges are the responsibility of PacifiCorp as the EIM scheduling coordinator. Accordingly, it is reasonable that PacifiCorp would use the same*

*measurement to pass through the allocated CAISO imbalance charges to its transmission customers that cause PacifiCorp to incur those charges<sup>21</sup>.*

But the Commission did not address whether such a timeline is fundamentally at odds with the rights of Transmission Customers that have purchased firm transmission reservations under an OATT and, under prior FERC Orders, have had until T-20 to use such rights. Nor did the Commission address the application of EIM congestion costs to firm OATT customers.

Therefore, the issues presented herein are directly before the Commission for the first time and deserve consideration on their merits, rather than deeming NV Energy's proposal just and reasonable simply because similar language was approved in PacifiCorp's EIM tariff modification. At the time PacifiCorp's EIM tariff language was approved by the Commission, the implications of that language were neither fully understood by all parties nor thoroughly addressed in the Commission's Orders. In this docket, FERC has before it explicit language on schedule treatment and is further aided by the operational experience with the implementation of the CAISO-PacifiCorp EIM. Armed with these two pieces of information, FERC should direct NV Energy to modify its EIM proposal in a manner that upholds the OATT structure and ability to schedule through T-20 and continues to shield firm OATT customers from the costs of redispatch to relieve congestion.

#### **B. Use of ATC for EIM Transfers**

WPTF supports the concept of using ATC to support EIM Transfers, because it will result in more efficient use of the existing transmission infrastructure. However, NV Energy's proposal to use ATC for EIM Transfers suffers from a timing issue similar to the submission of financially binding schedules at T-57. NV Energy proposes to allow the EIM to utilize ATC

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<sup>21</sup> *Order on Rehearing, Clarification and Compliance*, PacifiCorp, 149 ¶ FERC 61,057, (October 20, 2014) at 90.

that exists at T-40 for the purpose of making EIM Transfers.<sup>22</sup> This proposed treatment actually gives EIM Transfers priority over other uses of the transmission system and, in effect, creates ATC for the EIM. By allowing EIM Transfers to utilize ATC at T-40, but imposing a financially binding T-57 deadline on long-term, firm OATT Transmission Customers, NV Energy's proposal give EIM Transfers priority over other uses of the transmission system.

FERC should assure that, as the EIM is implemented, its benefits are created from actual system efficiencies (such as more efficient dispatch of EIM Participating Resources) rather than allowing the EIM to subsume benefits that are today afforded to firm OATT rights holders. FERC should require NV Energy's use of ATC be implemented in a manner that allows firm OATT transmission rights holders to maintain their transmission priority and the value of those rights, through T-20. If the issue related to the T-57 deadline (discussed above) is addressed through one of WPTF suggested modifications, it should follow that the use of ATC for EIM Transfers will also be addressed by the same modification. As WPTF suggested above, there are multiple ways to correct these deficiencies, even under the timelines the CAISO requires to operate its market.

## **V. CONCLUSION**

WPTF supports, in principle, the development of the EIM and the expansion of the EIM to NV Energy. However, as the EIM is implemented it must be done in a way that increases efficiency, increase system flexibility, respects the existing OATT framework, and also respects the rights of customers that have purchased long-term firm transmission service under the OATT. WPTF urges the Commission to require NV Energy to resubmit tariff modifications which implement the EIM in a manner that maintains the rights of firm OATT Transmission

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<sup>22</sup> NV Energy EIM Proposal at p. 28.

Customers to submit schedules through T-20, thereby respecting OATT transmission rights and transmission priorities and continuing to afford schedule flexibility which the Commission sought to expand in Order 764.

If these deficiencies are not corrected, the proposed implementation by NV Energy will expand the premature confiscation of OATT rights that is currently taking place in PacifiCorp's EIM and market liquidity will continue to decline. This issue is directly before the Commission for the first time and brings with it the benefit of actual operational experience from the PacifiCorp EIM. Rather than reviewing vague tariff language, parties now better understand how these proposed modifications will work in practice. Given a better understanding of the implications of the EIM proposal, now is the appropriate time for the Commission to direct modifications to ensure that the EIM is implemented in a manner that is consistent with or superior to the *pro forma* OATT.

Respectfully submitted,



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**WESTERN POWER TRADING FORUM**

April 6, 2015

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of the *Motion to Intervene, Comments and Protest of the Western Power Trading Forum* on all parties of record in proceeding *ER15-1196-000* by serving an electronic copy on their email addresses of record 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 6, 2015, at Woodland Hills, California.

  
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