

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

NV Energy

)

Docket No. ER15-1196-000

**MOTION FOR LEAVE 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 6, 2015 submission by NV Energy, as amended on March 24, 2015, of amendments to its Open Access Transmission Tariff (“OATT”) to implement its participation in the CAISO’s energy imbalance market starting in October 2015. 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, when PacifiCorp’s two balancing authority areas began participation.²

¹ Comments in the proceeding were originally due on March 27, 2015, but pursuant to a notice of extension of time issued on March 24, the Commission extended the due date to April 6. 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 NV Energy’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 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

The OATT amendments that NV Energy proposes represent the successful culmination of an extensive effort to develop the necessary mechanisms and tariff provisions, which included broad stakeholder participation and extensive coordination with the CAISO, and are consistent with the CAISO tariff provisions that implement the energy imbalance market. NV Energy's OATT amendments also largely track PacifiCorp's amendments to its OATT to implement the energy imbalance market, which the Commission has accepted as just and reasonable.³ Accordingly, the CAISO supports NV Energy's proposed OATT amendments and requests that the Commission accept them as filed effective May 15, 2015, for the reasons stated by NV Energy and supported by the CAISO as discussed below.⁴

I. NV Energy's Stakeholder Process

As NV Energy explains, its OATT amendments are the product of an extensive stakeholder process spanning the course of several months.⁵ The process included three stakeholder meetings, three successive drafts of proposed OATT amendments, and three opportunities for written stakeholder comments on the OATT amendments. The CAISO followed NV Energy's stakeholder process closely and engaged with NV Energy at each step of the

date of Energy Imbalance Market tariff revisions from September 23, 2014, to October 24, 2014, for trading day November 1, 2014).

³ 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).

⁴ In its March 24, 2015 filing, NV Energy changed the requested effective date for the OATT amendments from May 5 to May 15.

⁵ See transmittal letter for NV Energy filing at 7.

way, participating in its public meetings, reviewing NV Energy's proposals, and offering feedback. NV Energy has considered requests of its stakeholders and of the CAISO to ensure that its OATT amendments reflect a consensus view.

Understandably, some stakeholders continue to have different views or preferences regarding the OATT amendments, but the CAISO has no outstanding concern that should be a reason to reject any of the OATT amendments. NV Energy's stakeholder process was robust and reflects extensive coordination and collaboration among all engaged in that process.

II. Comments in Support of NV Energy's OATT Amendments

The CAISO supports NV Energy's proposed OATT amendments to implement its participation in the energy imbalance market. NV Energy has determined that the energy imbalance market 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 energy imbalance market rules.

In particular, the CAISO supports the use of available transmission capacity to support EIM transfers between balancing authority areas included in the EIM area, which includes the CAISO balancing authority area. NV Energy's OATT amendment appropriately implements the CAISO's proposal regarding such transfers that the CAISO Governing Board ("Board") approved at its March

26, 2015 meeting.⁶ The CAISO will file corollary amendments to its tariff to facilitate EIM transfers using available transfer capability, along with other energy imbalance market enhancements, in support of the planned October 2015 start of NV Energy's participation in the energy imbalance market.

A. NV Energy Appropriately Proposes to Use Available Transfer Capacity to Manage EIM Transfers.

NV Energy explains that its proposed OATT amendments largely track the Commission-approved amendments to the PacifiCorp OATT to implement the energy imbalance market.⁷ But NV Energy also proposes OATT provisions that differ in certain respects from the PacifiCorp OATT.⁸ These differences include NV Energy's proposal to use available transfer capability to manage EIM transfers rather than using the interchange rights holder mechanism that PacifiCorp currently employs to manage EIM transfers. Specifically, NV Energy proposes to implement the provision of EIM transfer capacity using available transfer capability through the submission of e-tags to the CAISO by 40 minutes prior to the operating hour (T-40). The amount of available transfer capability indicated on an e-tag will be based on the lower of the amount of available

⁶ Materials regarding the CAISO's proposal and the Board's approval are available on the CAISO website at <http://www.caiso.com/informed/Pages/BoardCommittees/Default.aspx> under tab number 8 (entitled "Decision on energy imbalance market year 1 enhancements phase 1") for the March 26-27 Board meeting. These materials include the Board memorandum and presentation cited below.

⁷ See transmittal letter for NV Energy filing at 13-15 (listing PacifiCorp OATT provisions that NV Energy has adopted without substantial modification).

