

June 27, 2024

Powerex Corp. Comments on PacifiCorp’s Proposed Tariff Revisions for EDAM Participation

On June 6, 2024 PacifiCorp reviewed the proposed revisions to its Open Access Transmission Tariff (“OATT” or “Tariff”) to facilitate its participation in the California ISO’s Extended Day Ahead Market (“EDAM”). Powerex respectfully submits these comments in response. Powerex appreciates its ongoing and constructive relationship with PacifiCorp and urges PacifiCorp to consider and address Powerex’s concerns and recommendations so that both the process to develop the OATT revisions and the ultimate revisions themselves:

- 1) allow PacifiCorp to efficiently participate in EDAM, while
- 2) maintaining incentives for transmission customers to continue to invest in PacifiCorp transmission service, including for use in other organized markets.

I. OVERVIEW

Numerous major developments are underway in Western wholesale electricity markets, each of which require transmission service to realize their intended benefits. The Western Resource Adequacy Program (“WRAP”) is the first regional reliability planning and compliance program in the history of the West and will deliver a region-wide approach for assessing and ensuring resource adequacy.¹ During tight grid operating conditions, the operational program of WRAP allows participants to access a shared pool of resources delivered on high-priority transmission service. In parallel, two day-ahead and real-time organized markets, California ISO’s EDAM and SPP’s Markets+, have also been developed and will come into operation in the West in the years ahead. Each of these organized markets will rely on transmission capability to enable the efficient dispatch and delivery of supply to meet demand.

The impacts of PacifiCorp’s Tariff revisions are significant. As a threshold matter, the initial OATT modifications that will be put in place to accommodate EDAM participation can be expected to largely become a template for other participating EDAM Transmission Service Providers (“TSPs”). More substantively, as detailed below, the scope and nature of proposed OATT modifications must incorporate functionality that clearly and effectively enables both WRAP and Markets+ participation.

First, to ensure that both the WRAP and each of the two day-ahead organized markets can function efficiently, PacifiCorp’s proposed Tariff revisions need to clearly set out how PacifiCorp transmission rights can be used for these purposes once PacifiCorp begins participating in EDAM. This is because while some transmission customers may choose to use their PacifiCorp transmission rights in

¹ Western Power Pool, Western Resource Adequacy Program, <https://www.westernpowerpool.org/about/programs/western-resource-adequacy-program>.

connection with EDAM, others will seek to use their rights to support transactions outside of EDAM, including to support WRAP deliveries and/or to support participation in Markets+ (and/or to support bilateral market transactions). Second, the extent to which transmission customers will be able to effectively use PacifiCorp firm transmission rights for non-EDAM purposes, and the extent to which they will continue to receive the scheduling priority and economic (congestion) benefits associated with firm transmission rights, can be expected to impact whether transmission customers continue to invest in PacifiCorp transmission service. Approximately 25% of PacifiCorp's annual transmission revenue requirement is recovered from the sale of firm transmission service to transmission customers unaffiliated with PacifiCorp, including Powerex.²

Certainly, the extent to which transmission rights may be used for a given market is not unique to EDAM—it was also the focus of substantial effort in the design of Markets+. As a result, Markets+ includes a framework in which transmission rights are unambiguously either “in” Markets+—with transmission made available for use by Markets+ and day-ahead congestion revenues allocated to the customer holding transmission rights on constrained elements—or “opted out” of Markets+, such that the customer can continue to use those rights for other purposes, in both day-ahead and real-time, as they do today.

The EDAM design appears to commingle these concepts, providing for transmission customers to schedule on their rights prior to the day-ahead submission deadline (shortly before 9 a.m.), while potentially exposing customers to EDAM congestion charges associated with their schedules. Furthermore, the EDAM design will allow “unused” capacity (as of the day-ahead deadline) to support EDAM transactions more generally, even if the transmission customer intends to later use their rights for its own energy deliveries outside of EDAM.

