

I. Background

On December 16, 2025, DOE issued emergency order 202-25-11, pursuant to section 202(c) of the Federal Power Act, to Centralia.⁴ The order directs Centralia to ensure Unit 2 of the Centralia Generating Station in Centralia, Washington remains available for operation for a specified period of time. In that order, the Secretary of Energy determined emergency conditions exist resulting from increasing demand and accelerated retirement of generation facilities that will continue in the near term and are also likely to continue in subsequent years. The order also determined that, to best meet the emergency, Centralia must make Centralia Unit 2 available for operation until March 16, 2026. The order erroneously identified Bonneville Power Administration (Bonneville) as the balancing authority for Centralia and the CAISO as the relevant reliability coordinator. The CAISO informed Centralia and DOE of these errors in December 2025 and January 2026. During all relevant times, the balancing authority for Centralia was Gridforce Energy Management, LLC (Gridforce). The relevant reliability coordinator for Gridforce was the Southwest Power Pool, Inc. (SPP). Subsequently, on March 13, 2026, DOE issued an amended order identifying Gridforce as Centralia's balancing authority and SPP as Gridforce's reliability coordinator.⁵

⁴ A copy of the order is available on DOE's website:
<https://www.energy.gov/documents/order-number-202-25-11>

⁵ A copy of the amended order is available on DOE's website:
<https://www.energy.gov/documents/centralia-amendment-order-no-202-25-11b>

In its application, Centralia proposes to allocate 50 percent of its alleged fixed costs to make Centralia Unit 2 available for the 87-day period between the date of DOE's December 16, 2025 emergency order and DOE's March 13, 2026 emergency order to the CAISO. Based on Centralia's alleged costs, this would amount to approximately \$9,600,000.⁶ Centralia proposes to allocate the remaining 50 percent of its fixed costs for this period to Bonneville. From March 14, 2026 and future periods, Centralia proposes to allocate its fixed and any variable costs equally to Gridforce and SPP. Centralia represents it has not been able to come to an agreement with Bonneville, CAISO, Gridforce, or SPP regarding the rates and charges described in its filing.⁷ At no time did Centralia contact the CAISO to share a proposal about establishing rates for its generating facility under DOE's emergency order or allocating any costs to the CAISO.

II. Protest

The Commission should reject Centralia's filing. The CAISO has no relationship with Centralia, contractual or otherwise.⁸ Centralia's cost allocation proposal is unjust, unreasonable, and unduly discriminatory; it has no basis in cost causation and violates the filed rate doctrine and the principle against

⁶ Based on its application, Centralia proposes to allocate a lump sum of approximately \$9,600,000 to the CAISO.

⁷ Centralia Application at 5 citing P 18 of the Affidavit of Cody Duncan in Support of Application for Rate Recovery asserting Centralia was unable to agree to terms with BPA, CAISO, Gridforce, or SPP pertaining to the cost of being available to operate during the 90 Day Period.

⁸ An affiliate of Centralia's parent company participates in markets administered by the CAISO as a scheduling coordinator, congestion revenue rights holder, and convergence bidding entity – TransAlta Energy Marketing (U.S.) Inc - Merchant (TEMU_MK). This is a different legal entity than Centralia.

retroactive ratemaking. Centralia offers no sustainable legal or factual basis to impose costs on the CAISO or CAISO ratepayers. Finally, assuming for sake of argument that Centralia could articulate a sustainable reason to allocate costs to the CAISO or CAISO ratepayers – which it cannot – Centralia has not demonstrated its costs are just and reasonable.

A. The CAISO has no relationship with Centralia.

Centralia operates a generating facility located in Centralia, Washington. The generating facility is not interconnected to the CAISO controlled grid. The generating facility is not even located in an adjacent balancing authority area to the CAISO. The generating facility is not a CAISO participating generator and does not have a participating generator agreement with the CAISO. The generating facility does not have a pseudo-tie agreement with the CAISO and is not subject to a dynamic scheduling agreement with the CAISO. The CAISO has no supervisory control or dispatch authority over the Centralia TransAlta's generating facility. The CAISO's ratepayers have not transacted to secure the output from Centralia's generating facility.

