

188 FERC ¶ 61,114
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

August 5, 2024

In Reply Refer To:
California Independent System Operator
Corporation
Docket No. EL24-98-000

California Independent System Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Attention: Daniel J. Shonkwiler
Assistant General Counsel for California Independent System Operator
Corporation

Dear Mr. Shonkwiler:

1. On April 3, 2024, pursuant to Rule 207(a)(5) of the Commission's Rules of Practice and Procedure,¹ the California Independent System Operator Corporation (CAISO) filed a petition for approval of an uncontested settlement agreement (Settlement Agreement) between CAISO and PacifiCorp. According to CAISO, the Settlement Agreement resolves billing disputes that PacifiCorp, a participant in the CAISO-managed Western Energy Imbalance Market (WEIM), lodged with CAISO regarding the market impacts of certain unscheduled flows, and any other claims related to the billing disputes.

2. CAISO states that from September 2022 to April 2023, large volumes of unscheduled loop flows entered PacifiCorp's eastern system, known as the PacifiCorp-East Balancing Authority Area (PACE BAA), from non-WEIM areas located to the east of the PACE BAA. CAISO states that PacifiCorp detected the unscheduled flows in a constrained area of the PACE BAA in eastern Wyoming, which has significant wind generation and comparatively little load to absorb the unscheduled flows.² Due to the unscheduled flows, WEIM responded by decrementing large volumes of wind generation behind the relevant constraint, and dispatching generation on the other side of the

¹ 18 C.F.R. § 385.207(a)(5) (2023).

² Transmittal at 2.

constraint in its place. CAISO explains that this redispatch resulted in significant amounts of Real-Time Imbalance Energy Offset and Real-Time Congestion Offset Charges (collectively, Net Offset Charges), which generally represent the costs of the market's redispatch.³ CAISO explains that under the CAISO Tariff, the Net Offset Charges are allocated to PacifiCorp as the applicable EIM Entity.⁴ Pursuant to the PacifiCorp Open Access Transmission Tariff (OATT), the Net Offset Charges are then sub-allocated to Metered Demand in the PACE BAA.⁵

3. CAISO states that PacifiCorp lodged billing disputes with CAISO for its customers' exposure to the Net Offset Charges that PacifiCorp asserted were driven by non-market forces due to the unscheduled flow from neighboring non-WEIM areas. Specifically, CAISO states that PacifiCorp argued that, simply by virtue of the PACE BAA's location on the eastern seam of WEIM and experiencing the unscheduled flow, its customers should not bear the financial consequences of unscheduled flow from outside WEIM.⁶ Following discussions regarding the Net Offset Charges, CAISO and PacifiCorp reached a resolution of the dispute, embodied in the Settlement Agreement.⁷

4. CAISO explains that because most of the resources that were decremented and the resources dispatched in their place are owned by or under contract to PacifiCorp, the billing dispute can be resolved through financial re-settlement.⁸ Therefore, the Settlement Agreement provides that CAISO will re-settle the Net Offset Charges deemed by PacifiCorp to be the result of the unscheduled flows by issuing settlement charges to certain PacifiCorp generators and equal, offsetting settlement credits to the PacifiCorp

³ *Id.* at 3.

⁴ *Id.* See CAISO, CAISO eTariff, § 29.11 (Settlements and Billing for EIM Market Participants) (21.0.0), § 29.11(e).

⁵ Transmittal at 3, Ex. A at 2. See PacifiCorp, PacifiCorp - Transmission OATT and Service Agreements, attach. T, § 4.1.5 (Settlement of MO Charges and Payments) (11.0.0).

⁶ Transmittal at 3.

⁷ *Id.* at 3-4. CAISO notes that CAISO and PacifiCorp have engaged relevant entities inside and outside of WEIM to explore the root causes of, and potential solutions to, the unscheduled flows. According to CAISO, the affected entities have put in place an interim coordinated operating plan that, pending a permanent solution, has improved the detection of unscheduled flows and enhanced their ability to mitigate flows. *Id.*

⁸ *Id.* at 3-5.

EIM Entity.⁹ PacifiCorp will apply these adjustments to mitigate the Net Offset Charges that PacifiCorp would otherwise suballocate to its customers under the PacifiCorp OATT. Under the Settlement Agreement, PacifiCorp's waiver of its rights to seek relief against CAISO relating to this billing dispute becomes effective upon the issuance of these charges and credits.¹⁰ CAISO asserts that the financial re-settlement will involve only PacifiCorp and will not impact any third parties, excepting those third-party PacifiCorp OATT customers whose sub-allocation of such charges would be mitigated by such a re-settlement.¹¹

5. Notice of the April 3 filing was published in the *Federal Register*, 89 Fed. Reg. 29,322 (Apr. 22, 2024), with interventions or protests due on or before April 24, 2024. PacifiCorp filed a timely motion to intervene.

6. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2023), the timely, unopposed motion to intervene serves to make PacifiCorp a party to this proceeding.

7. Article 5.1 of the Settlement Agreement provides the following standard of review:

The standard of review for any proposed change sought by any of the Settling Parties to the terms of this Settlement Agreement shall be the "public interest" application of the just and reasonable standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956), and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956). Notwithstanding the foregoing applicability of the "public interest" standard of review, however, should all Settling Parties agree in writing that this Settlement may be modified, then the standard of review applicable to such a modification agreed upon by all Settling Parties shall be the ordinary "just and reasonable" standard. With respect to proposed changes to the terms of the Settlement Agreement sought by a third party other than a Settling Party or the Commission acting *sua sponte*, the standard of review shall be the ordinary just and reasonable standard.¹²

⁹ *Id.*, Ex. A at art. 3.1. Attachment A to the Settlement Agreement specifies that approximately \$16.9 million of revenues will be resettled.

¹⁰ *Id.*, Ex. A at art. 3, 4.

¹¹ *Id.* at 4.

¹² *Id.*, Ex. A at art. 5.1.

Docket No. EL24-98-000

- 4 -

8. The Settlement Agreement resolves all issues in dispute and is uncontested. The Settlement Agreement appears to be fair and reasonable and in the public interest, and is hereby approved. Commission approval of the Settlement Agreement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

By direction of the Commission. Commissioner See is not participating.
Commissioner Chang is not participating.

Debbie-Anne A. Reese,
Acting Secretary.

Document Content (s)

EL24-98-000.docx.....1