For transmission customers intending to use PacifiCorp transmission rights to support transactions outside of EDAM, this approach raises the risk of unintended and unacceptable outcomes. For example, transmission customers making non-EDAM deliveries may face an increased risk of curtailment, may be exposed to EDAM or WEIM congestion charges, and/or may be required to become EDAM participants to schedule their non-EDAM transactions. Each of these risks must be fully addressed through PacifiCorp's OATT and business practices. It is also critical to ensure that all transmission schedules, whether submitted prior to the EDAM submission deadline or after it, are similarly protected, since deliveries under many types of arrangements often cannot be finalized until close to real-time. Significant additional detail and discussion with transmission customers is needed to understand how transmission rights on PacifiCorp's system will be able to be used to support non-EDAM activity.

As discussed more fully in these comments, Powerex urges PacifiCorp to:

² Currently, PacifiCorp anticipates recovering nearly \$200 million/year—or about 25% of its annual transmission revenue—from the sale of long-term firm PTP service. A decline in revenue from selling long-term Firm Point service would not be recoverable from the EDAM usage charge mechanism (which applies only to lost revenue from short-term service) and would therefore be borne entirely by PacifiCorp network load customers.

- Provide a clear “opt out” path for transmission customers intending to use PacifiCorp transmission service to support certain defined activities outside of EDAM.
- Extend PacifiCorp’s process to devise the Tariff revisions and commit to collaborative dialogue with other TSPs in the region to develop a common and reciprocal framework for transmission customers to carve out and use their firm transmission rights to provide connectivity in an organized market other than the market in which the TSP participates.
- Engage with transmission customers, as part of the extended stakeholder process, to fully address the ambiguities or concerns with the initial draft revisions as they relate to or impact the use of PacifiCorp transmission rights to support non-EDAM activity.

II. TRANSMISSION CUSTOMERS MUST HAVE THE OPTION TO ‘OPT OUT’ OF HAVING THEIR TRANSMISSION RIGHTS USED IN EDAM

As discussed above, the EDAM design raises the potential for a number of issues related to the transmission customer’s continued ability to use its rights for non-EDAM purposes that must be addressed through PacifiCorp’s OATT and business practices. These concerns are most acute when the final quantity of energy to be delivered by a transmission customer is not finalized until close to the real-time delivery period.

Powerex urges PacifiCorp to allow a customer to “opt out” of having their transmission rights used in EDAM to enable specific uses that cannot be fully accommodated by other means. Section 2.1.3.4 of PacifiCorp’s draft revisions to Attachment T allows PacifiCorp to deem some transmission rights unavailable to EDAM. As presently drafted, however, PacifiCorp reserves for itself “sole discretion” to “give effect to any contract right that the PacifiCorp EDAM Entity determines is not adequately addressed by the rules of this Tariff and the MO Tariff for EDAM participation.”

This draft language falls short of providing the necessary protection, for at least two reasons. First, transmission customers—and not just PacifiCorp— must have the ability to seek an opt-out of their transmission rights. Second, the approval or rejection of an opt-out request must be based on clear and objective criteria, not PacifiCorp’s discretion. PacifiCorp should propose criteria and supporting documentation to allow opt-out requests. This would include a requirement that a transmission customer communicate to PacifiCorp the quantity of rights that it seeks to opt out and the purpose, including:

1. Using its firm rights to schedule delivery of a dispatchable or variable energy resource, where the final scheduled output may not be determined until close to real-time;
2. Using its firm rights to schedule delivery of flexible capacity in response to unpredictable conditions, including but not limited to delivery of a WRAP holdback obligation; and
3. Using its firm rights to schedule delivery of transfer quantities determined in Markets+, or another organized market in which PacifiCorp does not participate.

Finally, Section 2.1.3.4 also focuses on “contract rights” without a clear understanding as to what rights this section refers. PacifiCorp should provide additional explanation or definition around the nature of these “contract rights” and how PacifiCorp will identify such contract rights.