⁸ See *id.* at 15-16 (listing several significant proposed departures from the PacifiCorp OATT provisions).

transfer capability calculated by each EIM balancing authority area, or “EIM Entity”, at that interface. The CAISO’s dispatch model will respect the reported available transfer capability limits in determining which EIM participating resources to dispatch to meet NV Energy’s imbalance needs.⁹

NV Energy’s proposal is consistent with proposals the CAISO has made in its stakeholder initiative regarding energy imbalance market year 1 enhancements that the Board has approved.¹⁰ The CAISO plans to submit revisions to its tariff on or about May 29, 2015 to implement these enhancements.

The EIM transfer limit ensures that imbalance energy moved between balancing authority areas in the EIM area is within the transmission capability made available to the energy imbalance market. The current design enforces the EIM transfer limit by ensuring that changes in the net scheduled interchange are within the aggregate transmission rights made available to support EIM transfers. This approach aligned with the initial implementation of the EIM with PacifiCorp because there is a single path between each participating balancing authority area. However, as more balancing authority areas join the energy imbalance market, the CAISO will need to consider EIM transfer limits separately for each intertie scheduling point given the increase in the number of possible

⁹ See *id.* at 15, 26-27; NV Energy OATT, Attachment P, Section 5.

¹⁰ See *supra* note 6. In particular, please see pages 2-3 of the Memorandum from Keith Casey, Vice President, Market & Infrastructure Development to CAISO Board of Governors re Decision on EIM year 1 enhancements phase 1 (Mar. 19, 2015), and slides 3-4 of the presentation by Don Tretheway, Lead Market Design and Regulatory Policy Developer, to the Board re Decision on EIM year 1 enhancements phase 1.

combinations that will occur. This approach will allow multiple transmission service providers to offer available transmission capacity to maximize the EIM transfers between participating balancing authority areas and allow the market operator to identify at which intertie scheduling point the EIM transfers should be e-tagged by the EIM Entity. Since NV Energy will be using available transmission capacity over multiple intertie scheduling points to support EIM transfers, the proposed changes are needed when NV Energy joins the energy imbalance market in October 2015.

In the CAISO's approved fifteen-minute market and real-time dispatch, the CAISO enforces intertie scheduling limits to ensure energy schedules do not exceed each intertie's transmission capacity. Pursuant to the CAISO's proposed EIM year 1 enhancements, the CAISO will similarly apply these intertie scheduling limits in the energy imbalance market. In addition, the CAISO will enforce EIM transfer limits to ensure that EIM transfers do not exceed available transfer capability. As part of the energy imbalance market, all participating resources must compete equally to ensure the most economically efficient use of transmission up to intertie scheduling limits.

The CAISO proposal to use available transfer capability to support EIM transfers requires the EIM Entity to report the available transfer capability value forty minutes before the operating interval (T-40).¹¹ The CAISO's dispatch model

¹¹ The CAISO's proposals for management of EIM transfers and intertie scheduling limits are set forth in detail in the Draft Final Proposal on Energy Imbalance Market Year 1 Enhancements at 12-23 (Feb. 11, 2015). This Draft Final Proposal is available on the CAISO website at <http://www.caiso.com/informed/Pages/StakeholderProcesses/EnergyImbalanceMarketYear1Enhancements.aspx>.

will respect the reported available transfer capability in determining which EIM participating resources to dispatch to meet imbalance needs. If a transmission customer modifies its schedule after the deadline specified in the EIM Entity's OATT, that customer will be subject to the Commission-approved imbalance charges that result from differences between the transmission customer's base schedule and metered value for the interval in question. The energy imbalance market relies upon the base schedules submitted by the EIM Entity to calculate and assess imbalances of all loads and resources within the EIM Entity balancing authority area, and in turn the EIM Entity is entitled to require such information to be submitted in a timely manner to support its balancing obligations.

This approach is not unique to the energy imbalance market. The CAISO employed a similar timeframe when it designed the fifteen-minute market in order to allow sufficient time to run the real-time market and permit the CAISO to comply with the 20-minute e-tag deadline required by the scheduling practices of the Western Electricity Coordinating Council ("WECC").¹² The extension of this concept in support of EIM transfers follows the same logic, and the Commission has already accepted such extension with respect to PacifiCorp's OATT changes to implement the energy imbalance market¹³ and CAISO's compliance with Order No. 764.¹⁴

¹² See *id.* at 12-13.

