

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

Portland General Electric Company) Docket No. ER17-1075-000

**MOTION TO INTERVENE AND COMMENTS OF
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (CAISO) respectfully files this motion to intervene and comments in the above-identified proceeding.¹ This proceeding concerns the March 1, 2017 submission by Portland General Electric Company (PGE) of amendments to its Open Access Transmission Tariff (OATT) to implement its participation in the CAISO's energy imbalance market (EIM), which is scheduled to begin in the Fall of 2017.² The energy imbalance market is the vehicle by which balancing authority areas outside the CAISO's balancing authority area participate in the CAISO's real-time market. The energy imbalance market commenced on November 1, 2014 with

¹ The CAISO makes this filing pursuant to Rules 212 and 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.214. The CAISO requests that the Commission grant its motion to intervene because the CAISO will be the market operator referenced in Portland General Electric Company's filing in this proceeding. As such, the CAISO has a direct and substantial interest in the proceeding. Because no other party can adequately represent the CAISO's interests in the proceeding, the CAISO's intervention is in the public interest and should be granted.

² Pursuant to its implementation schedule, PGE requests that the Commission: (1) accept minor administrative changes to the OATT effective May 1, 2017; (2) accept changes to the OATT related to financial settlement of charges associated with the energy imbalance market and additional aspects related to implementation of the energy imbalance market effective on the later of October 1, 2017 or the implementation date of PGE's participation in the energy imbalance market; and (3) accept the balance of the changes to the OATT effective no earlier than July 25, 2017, or seven days prior to the start of non-financially binding, parallel operations currently scheduled for August 1, 2017. Transmittal letter for PGE filing at 27-28.

PacifiCorp's two balancing authority areas.³

The OATT amendments that PGE proposes represent the successful culmination of an extensive effort to develop the necessary mechanisms and tariff amendments. This effort included broad stakeholder participation and extensive coordination with the CAISO, and the resulting amendments are consistent with the CAISO tariff provisions that implement the energy imbalance market. PGE's OATT amendments largely track amendments that other entities have made to their OATTs to facilitate their participation in the energy imbalance market, which the Commission has accepted as just and reasonable.⁴ Accordingly, the CAISO supports PGE's proposed OATT amendments and requests that the Commission accept them as filed effective as of the dates requested.⁵

³ See *Cal. Indep. Sys. Operator Corp.*, 147 FERC ¶ 61,231 (2014) (conditionally accepting tariff revisions to implement energy imbalance market); *Cal. Indep. Sys. Operator Corp.*, 149 FERC ¶ 61,058 (2014) (order denying requests for rehearing, granting in part and denying in part requests for clarification, and conditionally accepting tariff revisions on compliance with regard to order listed above); Commission Letter Order, 149 FERC ¶ 61,005 (2014) (order granting CAISO request to extend effective date of energy imbalance market tariff revisions from September 23, 2014, to October 24, 2014, for trading day November 1, 2014).

⁴ See *PacifiCorp*, 147 FERC ¶ 61,227, *order denying reh'g and clarification and conditionally accepting compliance filing*, 149 FERC ¶ 61,057 (2014), *order denying reh'g*, 150 FERC ¶ 61,084 (2015) (authorizing participation of PacifiCorp in the energy imbalance market); *Nev. Power Co.*, 151 FERC ¶ 61,131, *reh'g denied*, 153 FERC ¶ 61,306 (2015) (authorizing participation of NV Energy in the energy imbalance market); *Puget Sound Energy, Inc.*, 155 FERC ¶ 61,111 (2016) (authorizing participation of Puget Sound Energy in the energy imbalance market); *Ariz. Pub. Serv. Co.*, 155 FERC ¶ 61,112, *order on compliance, clarification, and reh'g*, 156 FERC ¶ 61,227 (2016) (authorizing participation of Arizona Public Service in the energy imbalance market).

⁵ The CAISO's support extends to PGE OATT provisions associated with a CAISO energy imbalance market implementation requirement, with or without EIM entity discretion, as being consistent with the CAISO tariff and the EIM Entity Agreement. The CAISO takes no position herein on matters solely between PGE and its customers.

I. PGE's Stakeholder Process

As PGE explains, its OATT amendments are the product of a stakeholder process that spanned the course of several months.⁶ The process included stakeholder meetings, successive drafts of proposed OATT amendments, and opportunities for written stakeholder comments on the OATT amendments. The CAISO followed PGE's stakeholder process and engaged with PGE during each stage of the process, participating in its public meetings, reviewing PGE's proposals, and offering feedback. The CAISO believes that this stakeholder process was robust and that the resulting amendments reflect the benefit of coordination and collaboration among all of the entities engaged in that process. Understandably, some stakeholders may have different views or preferences regarding the OATT amendments, but the CAISO believes that PGE has sufficiently addressed the concerns raised in the stakeholder process leading up to this filing, and that there is no reason to reject any of the OATT amendments.