III. TRANSMISSION RIGHTS USED IN OTHER MARKETS

A specific anticipated need for the “opt out” described above is for transmission customers that seek to use their PacifiCorp transmission rights to participate in Markets+. Section 7.3 (Use of PacifiCorp Transmission Rights for Participation in a Non-CAISO Market) is currently blank, as PacifiCorp explained that it is still internally evaluating how to address this issue.

Section 7.3 should recognize that transmission customers may seek to use PacifiCorp transmission rights in connection with their participation in an organized market in which PacifiCorp does not participate, just as PacifiCorp and other EDAM entities may seek to use their transmission rights on other systems in connection with their participation in EDAM on TSPs’ systems that do not participate in EDAM. In other words, TSPs must ensure that they are providing reciprocal transmission service. Because PacifiCorp will likely be the first TSP to revise its Tariff to participate in EDAM, establishing reciprocal access now to a TSP’s chosen market is paramount.

Just as PacifiCorp’s Tariff contains a reciprocity provision (Section 6), so too does nearly every other TSP’s OATT.³ These provisions require a customer receiving service to provide comparable transmission service. Aside from tariff obligations, the principle underlying the reciprocity provision—consistent and fair treatment across all TSPs—rings true today and has particular importance for the two day-ahead markets that will operate in the West.

Section 7.3 should confirm that PacifiCorp will:

- a. Enable the transmission customer to identify, prior to the EDAM scheduling deadline, the MW quantity of rights to be used for this purpose;
- b. Communicate to the EDAM MO that the full amount of designated transmission rights is not available to support EDAM transfers, even though the energy quantity to be scheduled on this transmission will not be determined until after the EDAM scheduling deadline;
- c. Enable the energy schedule quantity to be adjusted up or down, within the quantity limits of the rights communicated in (a), above, through real-time;
- d. Not apply any EDAM financial settlement to the use of PacifiCorp transmission rights in this manner, nor sub-allocate any EDAM charges or revenues allocated by the EDAM MO to the PacifiCorp EDAM Entity or PacifiCorp EIM Entity; and

³ See Order No. 888 at p. 21,542 (reciprocity required to prevent open access systems from being unfairly burdened and taken advantage of by non-jurisdictional utilities) and p. 21,573 (reciprocity is designed to provide the widest possible use of the nationwide transmission grid).

- e. Provide information interchange to the other organized market operator as necessary to support this use.

Powerex believes that it would be valuable for PacifiCorp and other TSPs intending to participate in either EDAM or Markets+ to participate in a regional dialog to identify a common approach to amending their respective OATTs that results in consistent and reciprocal treatment of firm transmission rights to ensure both markets may operate efficiently.

PacifiCorp already stated its intention to discuss and coordinate the EDAM Tariff and business practice revisions with other entities and sought feedback on how this coordination might be accomplished.⁴ Powerex strongly encourages PacifiCorp to engage in a regional dialogue with other TSPs to ensure both day-ahead markets and the WRAP can operate without impediment.

IV. MAINTAINING THE KEY ELEMENTS OF OATT RIGHTS THAT ARE NOT “OPTED OUT”

As previously noted in these comments, PacifiCorp must enable “opt outs” to allow customers to continue using their transmission rights outside of EDAM. At the same time, even if a customer does not “opt out” from EDAM, PacifiCorp must ensure its Tariff and business practices protect OATT rights, as described further below.

For transmission rights that are not opted out, Section 2.1.1. sets forth two specific value components of firm rights that PacifiCorp will protect under its Tariff. First, the section states that firm customers will receive from CAISO “a scheduling priority for the balanced portions of Self-Schedules that conform with firm transmission rights under this Tariff.” Second, “Transmission Customers will receive protection from Congestion charges in the market through an allocation of Congestion Revenue.” Despite these assurances, the PacifiCorp draft tariff does not clearly explain how these objectives will be achieved.

