

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

**California Independent System) Docket No. ER20-1937-000
Operator Corporation)**

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

The California Independent System Operator Corporation (CAISO) submits its answer to the comments filed by the Western Area Power Administration (WAPA) and Tri-State Generation and Transmission Association, Inc. (Tri-State) in the above-referenced proceeding.¹ This proceeding concerns the EIM Implementation Agreement (Agreement) between the CAISO and the Public Service Company of Colorado (PSCo). PSCo supports acceptance of the Agreement, and neither WAPA nor Tri-State oppose acceptance of the Agreement or raise any immediate concern the Commission needs to consider here. Accordingly, the Commission should accept the Agreement as filed. Nonetheless, the CAISO answers the questions raised by WAPA and Tri-State that are beyond the scope of this narrowly focused proceeding.

I. WAPA

WAPA is uncertain if the western energy imbalance market (EIM) will dispatch resources that must wheel through WAPA's balancing authority area to reach the PSCo balancing authority area, and which, if any, additional

¹ The CAISO submits this answer pursuant to Rule 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213.

agreements PSCo and/or CAISO will modify or file with the Commission to effectuate this.² WAPA states that if PSCo or other load serving entities in the PSCo balancing authority area intend to wheel EIM resources through WAPA's balancing authority area, such transactions must comply with WAPA's existing contracts, tariffs, and/or operating practices, or WAPA must agree to any modifications.³ WAPA also seeks clarification on implementation details that require transmission and wheeling through WAPA's balancing authority area or that may affect WAPA's existing agreements and reliability.⁴

As WAPA acknowledges, the sole purpose of the Agreement is to facilitate the recovery of the CAISO implementation costs for PSCo's planned participation in the EIM. Identifying the many implementation details associated with PSCo's participation in the EIM will occur during the initial phases of the project. These details will include modeling of resources and EIM transfers, which are relevant to WAPA's specific questions. The CAISO's implementation process includes built-in opportunities for engagement with third party transmission providers like WAPA, and the CAISO tariff includes relevant readiness criteria to establish acceptable modeling associated with third party transmission service providers and path operators.⁵ In addition, the EIM includes scheduling and tagging requirements that facilitate transfers consistent with OATT transmission services across a multi-balancing authority area footprint in a manner that is compatible

² WAPA Motion to Intervene and Comments, p. 5.

³ *Id.* at 6.

⁴ *Id.*

⁵ See, e.g., CAISO Tariff section 29.2(b)(7)(H)(iii).

with the bilateral marketplace.⁶ All of these procedures and requirements provide a framework for the CAISO to engage with WAPA and address its concerns prior to implementing the EIM in PSCo's balancing authority area.

The CAISO assures WAPA and the Commission that it will, as it has in the past,⁷ follow the foregoing EIM procedures and requirements so that integration of the PSCo balancing authority area into the EIM occurs in a manner compatible with WAPA's existing contracts, tariffs, and/or operating practices. If WAPA identifies the need to modify its existing contracts, tariffs, and/or operating practices to support integrating the PSCo balancing authority area into the EIM, the CAISO will work with PSCo and WAPA to develop such modifications as may be required. In any event, such modifications or any further agreements associated with the PSCo implementation into the EIM are beyond the scope of this proceeding. Accordingly, the Commission should accept the Agreement as filed without modification or condition.

⁶ See CAISO Tariff sections 29.7(e)-(f) and 29.17(f)-(g); see also CAISO Intervention and Comments, FERC docket no. ER20-1059-001.

⁷ The Bonneville Power Administration (Bonneville) raised questions similar to those WAPA raises here regarding the Puget Sound Energy (PSE) balancing authority area's EIM implementation, which were resolved without further Commission proceeding. The Bonneville balancing authority area essentially surrounds the PSE balancing authority area, and PSE desired to wheel through the Bonneville balancing authority area to facilitate its participation in the EIM. Bonneville determined it could support such use of its transmission pursuant to its OATT and dynamic transfer limits business practice, and PSE has been participating seamlessly in the EIM since October 1, 2016. See CAISO Informational PSE Readiness Certification, FERC docket no. ER15-861, at p. 4-5 (August 24, 2016) (explaining how Bonneville transmission system rate of change constraints associated with the use of PSE's transmission rights were modeled in the EIM and tested during parallel operations); see also *PacifiCorp*, 147 FERC ¶ 61,227, at p. 114 (2014), (noting that PacifiCorp's proposal does not appear to be a sale, assignment, or transfer of transmission service that would fall under section 23 of the *pro forma* OATT), *rehearing denied*, 149 FERC ¶ 61,057, at p. 32 (2014).

