

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

**California Independent System            )           Docket No. ER19-539-000  
Operator Corporation                    )**

**MOTION FOR LEAVE TO FILE ANSWER AND ANSWER OF THE  
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (CAISO) answers comments filed in this proceeding by Southwest Public Power Agency (SPPA)<sup>1</sup> in response to the CAISO's December 12, 2018 filing of a non-conforming EIM Entity Agreement (EIM Entity Agreement) with the Salt River Project Agricultural Improvement and Power District (SRP). The EIM Entity Agreement sets forth the legal obligations and operational rules that will govern SRP's participation in the CAISO's western Energy Imbalance Market (EIM). SRP supported the proposed EIM Entity Agreement. SPPA does not oppose SRP's participation in the EIM or challenge any element of the EIM Entity Agreement, but they did submit comments that the CAISO answers below.<sup>2</sup>

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<sup>1</sup> The following entities filed motions to intervene in the proceeding without comment: City of Santa Clara, California, the City of Redding, California, and the M-S-R Public Power Agency; Modesto Irrigation District; NV Energy; Pacific Gas and Electric Company; PacifiCorp; and Southern California Edison Company.

<sup>2</sup> The CAISO files this motion for leave to answer and answer pursuant to Rules 212 and 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R., §§ 385.212, 385.213. For the reasons explained below, the CAISO respectfully requests waiver of Rule 213(a)(2), 18 C.F.R. § 385.213(a)(2), to permit it to answer the protests filed in this proceeding. Good cause for the waiver exists because the answer will aid the Commission in understanding the issues in the proceeding, provide additional information to assist the Commission in the decision-making process, and help to ensure a complete and accurate record in the case. *See, e.g., Equitrans, L.P.*, 134 FERC ¶ 61,250 at P 6 (2011); *Cal. Indep. Sys. Operator Corp.*, 132 FERC ¶ 61,023 at P 16 (2010); *Xcel Energy Servs., Inc.*, 124 FERC ¶ 61,011 at P 20 (2008).

**I. Answer**

The EIM Entity Agreement includes changes that were narrowly tailored to account for SRP's status as a utility that is publicly owned. SPPA does not oppose or even comment on any element of the EIM Entity Agreement proposed by the CAISO. SPPA's comments exclusively concern aspects of the EIM that have already been accepted by the Commission or will be implemented by SRP in accordance with previously accepted provisions of the CAISO tariff. None of the elements of the EIM that SPPA comments upon are raised by the CAISO's filing and all of SPPA's comments are therefore beyond the scope of this proceeding. For this reason alone the Commission should not act upon any SPPA request for further inquiry or other review. Nonetheless, the CAISO provides a brief response to each of SPPA's comments below.

SPPA requests that the Commission further analyze market power implications concerning SRP's entrance into the EIM. This is unnecessary for two reasons. First, the Commission has already approved the market power mitigation procedures that the CAISO administers with respect to all participants in the EIM, and the CAISO has not proposed any changes to these procedures in this proceeding.<sup>3</sup> The CAISO will administer and monitor the EIM market power mitigation procedures as previously approved by the Commission and raise any concerns with respect to SRP's participation in the EIM through established mechanisms.<sup>4</sup> Second, the application of the Commission's rules concerning

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<sup>3</sup> The market power mitigation procedures do not distinguish between participation by public entities and other market participants.

<sup>4</sup> See CAISO Tariff, sections 29.37, 29.38, and 29.39.

market-based rate authority with respect to SRP's participation in the EIM are not at issue here.<sup>5</sup> The EIM Entity Agreement does not propose any change with respect to the applicable rules administered by the Commission or the applicable procedures administered by the CAISO. There is no basis for the Commission to inquire regarding such matters in this proceeding.

SPPA also requests that the Commission examine the rates under long-term contracts between SRP and its customers, specifically the energy banking provisions to settle imbalances. Again, the EIM Entity Agreement enables SRP's participation in the EIM without proposing any change to the imbalance energy settlement rules that will apply to SRP.<sup>6</sup> Furthermore, it would seem that the rates, terms and conditions of service provided by SRP to its wholesale customers pursuant to long-term contracts would be a matter between SRP and its customers. Such matters should be addressed in accordance with the terms of those contracts; not in this proceeding.

Finally, SPPA is not clear whether sufficient transmission capacity will be available for EIM transfers to ensure that the EIM rates remain just and reasonable. At this time it is expected that SRP will evaluate and determine the transmission it will make available for EIM transfers through the implementation process and will communicate with its customers in this regard. In any event, the EIM Entity Agreement does not proposed any change to the CAISO Tariff

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<sup>5</sup> See, e.g., FERC General Counsel Opinion Letter dated March 23, 2017 (opining that the Seattle City Light would be exempt from the requirement under section 205 of the Federal Power Act to apply for authorization to make sales at market based rates).

<sup>6</sup> See CAISO Tariff, section 29.11.

requirements concerning how transmission may be made available for use by the EIM, including EIM transfers.<sup>7</sup> By executing the EIM Entity Agreement, SRP has committed to comply with the CAISO Tariff provisions applicable to the EIM and the implementation details will be finalized through that process.<sup>8</sup>

## II. Conclusion

For the foregoing reasons, the Commission should accept the EIM Entity Agreement without condition or modification.

Respectfully submitted,

/s/ John C. Anders

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<sup>7</sup> See CAISO Tariff, sections 29.7(e) and 29.17(f).

<sup>8</sup> See CAISO Tariff, section 29.2(b)(5)-(8) (including readiness criteria and requiring readiness reporting and certification).

## **CERTIFICATE OF SERVICE**

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the above-referenced proceeding, pursuant to the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California, this 11<sup>th</sup> day of January, 2019.

/s/ Grace Clark  
Grace Clark