At all relevant times, Gridforce, not the CAISO, was the balancing authority for Centralia's generating facility.⁹ The Gridforce balancing authority area is not a participant in the Western Energy Imbalance Market (WEIM) for which the CAISO serves as a market operator. Centralia's generating facility is

⁹ See, e.g., *TransAlta Energy Marketing (US) Inc.*, 181 FERC ¶ 61,055 (2022) at P 7 (“Applicants state that Centralia's generation facility is located in Centralia, Washington, within the Gridforce Energy Management, LLC (Gridforce) balancing authority area that is operated by Gridforce ...”);

not a WEIM participating resource. Centralia’s application provides no indication the Centralia generating facility had transmission rights during the period in question that would have enabled it to transmit its output from its source into the CAISO balancing authority area even if it were an eligible and qualified CAISO market participant, which it was not.

As RC West, the CAISO provides reliability coordinator services to balancing authorities and transmission operators throughout the Western Interconnection. RC West does not operate the CAISO wholesale electricity markets or the CAISO balancing authority area, and it does not provide transmission service. During all relevant times, the CAISO has not provided reliability coordinator services to Gridforce. The CAISO has no authority to issue operating instructions to Gridforce or to the Centralia Generating Station.¹⁰

B. Centralia’s proposal violates principles of cost causation.

Centralia’s generating facility provides no energy or capacity to the CAISO or ratepayers within the CAISO’s footprint. DOE’s emergency order does not identify a reliability issue or an energy or capacity shortfall within the CAISO.

¹⁰ An operating instruction is defined by the North American Electric Reliability Corporation (NERC) to mean:

“A command by operating personnel responsible for the Real-time operation of the interconnected Bulk Electric System to change or preserve the state, status, output, or input of an Element of the Bulk Electric System or Facility of the Bulk Electric System. (A discussion of general information and of potential options or alternatives to resolve Bulk Electric System operating concerns is not a command and is not considered an Operating Instruction.) “

See NERC’s Glossary of Terms Used in NERC Reliability Standards, Updated April 1, 2026: https://www.nerc.com/globalassets/standards/reliability-standards/glossary_of_terms.pdf

Centralia's proposal to allocate costs to the CAISO is based solely on the erroneous reference in DOE's emergency order to the CAISO as the relevant reliability coordinator for Gridforce, an error of which Centralia is fully aware. In support of its proposal to allocate costs to the CAISO, Centralia attempts to rely on recent Commission orders accepting a proposal to allocate the costs of a generating facility subject to a separate DOE emergency order.¹¹ These orders do not support allocating costs to the CAISO or CAISO ratepayers.¹²

In those orders, the Commission accepted tariff revisions filed by PJM Interconnection, L.L.C. (PJM) to allocate costs incurred by Constellation Energy Generation, LLC (Constellation) to maintain the availability of units at the Eddystone generating facility in Pennsylvania among all load serving entities in the PJM region. The Commission articulated the standards guiding its orders:¹³

The Commission's rate analysis applies the cost causation principle, which requires that "all approved rates reflect to some degree the costs actually caused by the customer who must pay them."¹⁴ We find that this is the relevant legal standard for evaluating whether the proposed method to allocate the costs of keeping the Eddystone Units in operation, in response to the Emergency Order, is just and reasonable. Courts have explained that, to "the extent that a utility benefits from the costs of new facilities, it may be said to have 'caused' a part of those costs to be incurred, as without the expectation of its contributions the facilities might not have been built, or might have been delayed."¹⁵ As a

¹¹ Centralia application at 6-7, *citing PJM Interconnection, L.L.C.*, 192 FERC ¶ 61,159 (2025); *order addressing arguments raised on reh'g*, 193 FERC ¶ 61,229 (2025).

¹² The CAISO notes that it has no mechanism to pay Centralia any money under its transmission tariff or under any other document in connection with TransAlta making Centralia units 2 available pursuant to DOE's emergency order. Centralia is simply attempting to shift its lack of any off-taker for its generating facility to other entities and have them shoulder the burden to allocate Centralia's costs. The Commission should reject Centralia's proposal.

¹³ *PJM Interconnection, L.L.C.*, 192 FERC ¶ 61,159 (2025) at P 33.

¹⁴ *KN Energy, Inc. v. FERC*, 968 F.2d 1295, 1300 (D.C. Cir. 1992).

¹⁵ *Ill. Com. Comm'n v. FERC*, 576 F.3d 470, 476 (7th Cir. 2009).

result, a cost allocation method can satisfy the cost causation principle if the Commission “has an articulable and plausible reason to believe that the benefits are at least roughly commensurate with” the allocation of the costs.¹⁶

The Commission determined it is just and reasonable to allocate costs to load serving entities in PJM’s region in accordance with the scope of the emergency as described by DOE’s emergency order.¹⁷ In that emergency order, DOE described the scope of the emergency based on the overall resource adequacy need in the PJM footprint.¹⁸ The Commission determined that these facts support a finding that the retention of the Eddystone units benefits the PJM region in general.

