

October 1, 2021

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: California Independent System Operator Corporation
Filing of EIM Participation Agreements with the
Bonneville Power Administration**

Docket No. ER22-___-000

Dear Secretary Bose:

The California Independent System Operator Corporation (“CAISO”) submits for Commission acceptance six individual service agreements (“EIM Participation Agreements”) between the CAISO and the United States Department of Energy, acting by and through the Bonneville Power Administration (“Bonneville”).¹ The EIM Participation Agreements set forth the legal obligations and operational rules that will govern Bonneville’s participation in the CAISO’s Energy Imbalance Market (“EIM”).² The EIM is the vehicle by which entities outside the CAISO’s balancing authority area participate in the CAISO’s real-time market, which Bonneville will join on March 2, 2022.³ Under the EIM Participation Agreements, Bonneville will comply with the CAISO tariff provisions applicable to EIM participants, with certain limited modifications to

¹ The CAISO submits the EIM Participation Agreements pursuant to Section 205 of the Federal Power Act (“FPA”), 16 U.S.C. § 824d.

² The EIM Participation Agreements included in this filing are individually designated as service agreements under the CAISO tariff as follows: EIM Entity Agreement - Service Agreement No. 6918 (“EIM Entity Agreement”); EIM Entity Scheduling Coordinator Agreement - Service Agreement No. 6919 (“EIM Entity Scheduling Coordinator Agreement”); EIM Participating Resource Agreement - Service Agreement No. 6922 (“EIM Participating Resource Agreement”); EIM Participating Resource Scheduling Coordinator Agreement - Service Agreement No. 6923 (“EIM Participating Resource Scheduling Coordinator Agreement”); EIM Entity Scheduling Coordinator Meter Service Agreement - Service Agreement No. 6921 (“EIM Entity Scheduling Coordinator Meter Service Agreement”); and EIM Participating Resource Scheduling Coordinator Meter Service Agreement - Service Agreement No. 6924 (“EIM Participating Resource Scheduling Coordinator Meter Service Agreement”).

³ See *Cal. Indep. Sys. Operator Corp.*, 170 FERC ¶ 61,168 (2020) (accepting the Bonneville EIM Implementation Agreement). Bonneville made its final decision to join the EIM on Sept. 27, 2021, when it released the Final EIM Close-out Letter. This letter concludes the extensive assessment and public process conducted through all five phases of the Bonneville EIM decision process. The Final EIM Close-out Letter is available at: <https://www.bpa.gov/Projects/Initiatives/EIM/Doc/Final-EIM-Close-Out-Letter.pdf>.

account for Bonneville's status as a federal entity and additions to clarify that Bonneville will participate with three aggregated resources and make available interchange rights for EIM transfers as provided by the CAISO tariff.

The CAISO requests that the Commission accept the EIM Participation Agreements effective December 1, 2021 (*i.e.*, 61 days after the date of this filing), so the CAISO and Bonneville can timely complete all necessary actions to enable Bonneville to commence participation in the EIM on March 2, 2022. In particular, parallel operations are planned to commence in December 2021. Having the EIM Participation Agreements in effect at that time will provide confidence and ensure consistency between the ongoing readiness activities and the required readiness certification that will be submitted at least 30 days prior to production on March 2, 2022.

I. Background

The EIM provides other balancing authority areas in the Western Interconnection with the opportunity to participate in the real-time market for imbalance energy that the CAISO operates in its own balancing authority area. PacifiCorp's two balancing authority areas (PacifiCorp East and PacifiCorp West) were the first to join the EIM in 2014. Since then, the EIM has continued to develop and attract the interest of a diverse array of participants throughout the Western Interconnection.⁴ Adding to this diverse group, Bonneville will be the first federal entity to join the EIM as an EIM entity in its own right.⁵

In July 2018, Bonneville initiated an extensive stakeholder process to consider joining the EIM.⁶ Over the course of that process, Bonneville has held dozens of stakeholder meetings related to Bonneville's participation in the EIM. These meetings have covered numerous educational, technical, and administrative topics. Bonneville published various decision documents such as the EIM Market Policy Record of Decision before signing an EIM Implementation Agreement.⁷ Bonneville has also issued Records of Decision in its rate proceeding and tariff proceeding, which address specific EIM issues related to Bonneville's rate design and tariff, respectively.⁸ All of

⁴ EIM materials concerning current and planned participants are available at: <https://www.westerneim.com/Pages/About/default.aspx>. As indicated on that website, there are currently 15 active EIM participants (including the CAISO) and 7 pending EIM participants (including Bonneville).

