

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

California Independent System)
Operator Corporation) Docket No. ER14-2607-000
)

**ANSWER TO COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (“CAISO”) respectfully submits this limited answer¹ to the comments filed by the Transmission Agency of Northern California (“TANC”) in response to the CAISO’s August 6, 2014 submission of the First Amended EIM Entity Agreement between the CAISO and PacifiCorp (“Amendment”).² TANC does not oppose the Amendment, but rather seeks further explanation or study with respect to whether the Amendment revives TANC’s previous concerns that the Energy Imbalance Market, or “EIM,” could adversely impact non-EIM participants.³ As explained below, the Amendment does not implement any change that would warrant further study, call into question any Commission finding in its June 19 Order, or require any further relief.⁴

¹ The ISO submits this answer pursuant to Rules 212 and 213 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.213 (2013).

² See Motion to Intervene and Comments of TANC.

³ TANC comments at 1.

⁴ *Cal. Indep. Sys. Operator Corp.*, 147 FERC ¶ 61,231 (2014) (“June 19 Order”).

TANC is the only party that filed comments seeking further explanation or study with respect to the Amendment.⁵ No other adverse comments or protests were filed.⁶ Moreover, both parties with a direct interest in the Amendment, PacifiCorp and the Bonneville Power Administration (“Bonneville”), filed comments in support of the Amendment.⁷ Accordingly, and for the further explanations set forth below, the Commission should accept the Amendment as filed and reject TANC’s request for any further relief.

I. BACKGROUND

On August 6, 2014, the CAISO filed the Amendment to ensure that (1) PacifiCorp may account for EIM Transfers on the California-Oregon Intertie (“COI”) using a five-minute dynamic e-tag and a fifteen-minute static e-tag to maximize EIM Transfers within their rights, and (2) the CAISO’s modeling and management of EIM Transfers as aggregate dynamic schedules based on PacifiCorp’s submission of a five-minute dynamic and a fifteen-minute static e-tag will comply with the CAISO tariff.⁸ This clarifies application of the CAISO tariff under circumstances not contemplated in the February 28, 2014, tariff amendment to implement the Energy Imbalance Market as conditionally accepted in the June 19 Order. However, the Amendment does not result in any substantive change in the respective obligations of the CAISO as the market

⁵ See TANC Comments (seeking further relief from the Commission).

⁶ Timely interventions without comment were filed by Powerex Corp, Modesto Irrigation District, The Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, CA (“Six Cities), Southern California Edison Company, the Cities of Santa Clara, California and Redding, California and the M-S-R Public Power Agency, and Pacific Gas and Electric Company.

⁷ Timely comments in support were filed by Bonneville and PacifiCorp.

⁸ See CAISO Transmittal Letter.

operator or PacifiCorp as an EIM Entity with regard to EIM Transfers on the COI. The purpose of the Amendment is to provide transparency in the accounting of EIM Transfers consistent with PacifiCorp's rights on the COI and Bonneville's business practices as the northern path operator of COI. While the Amendment changes PacifiCorp's accounting for EIM Transfers on the COI through e-tags, there is no change in the CAISO's modeling and management of those rights in the Energy Imbalance Market.

II. ANSWER

TANC argues that the Amendment calls into question representations made by the CAISO in Docket No. ER14-1386-000 and the Commission's findings in its June 19 Order. In support, TANC cites to its comments and request for rehearing seeking assurance that the Energy Imbalance Market would not adversely affect the transmission systems of non-EIM participants.⁹ TANC also cites to the Commission's recognition that one of the purposes of the upcoming market simulation activities should be to confirm that implementation of the Energy Imbalance Market does not use transmission capacity of non-EIM participants.¹⁰ TANC believes the Amendment raises issues that require further explanation, study, information, or some other relief.¹¹

In response to TANC's request, the CAISO offers some further explanation below with respect to the modeling and management of EIM Transfers on the COI. This further explanation, combined with the comments filed by PacifiCorp and Bonneville,

⁹ *Id.* at 6-7.

¹⁰ *Id.* at 7.

¹¹ TANC Comments at 8-10.

satisfy TANC's request for further explanation. No further action or relief is required by the Commission.

The CAISO will model and manage EIM Transfers on the COI as aggregate dynamic schedules regardless of whether PacifiCorp submits a single dynamic e-tag or a combination of a normal (static) e-tag and a dynamic e-tag.¹² PacifiCorp's accounting for EIM Transfers on a fifteen-minute basis using a normal (static) e-tag does not constitute a static schedule in the CAISO markets as TANC's comments suggest.¹³ Rather, the CAISO will model the EIM Transfer limit as a separate constraint in the CAISO markets.¹⁴ The capacity available for EIM Transfers on the COI will represent the available capacity between the CAISO and PacifiCorp within the Energy Imbalance Market. The CAISO will manage EIM Transfers on the COI based on this limit, respecting (1) the dynamic transfer limit allocated to PacifiCorp by Bonneville, (2) the total limit of PacifiCorp's rights made available for EIM Transfers on COI, and (3) the transmission rights of others on the COI that are not otherwise available to the CAISO.