In this case, the emergency order issued by DOE does not identify any resource adequacy need in the CAISO. Instead, it expressly points to findings made by NERC relating to the Western Electric Coordinating Council Northwest region about the potential need for supply during extreme winter conditions as well as a 2025 report evaluating resource adequacy in the Pacific Northwest issued by Energy + Environmental Economics that identified potential shortfalls in 2026.¹⁹ Otherwise, DOE’s emergency order discussed nationwide challenges arising from resource adequacy concerns and concerns about energy systems.²⁰

Centralia cannot square the circle. Its application offers no rationale for connecting the need identified by DOE’s emergency order and the allocation of

¹⁶ *Id.* at 477.

¹⁷ *PJM Interconnection, L.L.C.*, 192 FERC ¶ 61,159 (2025) at P 35.

¹⁸ *Id.*

¹⁹ DOE emergency order 202-25-11 at 1.

²⁰ *Id.* at 2.

costs to the CAISO or CAISO ratepayers. Relying on an error²¹ in DOE's emergency order identifying the CAISO as the relevant reliability coordinator does not work. Assuming for sake of argument that assigning Centralia's costs to a balancing authority or reliability coordinator is even permissible, if DOE's emergency order had listed the City of Tallahassee (BAA code TAL) as the balancing authority for Centralia and the Southeastern Reliability Corporation (SERC) as the reliability coordinator, assigning costs to those entities would be obviously incorrect. These entities cannot control the dispatch of the Centralia generating unit. This is equally true for the CAISO. The CAISO was not the relevant reliability coordinator for Centralia balancing authority and never had authority to issue an operating instruction to Gridforce or Centralia. The CAISO had no means to direct the dispatch of Centralia unit 2. Unlike the Eddystone generating units in PJM, the Centralia generating unit is not even located in the CAISO's balancing authority area or an adjacent balancing authority area. Applying the Commission's standard to evaluate Centralia proposed cost allocation, there is no nexus between the costs Centralia has allegedly incurred to make Centralia unit 2 available and the CAISO. Centralia's application offers no explanation of how these costs offer plausible benefits to the CAISO or its ratepayers. Any benefits – should any exist - cannot reasonably be construed as roughly commensurate with Centralia's proposed allocation of costs. The

²¹ DOE emergency order 202-25-11b at 4, footnote18 supports changing the balancing authority from Bonneville to Gridforce, citing a publication from the U.S. Energy Information Administration (EIA). This data file was posted on October 22, 2025 according to EIA's website at <https://www.eia.gov/about/new/?r=180> and was available when the initial DOE order was issued on December 16, 2025.

Commission should reject Centralia's proposed cost allocation as unjust and unreasonable.

Centralia pleads that the Commission need not allocate costs with precision, relying on *Mw. ISO Transmission Owners v. FERC*, 373 F.3d 1361, 1369 (D.C. Cir. 2004). That case is inapposite here – it involves the allocation of the administrative costs of the Midwest ISO (now Midcontinent ISO) across its system. In that context, parties can argue about the nexus between specific costs of an ISO function and the systemwide benefits an ISO provides to its members. In this case, there is no such nexus. Even if there were, Centralia's cost allocation proposal is arbitrary and unduly discriminatory in that it proposes to allocate 50 percent of its fixed costs for an 87-day period to the CAISO. With no explanation of how Centralia's alleged costs benefit the CAISO or its ratepayers, it would be arbitrary and unduly discriminatory to allocate 50 percent (or any percent other than zero) of Centralia's costs to the CAISO. Simply, Centralia offers no record support to identify how the CAISO or its ratepayers received half of the benefit from any costs incurred by Centralia to make Centralia unit 2 available.

c. Centralia's proposal violates the filed rate doctrine and the rule against retroactive ratemaking.