¹³ See *PacifiCorp*, 149 FERC ¶ 61,057, at P 32 (2014) (accepting revisions to the PacifiCorp OATT to include "the basic terms, including timing, for scheduling and using transmission rights held by a PacifiCorp Interchange Rights Holder").

¹⁴ See *Cal. Indep. Sys. Operator Corp.*, 146 FERC ¶ 61,204, at P 53 (2014) (accepting tariff revisions to implement fifteen-minute market in compliance with Order No. 764); CAISO tariff sections 34.1.3, 34.4.

B. NV Energy Provides for the Relationships Necessary to Implement the Energy Imbalance Market.

The energy imbalance market requires an enabling relationship between the CAISO as the market operator and NV Energy as the EIM Entity. For this role, NV Energy 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.¹⁵ NV Energy's filing represents its proposal to fulfill that commitment.

The energy imbalance market design also recognizes the continued obligations of NV Energy as a balancing authority, as well as its roles as a transmission service provider and the associated relationships with its transmission customers, who may or may not choose to bid their resources into the energy imbalance market. These relationships are in some cases accounted for by NV Energy under its OATT, as amended by its filing, and in others by reference to the CAISO tariff.¹⁶ For example, NV Energy will continue to provide imbalance energy services to loads and non-participating resources, but resources participating in the energy imbalance market will obtain imbalance energy through the energy imbalance market and the CAISO will settle the purchases directly with the resource.¹⁷ The CAISO supports NV Energy's

¹⁵ 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).

¹⁶ See NV Energy OATT, Attachment P (comprising most of the provisions necessary to implement the energy imbalance market).

¹⁷ See NV Energy OATT, Schedules 4 and 9 (proposing changes to the energy imbalance services provided to its transmission customers).

approach to these relationships and responsibilities in its proposed OATT amendments.¹⁸ This structure accords with the CAISO tariff as well proposals recently approved by the Board at its March 26, 2015 meeting.¹⁹

NV Energy's OATT amendments also appropriately provide for the elections that an EIM Entity must make in accordance with the CAISO tariff.²⁰ The CAISO tariff allows each EIM Entity the opportunity to configure its administration of the energy imbalance market consistent with its customers' needs and the manner in which it operates its transmission system, including 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 energy imbalance market. NV Energy's proposed OATT amendments provide workable mechanisms, including those to allow NV Energy to aggregate critical information in a timely and orderly manner.²¹

The CAISO tariff also allows EIM Entities to determine the eligibility requirements for resources to participate in the energy imbalance market, in particular the necessary transmission service arrangements for customers to participate and the extent to which an EIM Entity may allow economic bidding on

¹⁸ See also NV Energy OATT, Attachment P, Section 9 (communicating the market monitoring expectations to its customers).

¹⁹ CAISO's proposal and the Board's approval are available on the CAISO website at <http://www.caiso.com/informed/Pages/BoardCommittees/Default.aspx>.

²⁰ See, e.g., *id.* at Sections 4.1 and 6.3 (including provisions to implement elections and fulfill EIM Entity obligations under the CAISO tariff).

²¹ See *id.* at Section 4.2.

the interties. NV Energy's OATT amendments include a non-firm transmission service option.²² This ensures that any resource within NV Energy's balancing authority area will have the opportunity to participate if it maintains a service agreement for non-firm point-to-point transmission service as a condition of participation. Although NV Energy has decided to refrain from opening its interties to economic bidding at the outset of its participation in the energy imbalance market, the CAISO appreciates NV Energy's willingness to examine this option in the future after it has more experience.²³ Moreover, the CAISO will continue to evaluate whether economic participation on EIM Entity interties could remain elective if some EIM Entities enable this function while others do not through phase 2 of the CAISO EIM year 1 enhancements stakeholder initiative.

NV Energy's proposed OATT amendments, in addition to addressing NV Energy's role as transmission service provider, make clear that NV Energy maintains certain operational responsibility as the balancing authority and transmission operator.²⁴ As explained, the energy imbalance market does not modify, change, or otherwise alter the manner in which the CAISO and NV Energy manage their respective balancing authority areas or operate their transmission systems in accordance with the applicable reliability standards, tariffs, or contracts. Rather, the energy imbalance market accounts for such actions as manual dispatches of resources and scheduling curtailments

²² See *id.* at Section 3.1.

²³ See transmittal letter for NV Energy filing at 24.