⁵ The Western Area Power Administration – Sierra Nevada Region, which is also a federal entity, participates in the EIM within the balancing authority area of the Balancing Authority of Northern California. Further, the Western Area Power Administration – Desert Southwest Region entered into an EIM Implementation Agreement dated September 15, 2021, which is pending before the Commission in Docket No. ER21-2950.

⁶ Information regarding Bonneville's EIM stakeholder process can be accessed at: <https://www.bpa.gov/Projects/Initiatives/EIM/Pages/Energy-Imbalance-Market.aspx>.

⁷ *Id.*

⁸ The rate proceeding Record of Decision in BP-22 can be accessed at: <https://www.bpa.gov/Finance/RateCases/BP-22-Rate-Case/Documents/BP-22%20Final%20Proposal/BP-22->

these components of Bonneville's stakeholder process culminated in a Final EIM Close-Out Letter, signed on September 27, 2021, wherein Bonneville made its final decision to proceed with joining the EIM on March 2, 2022.⁹

II. EIM Participation Agreements with Bonneville

The EIM Participation Agreements account for legal and regulatory issues unique to Bonneville as a federal power marketing administration, including clarification concerning Bonneville's participation with three aggregated resources and making available interchange rights for EIM transfers as provided by the CAISO tariff.¹⁰ The discussion below explains the specific differences between each EIM Participation Agreement and the corresponding *pro forma* service agreement contained in Appendix B to the CAISO tariff.¹¹

A. EIM Entity Agreement

The recitals to the EIM Entity Agreement explain the scope of Bonneville's responsibilities, and section 1.3 establishes Bonneville's status as a non-jurisdictional utility. Section 10.4 clarifies the governing law and forum applicable to Bonneville's participation in the EIM consistent with its federal entity status.

Section 2.5 clarifies that Bonneville will not make available transmission capacity on its transmission system for EIM transfers in accordance with its Open Access Transmission Tariff ("OATT"); only interchange transmission rights will be made available for EIM transfers by Bonneville.¹² Section 10.6 clarifies the application of environmental statutes Bonneville must comply with before taking certain actions in the future, potentially affecting the environment. Clarifying the application of environmental

[A-02_BP-22%20Final%20ROD.pdf](#). On July 30, 2021, Bonneville filed the rates, terms, and conditions set forth in the BP-22 Rate Record of Decision and associated documents with the Commission and is awaiting Commission approval. See *Bonneville Power Admin.*, Docket No. EF21-3-000 (July 30, 2021). The tariff proceeding Record of Decision, TC-22, can be accessed at: https://www.bpa.gov/Finance/RateCases/TC-22/Documents/TC-22-A-03_TC-22%20Final%20ROD.pdf.

⁹ See *supra* n.3.

¹⁰ The unique status of Bonneville as a federal entity is also reflected in federal utilities law. See, e.g., Bonneville Project Act of 1937, 16 U.S.C. §§ 832, Federal Columbia River Transmission System Act, 16 U.S.C. §§ 838, and Pacific Northwest Electric Power Planning and Conservation Act, 16 U.S.C. §§ 839.

¹¹ See CAISO tariff, Appendices B.6-B.7 and B.17-B.20. Attachment B hereto, which is provided for informational purposes only, contains documents showing the differences between each EIM Participation Agreements and the corresponding *pro forma* CAISO service agreement in red-line format.

¹² See CAISO Tariff section 29.17(f)(2) (allowing interchange transmission rights to be made available for EIM transfers independent from available transfer capability under CAISO tariff section 29.17(f)(3)); see also *Cal. Indep. Sys. Operator Corp.*, 170 FERC ¶ 61,168, at P 26 (finding that Bonneville is not required to make available transfer capability under its OATT available for EIM transfers, consistent with the corresponding EIM Implementation Agreement principle).

status was important to assure Bonneville that its participation in the EIM would not confuse or undermine its obligation to conduct an environmental review before taking actions that require such a review.

B. EIM Entity Scheduling Coordinator Agreement

Section 1.3 of the EIM Entity Scheduling Coordinator Agreement establishes Bonneville's status as a non-jurisdictional utility, and section 13.4 clarifies the governing law and forum applicable to Bonneville's participation in the EIM consistent with its federal entity status.

C. EIM Participating Resource Agreement

The recitals to the EIM Participating Resource Agreement explain the scope of Bonneville's responsibilities, and section 1.3 establishes Bonneville's status as a non-jurisdictional utility. Section 11.4 clarifies the governing law and forum applicable to Bonneville's participation in the EIM consistent with its federal entity status.