As it relates to the CAISO, Centralia's proposal violates the rule against retroactive ratemaking, which effectively limits the ability of Centralia to change its rates only prospectively. The filed rate doctrine and the corollary rule against retroactive ratemaking originate from the Federal Power Act's requirement that

public utilities file rate schedules to ensure that customers are only charged rates that have been noticed and properly filed with the Commission.²² The rule against restrictive ratemaking prohibits the Commission “from imposing a rate increase for [power] already sold” or “adjusting current rates to make up for a utility's over-or under-collection in prior periods.”²³

Centralia’s application seeks to apply rules retroactively by altering the past legal consequences arising from past actions.²⁴ Centralia seeks to apply both a rate and a cost allocation rule retroactively that would change the legal obligations of the CAISO for a period of time prior to Centralia’s filing and for costs Centralia now asserts it has incurred to make Centralia unit 2 available. Centralia had no filed rates or cost allocation methodology in place prior to or during the period December 16, 2025 through March 13, 2026. It only filed such rates and cost allocation methodology afterwards and seeks to apply them retroactively. The rule against retroactive ratemaking prohibits the Commission from accepting Centralia’s proposed rate for fixed costs from December 16, 2025 through March 13, 2026 to make up for Centralia’s under-collection in this prior period and charge those rates to the CAISO. Centralia is not proposing a rate or a cost allocation rule to provide any ongoing service to the CAISO. Instead, it proposes to invoice the CAISO for costs it alleges it incurred in a prior period in

²² 16 U.S. Code § 824d (d); See also *ISO New England*, 172 FERC ¶ 61,251 at P 12 (2020): “[N]otice of a potential rate adjustment must be provided through the rate filed with the Commission and that statements that are not filed with the Commission do not provide the legally required notice”, citing *Old Dominion Elec. Coop.*, 892 F.3d at 1231-32.

²³ *ISO New England*, 172 FERC ¶ 61,251 at P 12, citing *Towns of Concord, Norwood, & Wellesley v. FERC*, 955 F.2d 67, 75 (D.C. Cir. 1992).

²⁴ *PJM Power Providers Gp. v. FERC*, et al. 96 F.4th 390 (3rd Cir. 2024).

which the CAISO received no service and had no role or capability to dispatch TransAlta's generating facility. Not only that, Centralia fails to demonstrate that it even had the ability to provide any such service to the CAISO during that time as there is no indication it even had, or would have been able to obtain, firm transmission service from its generating unit into the CAISO balancing authority area. The Commission can only authorize rates proposed by Centralia on a prospective basis, which Centralia has not proposed in relation to the CAISO. As such, the rule against retroactive ratemaking prevents Centralia from imposing costs on the CAISO in connection with the actions Centralia took between December 16, 2025 and March 13, 2026 to make Centralia unit 2 available.²⁵

d. Centralia has not demonstrated its costs are just and reasonable.

In addition to a cost allocation order, Centralia requests the Commission accept a tariff that contains fixed and variable costs to make Centralia unit 2 available. In support of its request, Centralia enumerates various categories of fixed and variable costs and provides a supporting affidavit that explains how Centralia estimated these costs. Centralia offers no work papers or documentary evidence supporting these costs. In some cases, such as estimated remediation costs, Centralia has not yet incurred these costs. In other cases, such as recurring fixed costs, Centralia has not demonstrated that it incurred the estimated costs during the prior period. Based on the estimates offered by

²⁵ *Oklahoma Gas & Elec. Co. v. FERC*, 11 F.4th 821, 832 (D.C. Cir. 2021): "The filed rate requirement is stringent and admits of no equitable adjustments..."

Centralia in its application, the Commission should not accept Centrale's tariff. Consistent with Rule 35.12 of the Commission's rules for initial rate schedules, Centralia has not provided sufficient details for the Commission to judge that its fixed and variable costs are just and reasonable.

III. Communications

In accordance with Rule 203(b)(3) of the Commission's Rules of Practice and Procedure, the CAISO respectfully requests that service of all pleadings, documents, and all communications regarding this proceeding be addressed to these individuals:

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IV. Conclusion

Centralia has offered no sustainable basis to allocate costs to the CAISO that Centralia alleges it has incurred pursuant to DOE's emergency order. Neither the parties intervening in this proceeding nor the Commission have an obligation to cure Centralia's legally and factually lawed proposal. Further, Centralia has not demonstrated its proposed tariff containing fixed and variable

costs to make Centralia unit 2 available is just and reasonable. For these reasons, the Commission should reject Centralia's application.

Respectfully submitted,

/s/ Andrew Ulmer

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Dated: May 21, 2026

CERTIFICATE OF SERVICE

I certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceedings, 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, California this 21st day of May 2026.

/s/ Ariana Rebanco

Ariana Rebanco
An employee of the California ISO