

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

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|-------------------------------------|---|---------------------------------|
| Nevada Power Company |) | Docket No. ER15-2281-000 |
| Sierra Pacific Power Company |) | Docket No. ER15-2282-000 |
| PacifiCorp |) | Docket No. ER15-2283-000 |

(not consolidated)

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

The California Independent System Operator Corporation (“CAISO”) files these comments in the above-captioned proceedings in response to the July 27, 2015 filing made by Nevada Power Company, Sierra Pacific Power Company and PacifiCorp (collectively, the “EIM Participants”). In this filing, the EIM Participants propose amendments to their respective market-based rate tariffs to permit sales into the Nevada balancing authority area through the Energy Imbalance Market administered by the CAISO. The CAISO does not take a position on the market power analysis presented by the EIM Participants. The CAISO confirms, however, that the application of its market power mitigation measures to EIM transactions should effectively mitigate the potential for the exercise of market power by the EIM Participants in the Energy Imbalance Market. In addition, the CAISO’s Department of Market Monitoring has reported on, and will continue to report on, Energy Imbalance Market performance.

I. Comments

In their July 27, 2015 filing, the EIM Participants request that the Commission approve amendments to their market-based rate tariffs to permit limited sales into the Nevada balancing authority area pursuant to their participation in the Energy Imbalance Market. The EIM Participants state that these amendments are just and reasonable for two reasons: (1) a market power study indicates that the EIM Participants lack market power in the four balancing authority areas that will comprise the Energy Imbalance Market footprint after Nevada Power and Sierra Pacific join; and (2) even if the EIM Participants did have such market power, they would not be able to exercise it in the Energy Imbalance Market because of the market mitigation measures imposed by the CAISO.

The CAISO takes no position on the merits of the market power analysis performed by the EIM Participants. However, even if EIM Participants have market power in the Nevada balancing authority area, the CAISO anticipates that its market power mitigation measures will effectively mitigate the exercise of such market power in the Energy Imbalance Market. Moreover, the CAISO's Department of Market Monitoring has monitored and reported on EIM performance, and will continue to do so.

First, the CAISO applies its real-time local market power mitigation procedures, with certain refinements, to the Energy Imbalance Market.¹ Under these procedures, the CAISO determines in advance of real-time whether supply

¹ See CAISO Tariff, Sections 29.39(a) – 29.39(c).

available to relieve projected transmission constraints is competitive or non-competitive, and the bids of resources available to relieve congestion on a non-competitive constraint are subject to mitigation, based on the higher of the LMP and the resource's default energy bid.

Second, the CAISO tariff also provides that the CAISO's Department of Market Monitoring can include transfer constraints into an EIM entity's balancing authority area on an intertie in the local market power mitigation determination if the CAISO determines that market power may exist based on a structural competitiveness determination, and upon Commission authorization. In July of this year, the CAISO's Department of Market Monitoring prepared an assessment of potential market power in the Nevada balancing authority area. This assessment concluded that it is necessary to apply the CAISO's market mitigation procedures to EIM transfers from the PacifiCorp East and CAISO balancing authority areas into the Nevada balancing authority area. Accordingly, on July 24, the CAISO filed a petition with the Commission requesting that it authorize the CAISO to apply its market power mitigation procedures to EIM transfers from the PacifiCorp East and CAISO balancing authority areas into the Nevada balancing authority area.² That petition is still pending before the Commission, but assuming favorable Commission action, the CAISO will have in place the market power procedures that it anticipates will effectively mitigate the exercise of any market power by the EIM Participants in connection with their participation in the Energy Imbalance Market.

² Petition of the California Independent System Operator Corporation for Market Power Mitigation Authority, Docket No. ER15-2272-000 (July 24, 2015).

II. Communications

The CAISO requests that all communications and notices regarding this filing and this proceeding be provided to:

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III. Conclusion

For the reasons stated above, the CAISO requests that the Commission consider the CAISO's comments in its deliberations.

Respectfully submitted,

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Dated: August 17, 2015

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 Washington, D.C., this 17th day of August, 2015.

/s/ Michael Kunselman
Michael Kunselman