II. Comments in Support of PGE's OATT Amendments

The CAISO supports PGE's proposed OATT amendments to implement its participation in the CAISO's EIM. PGE has determined that the EIM will benefit its customers and made the decision to move forward accordingly. The proposed OATT amendments are a necessary step to implement that decision, a step the CAISO supports. The CAISO's comments generally focus on the consistency of the OATT amendments with the CAISO's EIM market rules.

⁶ See transmittal letter for PGE filing at 6-7.

A. PGE's Proposed Amendments Provide for the Relationships Necessary to Implement the EIM.

The EIM requires an enabling relationship between the CAISO as the market operator and PGE as the EIM entity. For this role, PGE must have OATT provisions in effect to enable operation of the CAISO's real-time market in its balancing authority area in accordance with the CAISO tariff.⁷ PGE's filing represents its proposal to fulfill that commitment.

The EIM design also recognizes the continued obligations of PGE as a balancing authority, as well as its role as a transmission service provider and the associated relationships with its transmission customers, whom may or may not choose to bid their resources into the EIM. These relationships are in some cases accounted for by PGE under its OATT, as amended by its filing, and in others by reference to the CAISO tariff.⁸ For example, PGE will continue to provide imbalance energy services to loads and non-participating resources, but resources participating in the EIM will supply imbalance energy through the EIM and the CAISO will settle directly with those resources.⁹ The CAISO supports PGE's approach to these relationships and responsibilities in its proposed OATT amendments. This structure accords with the CAISO tariff, as well as the structure of other entities participating in the EIM, as approved by the

⁷ See CAISO tariff, Appendix B.17 (setting forth EIM Entity Agreement that includes a requirement in section 2.2 to have in effect tariff provisions that enable operation of the real-time market in accordance with the CAISO tariff).

⁸ See PGE OATT, Attachment P (comprising most of the provisions necessary to implement the energy imbalance market).

⁹ See PGE OATT, Schedules 4 and 10 (proposing changes to the energy imbalance services provided to its transmission customers).

Commission.

PGE's OATT amendments also appropriately provide for the elections that an EIM entity must make in accordance with the CAISO tariff. The CAISO tariff allows each EIM entity the opportunity to configure its administration of the EIM consistent with its customers' needs and the manner that it operates its transmission system, including regards to metering, load aggregation points, and load forecasting. The CAISO tariff imposes a number of obligations on the EIM entity to gather the information necessary to support the resource plans and base schedule requirements associated with the EIM. PGE's proposed OATT amendments provide workable mechanisms, including those that allow PGE to aggregate critical information in a timely and orderly manner and to account for available balancing capacity.

The CAISO tariff also allows EIM entities to determine the eligibility requirements for resources to participate in the CAISO's EIM. PGE's OATT amendments include, for instance, a non-firm transmission service option. This ensures that any resource within PGE's balancing authority area will have the opportunity to participate if it maintains a transmission service agreement as a condition of participation.

With respect to resources external to PGE's balancing authority area, PGE is proposing to require such resources to use a pseudo-tie arrangement in order to participate in the EIM as a PGE resource. This approach is consistent with the approach adopted by PacifiCorp, NV Energy, and Puget Sound

Energy.¹⁰ It follows the approach taken by Arizona Public Service Company, which allows external resource participation through both a pseudo-tie and dynamic scheduling.¹¹ PGE's approach is also consistent with the CAISO tariff.¹²

PGE's proposed OATT amendments, in addition to addressing PGE's role as transmission service provider, make clear that PGE maintains certain operational responsibility as the balancing authority and transmission operator. As explained, the EIM does not modify, change, or otherwise alter the manner that the CAISO and PGE manage their respective balancing authority areas or operate their transmission systems in accordance with the applicable reliability standards, tariffs, or contracts. Rather, the EIM accounts for such actions as manual dispatches of resources and scheduling curtailments associated with unscheduled flow and other mitigation procedures, but does not interfere with any EIM participant's obligation to comply with the balancing authority requirements imposed by the EIM entity. Rather, it represents a more efficient means to deliver imbalance energy services within and between each participating balancing authority area.

¹⁰ See, e.g. *PacifiCorp*, 147 FERC ¶ 61,227, *order on reh'g, clarification, and compliance*, 149 FERC ¶ 61,057 (2014), *reh'g denied*, 150 FERC ¶ 61,084, *order accepting compliance filings*, 151 FERC ¶ 61,261 (2015); *Nev. Power Co.*, 151 FERC ¶ 61,131, *order on reh'g and clarification*, 153 FERC ¶ 61,306 (2015); and *Puget Sound Energy, Inc.*, 155 FERC ¶ 61,111 (2016).

¹¹ See *Ariz. Pub. Serv. Co.*, 155 FERC ¶ 61,112, *order on compliance, clarification, and reh'g*, 156 FERC ¶ 61,227 (2016).

¹² See *Cal. Indep. Sys. Operator Corp.*, 158 FERC ¶ 61,101 (2017).

B. PGE's Proposed Amendments Account for the Transmission That Will Be Made Available in Real-Time.

Transmission service is essential for operation of the EIM and PGE, as a transmission service provider, has accounted for this under its proposed OATT amendments. As noted above, participating resources must meet PGE's transmission eligibility requirements set forth in Attachment P to its OATT. In addition, PGE has committed to provide the CAISO all the information associated with its transmission system, both in advance and in real-time, by providing its network model and outage information. This will allow the CAISO to accurately model the PGE transmission system and, in combination with the base schedules, to perform its market operator function, including congestion management based on the most economic resources available.