II. Tri-State

Tri-State is concerned the Agreement may be read to benefit certain non-EIM entity load-serving entities within the PSCo balancing authority area, *i.e.*, the parties to the Joint Dispatch Agreement (JDA), over others.⁸ Tri-State is a load serving entity in the PSCo balancing authority area, but Tri-State is not a party to the JDA.⁹ Tri-State seeks clarification that the CAISO intends to make the scheduling and settlement relationships reflected in the Agreement available to other load-serving entities operating within the PSCo balancing authority area, not just the JDA parties.¹⁰

The Agreement documents the commitment of the CAISO and PSCo to work toward developing a participation framework that accommodates PSCo's unique circumstances. Specifically, it will be necessary to facilitate the transition of all four JDA parties from the JDA to the EIM as part of the PSCo implementation process. This is precisely why the Agreement only establishes principles specific to the JDA parties' participation in the EIM and does not address non-JDA party load serving entities in the PSCo balancing authority area. Regardless, the CAISO anticipates undertaking a stakeholder initiative starting early in 2021 to develop the scheduling and settlement rules and establish this new relationship prior to integrating the PSCo balancing authority area into the EIM in the spring of 2022. The CAISO is interested in making the options anticipated for the JDA parties available to any load serving entity within

⁸ Tri-State Motion to Intervene and Comments, p. 3.

⁹ *Id.* at 2.

¹⁰ *Id.* at 4.

an EIM entity balancing authority area. However, such matters are properly addressed through the anticipated stakeholder process, not this proceeding. The CAISO is not proposing any changes to the existing CAISO tariff provisions, nor is the CAISO proposing any exceptions to the existing CAISO tariff at this time.¹¹

In evaluating prior EIM implementation agreements, the Commission has repeatedly rejected attempts by commenters to raise concerns regarding the substantive framework that would subsequently be developed to facilitate an entity's participation in the EIM as premature as beyond the scope of the proceeding.¹² The Agreement presented in this docket follows the same model as prior EIM implementation agreements the Commission has approved; nothing in the Agreement prejudices or predetermines any outcome of any future submission associated with PSCo's participation in the EIM. Accordingly, consistent with its prior orders, the Commission should forgo consideration in this docket of issues that do not bear on the justness and reasonableness of the Agreement and accept the Agreement as filed without modification or condition. In any event, the CAISO looks forward to working with Tri-State and other interested stakeholders through the expected process noted above to consider a

¹¹ The Agreement represents the beginning of the process for allowing PSCo and the JDA parties to participate in the EIM, not the end of that process. The Agreement does not provide any binding terms for PSCo's participation, but merely commits the CAISO and PSCo to work in good faith to reach agreement on an acceptable framework based on the identified principles. The terms and conditions of PSCo and the JDA parties participation in the EIM will necessarily be set forth in tariff provisions and participation agreements that the CAISO will separately submit for Commission acceptance in the future under Section 205 of the FPA. Nothing in the Agreement prejudices or predetermines the outcome of any future proceeding.

¹² See, e.g., *Cal. Indep. Sys. Operator Corp.*, 147 FERC ¶ 61,200, at p. 28-29 (2014); *Cal. Indep. Sys. Operator Corp.*, 151 FERC ¶ 61,158, at p. 21 (2015); *Cal. Indep. Sys. Operator Corp.*, 160 FERC ¶ 61,058, at p. 26 (2017); *Cal. Indep. Sys. Operator Corp.*, 170 FERC ¶ 61,168, at p. 27 (2020).

new and separate EIM entity balancing authority area load serving entity scheduling and settlement relationship with the CAISO.

III. Conclusion

For the foregoing reasons, the CAISO requests that the Commission accept the Agreement as filed, without modification or condition.

Respectfully submitted,

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Dated: June 26, 2020

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 26th day of June, 2020.

/s/Jacqueline Meredith
Jacqueline Meredith