As PacifiCorp explains, "[T]he PacifiCorp Interchange Rights Holder will use a unique OASIS identification reservation number(s) (or AREF) associated with firm transmission rights belonging to the PacifiCorp Interchange Rights Holder *as well as the amount of capacity to be made available for EIM Transfers in the transmission profile of*

¹² CAISO Transmittal Letter at 4-5.

¹³ "By permitting static schedules, the ISO's EIM Entity Agreement Filing calls into question the basis for that finding." TANC Comments at 10 (referring to the Commission finding that the CAISO will only use capacity made available to the EIM and therefore not impact the transmission systems of non-EIM participants).

¹⁴ See CAISO Transmittal Letter, Docket No. ER14-1386-000, at p. 18 (explaining that EIM Transfers are separate from normal interchange accounting among balancing authorities).

*the e-Tag.*¹⁵ The CAISO will in turn utilize the amount of COI capacity thus made available by the PacifiCorp Interchange Rights Holder, not as a dynamic or static schedule in the CAISO markets, but as an EIM Transfer constraint. The CAISO models and manages this separate constraint as an aggregate dynamic schedule that can bind without impacting either the CAISO market constraint or the transmission rights of non-EIM participants, such as TANC. Conversely, the CAISO market constraint on COI can bind, or non-EIM participants can schedule up to the limit of their available rights on COI, without impacting the EIM Transfer constraint. As Bonneville recognizes, the CAISO will operate the EIM to maintain PacifiCorp dynamic dispatches within their allocation of dynamic transfer capability.¹⁶

This modeling and management paradigm does not vary according to the mechanism by which the EIM Transfer limits are established. The Amendment thus does not impact the CAISO's modeling and management of EIM Transfers as aggregate dynamic schedules. This ensures the seamless integration of PacifiCorp into the Energy Imbalance Market based on their COI ownership rights. As Bonneville further recognizes, "this framework uses a common scheduling paradigm – one that is well understood in the region – and it has the added benefit of minimizing seams issues."¹⁷

In addition, the Amendment does not affect other EIM Transfers within the Energy Imbalance Market or those that will be come into being as other balancing

¹⁵ PacifiCorp Comments at 7 (emphasis added). See also, PacifiCorp Comments at 7-8 (making similar reference with respect to the submission of normal e-tags).

¹⁶ Bonneville Comments at 3.

¹⁷ Bonneville Comments at 2-3.

authority areas become EIM Entities. The Amendment was proposed only to address the use of PacifiCorp's rights on COI.

TANC also questions whether the market simulation accounts for the combination of a normal (static) and dynamic e-tag and what EIM Transfers limits were simulated.¹⁸ First of all, details regarding the CAISO's market simulation activities, including the various structured scenarios and the results are available to all CAISO and EIM market participants, including TANC.¹⁹ More fundamentally, the EIM Transfer limit established in a market simulation scenario has no impact on whether transmission rights of non-EIM participants may be impacted. As described above, the CAISO will respect the transmission rights of non-EIM participants based on its modeling and management of EIM Transfers on COI regardless of whether the EIM Transfer limit is zero, the maximum of the PacifiCorp Rights Holder's transmission rights or anywhere in between. The EIM Transfer limit relates to the limits on the constraints modeled in the Energy Imbalance Market, not to the transmission rights of non-EIM participants. Accordingly, there is no reason for further exploration of the EIM Transfer limits under various scenarios or for further study. Furthermore, the CAISO market simulation will test functionality associated with the modeling and management of the combination of the fifteen-minute normal (static) e-tag and five-minute dynamic e-tag. TANC may participate in market simulation if it has not already done so and inquire about the results of the various scenarios or other tests in that forum.

¹⁸ TANC Comments at p. 10.

¹⁹ See, e.g., CAISO External Market Simulation Plan, which is available on the CAISO website at: <http://www.caiso.com/Documents/Fall2014ReleaseMarketSimulationPlan.pdf>.

The CAISO will continue with market simulation and follow-up with market participants as part of its “go-live” preparations, but TANC has not identified any basis to go beyond that process or call into question any prior statements or findings. TANC’s comments do not compel further study or explanation beyond what the CAISO has provided in this answer and its prior statements with respect to EIM Transfers.

III. CONCLUSION

For the reasons discussed above, the Commission should accept the Amendment as filed and reject TANC’s request for further study, explanation or other relief.

Respectfully submitted,

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Dated: September 3, 2014

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, CA, this 3rd day of September, 2014.

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