Schedule 1 identifies the technical characteristics of Bonneville's aggregate participating resources and the associated use limitations, which are necessary to account for Bonneville's resource participation in the EIM. Bonneville markets power from a cascading hydro system with multiple non-power requirements and interdependencies between the resources. Bonneville determined that the most consistent and efficient manner to participate in the EIM is to aggregate its participating resources into three zonal aggregations due to the electrical similarities as well as hydrological/operational aspects of the participating resources (*i.e.*, physical necessity and operational design considerations).¹³ Bonneville provided the CAISO with detailed information associated with the configuration and operation of each aggregation, which the CAISO reviewed and found to support each of the individual aggregations consistent with its business practices and the CAISO tariff.¹⁴

¹³ Bonneville EIM Policy Record of Decision, pp. 120-28. The EIM Policy Record of Decision can be accessed at: <https://www.bpa.gov/news/pubs/RecordsofDecision/rod-20190926-Energy-Imbalance-Market-Policy.pdf>.

¹⁴ See CAISO Business Practice Manual for Managing Full Network Model, section 4.2.3.2 (allowing aggregation of resources that need to be scheduled at an aggregate level), and CAISO Business Practice Manual for Market Operations, section 3.1.2 (providing that aggregated resources must be registered and approved by the CAISO); see *also* CAISO Tariff, Appendix A (establishing the characteristics of generating components that can define a Physical Scheduling Plant for reference in other tariff sections concerning market participation by an aggregated resource), and the Bonneville EIM Implementation Agreement, section 14(d) (establishing an implementation principle in anticipation of the need for Bonneville to utilize a participating resource aggregation model).

D. EIM Participating Resource Scheduling Coordinator Agreement

Section 1.3 of the EIM Participating Resource Scheduling Coordinator Agreement establishes Bonneville's status as a non-jurisdictional utility, and section 13.4 clarifies the governing law and forum applicable to Bonneville's participation in the EIM consistent with its federal entity status.

E. EIM Entity Scheduling Coordinator Meter Service Agreement

Section 1.3 of the EIM Entity Scheduling Coordinator Meter Service Agreement establishes Bonneville's status as a non-jurisdictional utility, and section 11.4 clarifies the governing law and forum applicable to Bonneville's participation in the EIM consistent with its federal entity status.

F. EIM Participating Resource Scheduling Coordinator Meter Service Agreement

Section 1.3 of the EIM Participating Resource Scheduling Coordinator Meter Service Agreement establishes Bonneville's status as a non-jurisdictional utility, and section 11.4 clarifies the governing law and forum applicable to Bonneville's participation in the EIM consistent with its federal entity status.

III. Effective Date

The CAISO requests that the Commission accept the EIM Participation Agreements for filing effective December 1, 2021, *i.e.*, 61 days after the date of this filing. Bonneville's participation in the EIM is targeted to commence on March 2, 2022, and the CAISO and Bonneville must engage in activities that support a certification of readiness at least 30 days prior to that implementation date.¹⁵ In particular, parallel operations are planned to commence in December 2021. Having the EIM Participation Agreements in effect at that time will provide confidence and ensure consistency between the ongoing readiness activities and the required readiness certification that will be submitted at least 30 days prior to production on March 2, 2022.

IV. Service

The CAISO has served copies of this filing upon Bonneville, the California Public Utilities Commission, the California Energy Commission, and all parties with scheduling coordinator agreements under the CAISO tariff. In addition, the CAISO has posted the filing on the CAISO website.

¹⁵ See CAISO tariff, sections 29.2(b)(6)-(7).

V. Contents of Filing

In addition to this transmittal letter, this filing includes the following attachments:

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|--------------|---|
| Attachment A | The EIM Participation Agreements executed by the CAISO and Bonneville [A.1-A.6]; and |
| Attachment B | An informational comparison document showing the differences between the EIM Participation Agreements and the corresponding <i>pro forma</i> CAISO service agreements in red-line format [B.1-B.6]. |

VI. Correspondence

Pursuant to Rule 203(b) of the Commission's Rules of Practice and Procedure,¹⁶ the CAISO requests that all correspondence, pleadings, and other communications concerning this filing be served upon the following:

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¹⁶ 18 C.F.R. § 385.203(b).

VII. Conclusion

The CAISO requests that the Commission accept the enclosed EIM Participation Agreements effective December 1, 2021. If there are any questions concerning this filing, please contact the undersigned.

Respectfully submitted,

By: /s/ John C. Anders

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