PGE sets the rates, terms, and conditions of transmission service for its transmission customers under its OATT, as does the CAISO for its transmission customers under its tariff. The EIM will involve real-time transfers between the CAISO and PGE balancing authority areas. Under its OATT amendments, PGE will not assess incremental transmission charges for transmission use related to the EIM. This approach is the same as that approved by the Commission relating to the participation of PacifiCorp, NV Energy, Arizona Public Service, and Puget Sound Energy in the EIM.¹³ Furthermore, the Commission approved tariff amendments proposed by PacifiCorp to add available transfer capability to the interchange rights holder mechanism, and PGE proposes to use both

¹³ See PacifiCorp OATT, Attachment T; NV Energy OATT, Attachment P; Arizona Public Service OATT, Attachment Q; Puget Sound Energy OATT, Attachment O.

interchange rights and available transfer capability to support EIM transfers. The CAISO supports both the use of available transmission capability and interchange rights for EIM transfers between balancing authority areas included in the EIM area. PGE's OATT amendment appropriately reflects and implements the provisions of the CAISO's tariff that address such transfers.¹⁴

C. PGE's Proposed Amendments Facilitate Settlement of EIM Charges Not Otherwise Directly Accounted for by the CAISO.

The EIM allows each EIM entity to settle a variety of charge types allocated to it by the CAISO in accordance with the respective EIM entity's tariff. This flexibility represents an important aspect of the EIM design, but requires the EIM entity to modify its pre-existing settlement provisions with its transmission customers. PGE appropriately accounts for this settlement and the associated cost allocation in its proposed OATT amendments. The CAISO generally supports PGE's approach to defining each aspect of the EIM settlement that the CAISO does not directly settle.¹⁵

D. PGE Appropriately Requests Authority to Take Corrective Actions under Certain Limited Conditions.

The CAISO recognizes PGE's desire to include sufficient safeguards to mitigate what it sees as risks in joining the CAISO's EIM. PGE and its customers have not previously participated in an organized market. Therefore, it is reasonable for PGE to propose to include in its tariff the ability to implement

¹⁴ See generally CAISO tariff, Section 29.17.

¹⁵ The CAISO support recognizes that PGE has appropriately addressed matters of settlement with its customers, not necessarily that there may be other ways to settle the various charges being allocated. *Supra*, ft. 5.

temporary corrective measures in the event that unintended or unforeseen consequences occur, as CAISO stakeholders similarly requested, and the CAISO did when it implemented the EIM.¹⁶ These measures include the opportunity to prevent transfers or suspend the EIM entity's participation in the EIM during a defined period following implementation. These corrective measures are in place in the event that PGE decides to formally terminate its participation in the EIM, or in the event that adverse operational consequences, including communication failures or serious design flaws arise. The CAISO supports the PGE OATT amendments, which provide limited authority that parallels the CAISO's own tariff provisions. In addition, the CAISO tariff recognizes that EIM entities may adopt such measures in their OATTs.¹⁷ These measures, which PGE would only implement if all efforts to resolve market dysfunction fail, will protect PGE and other EIM customers from unintended consequences.

The CAISO will continue to coordinate with PGE throughout the implementation process. Both organizations have in place the necessary communications and procedures to ensure that they are able to identify, understand, and address any issues that arise. The CAISO anticipates that it and PGE will be able to use existing tools and procedures necessary to mitigate any market disruptions and restore normal operations as quickly as possible.

¹⁶ See, e.g., CAISO tariff, Section 29.1(d) (permitting the CAISO to temporarily suspend the participation of an EIM entity in the real-time market due to market or operational issues adversely impacting the EIM area).

¹⁷ See CAISO tariff, Section 29.4(b)(5) (addressing corrective actions taken by EIM entities to address issues with EIM implementation).

Moreover, the CAISO and PGE will implement the available balancing capacity feature and follow the readiness requirements that were established pursuant to Commission directives in Docket No. EL15-53 and are now included in the CAISO tariff and business practice manual for the EIM.¹⁸

III. Description of the CAISO and Communications

The CAISO is a non-profit public benefit corporation organized under the laws of the State of California with its principal place of business at 250 Outcropping Way, Folsom, CA 95630. The CAISO is the balancing authority responsible for the reliable operation of the electric grid comprising the transmission systems of a number of utilities, administers the generator interconnection procedures applicable to those facilities, and is the market operator of the EIM. As explained in footnote 1 above, the CAISO respectfully moves to intervene because no other party can adequately represent the CAISO's interests in the proceeding.

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

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¹⁸ See CAISO tariff, Sections 29.2(b) and 29.30.

IV. Conclusion

The CAISO requests that the Commission grant the CAISO's motion to intervene and accept these comments.

Respectfully submitted,

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Dated: March 22, 2017

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 22nd day of March, 2017.

/s/ Grace Clark
Grace Clark