²⁴ See NV Energy OATT, Attachment P, Section 6.

associated with unscheduled flow and other mitigation procedures, but does not interfere with any participant's obligation to comply with the balancing authority requirements. It merely represents a more efficient means to deliver imbalance energy services within and between each participating balancing authority area, as evidenced by NV Energy's OATT amendments.

The Commission is considering in Docket No. EL15-53 the performance of the energy imbalance market to date, including the potential need for measures that may be necessary to enhance the information flow between the EIM Entity and the market as well as readiness requirements to be satisfied prior to implementation of NV Energy into the energy imbalance market.²⁵ The Commission should not entertain any objections concerning such matters here – market participants and the Commission will have ample opportunity to address all questions in that proceeding and it is not necessary to resolve them prior to the Commission ruling on NV Energy's proposed OATT amendments.

C. NV Energy Appropriately Requests Authority to Take Corrective Actions Under Certain Limited Conditions.

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

²⁵ See Notice of Technical Conference, Docket No. EL15-53-000 (Mar. 24, 2015). This technical conference is scheduled for April 9, 2015.

event that unintended or unforeseen consequences occur,²⁶ as CAISO stakeholders similarly requested the CAISO to do when it implemented the energy imbalance market. These measures include the opportunity to prevent transfers or suspend the EIM Entity's participation in the energy imbalance market during a defined period following implementation in the event that NV Energy decides to formally terminate its participation in the energy imbalance market, or in the event that adverse operational consequences, including communication failures or serious design flaws, arise. The CAISO supports the NV Energy OATT amendments to provide limited authority that parallels the CAISO tariff provisions. These measures, which NV Energy would only implement if all efforts to resolve market dysfunction fail, will protect NV Energy and other energy imbalance market customers from unintended consequences.

The CAISO will continue to coordinate with NV Energy 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 NV Energy will be able to use existing tools and procedures necessary to mitigate any market disruptions and restore normal operations as quickly as possible. Moreover, the CAISO and NV Energy will follow the readiness requirements that will be established pursuant to Commission directives in Docket No. EL15-53.

²⁶ See transmittal letter for NV Energy filing at 48; NV Energy OATT, Attachment P, Section 10.

D. NV Energy Accounts for the Transmission that Will Be Made Available in Real-Time.

Transmission service is essential for operation of the energy imbalance market and NV Energy, as a transmission service provider, has accounted for this under its proposed OATT amendments. As noted above, participating resources must meet NV Energy's transmission eligibility requirements set forth in Attachment P of its OATT. In addition, NV Energy 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.²⁷ This will allow the CAISO to accurately model the NV Energy 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.

NV Energy sets the rates, terms, and conditions of transmission service for its customers under its OATT, as does the CAISO under its tariff. The energy imbalance market will involve real-time transfers between the CAISO and NV Energy balancing authority areas. Under its OATT amendments, NV Energy will assess no incremental transmission charge for transmission use related to the energy imbalance market.²⁸ This approach is the same as that approved by the Commission when PacifiCorp began participation in the energy imbalance

²⁷ See NV Energy OATT, Attachment P, Sections 5 and 7 (providing for the submission of transmission operations and outage information to the CAISO).

²⁸ *Id.* at Section 8.7.

market.²⁹ The primary difference from PacifiCorp is that NV Energy proposes to use available transfer capability to support EIM transfers, as discussed above.

E. NV Energy Facilitates Settlement of the Energy Imbalance Market Not Otherwise Directly Accounted for by the CAISO.

The energy imbalance market allows each EIM Entity to settle a variety of charge types allocated to it by the CAISO in accordance with the EIM Entity's tariff. This flexibility represents an important aspect of the energy imbalance market design, but requires the EIM Entity to modify settlement provisions with its transmission customers. NV Energy accounts for this settlement and the associated cost allocation in its proposed OATT amendments.³⁰ The CAISO supports NV Energy's approach to defining each aspect of the energy imbalance market settlement that the CAISO does not directly settle.

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 energy imbalance market. The CAISO requests that all

²⁹ See PacifiCorp OATT, Attachment T, Section 8.7.1.

³⁰ See NV Energy OATT, Attachment P, Section 8 (accounting for energy imbalance market settlements).

communications and notices regarding this filing and these proceedings be provided to:

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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: April 6, 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 Folsom, CA this 6th day of April, 2015.

S/ Sarah Garcia

Sarah Garcia