With respect to scheduling priority, numerous draft Tariff sections simply defer to the MO Tariff. Section 2.1.3.2.2.1 provides that a transmission customer may self-schedule the use of its qualifying rights “pursuant to the terms of the MO tariff.” Section 2.1.1 states that transmission customers “will receive from the [Market Operator] a scheduling priority for ... Self-Schedules that conforms with Firm transmission rights under this Tariff.” Similarly, proposed Section 13.8.1 found in Part II of the Tariff states that customers must comply with the EDAM “scheduling requirements of the MO Tariff” and that “transmission rights that are not scheduled by the Transmission Customer shall be subject to the provisions of the MO Tariff.” Proposed Section 2.1.3.2.2.3 of Attachment T addresses intra-day scheduling changes, allowing a customer to submit a self-schedule after the close of the day-ahead market “if and to the extent permitted by the MO Tariff.”

The scheduling priority of transmission rights on PacifiCorp’s system is not a matter for the EDAM MO tariff but must be clearly set forth in PacifiCorp’s own Tariff. PacifiCorp’s Tariff should include provisions in which PacifiCorp will unequivocally instruct the MO to assign to all schedules on firm

⁴ PacifiCorp, *EDAM Customer Outreach Meeting* at 4 (Jan. 21, 2021), available on PacifiCorp’s OASIS.

transmission a scheduling priority higher than that of EDAM transfers that are relying on using that same transmission capacity.⁵ Further, curtailment procedures must be clearly set out in PacifiCorp's Tariff, and PacifiCorp must ensure that schedules on firm transmission rights are curtailed only after fully curtailing any EDAM Transfers using that same transmission capacity.

Regarding PacifiCorp's second value component of firm OATT rights (protection from congestion charges through allocations of congestion revenues), Powerex believes the draft Tariff revisions contain various gaps that would fundamentally erode the value of (and as a result, also the incentive to continue to purchase) long-term firm transmission rights.

First, Section 8.4 in Attachment T states that the MO will settle directly with Scheduling Coordinators representing transmission rights holders who make their transmission capacity available to EDAM. PacifiCorp should confirm that transmission customers that do NOT make capacity available to EDAM (i.e., customers that elect to "opt out" their rights) will (i) not be exposed to any EDAM congestion charges associated with the use of their rights, and (ii) not be entitled to receive any EDAM congestion revenues.

Second, Section 8.4 of Attachment T also states that PacifiCorp will allocate EDAM congestion revenue on a Measured Demand basis. This approach appears to simply assign the broader pool of congestion revenues to all transmission customers on a pro-rata basis, without any consideration of where congestion is actually occurring, and without consideration of which transmission customers have firm rights across the congested paths.

A far more accurate and granular congestion revenue allocation solution is needed to ensure firm rightsholders receive the congestion benefits on the paths they have actually invested in. Similar to the approach applied in Markets+, PacifiCorp should work with its customers to develop a detailed approach to allocate congestion revenue on a path-specific (and/or facility-specific) basis to highly align congestion revenue allocation with the customers that hold firm rights on the applicable congested paths.

V. FURTHER STAKEHOLDER ENGAGEMENT IS NEEDED TO ADDRESS CONCERNS WITH PROPOSED TARIFF REVISIONS

Powerex believes that reviewing draft tariff language is an ineffective vehicle for developing and communicating the substantive changes to transmission service, scheduling practices, and potential charges such as those that are likely to result from participating in an organized day-ahead market. The attached Appendix provides several further comments and questions.

Powerex recognizes that PacifiCorp held two high-level sessions (January 2021 and April 2024) focused on describing EDAM, and intends to hold only two stakeholder sessions (with comment periods) to develop its Tariff revisions before filing them with FERC in Q4 2024. Substantially more

⁵ *California Independent System Operator Corporation*, 185 FERC ¶ 61,210, at PP 310, 311 (2023).

stakeholder engagement is needed, given the numerous critical clarifications that are necessary, and that a key provision (Section 7.3) has not been drafted at all.

By comparison, PacifiCorp held a much more robust process to develop Tariff revisions for its participation in WEIM.⁶ Specifically, PacifiCorp held a separate stakeholder process, parallel to CAISO's EIM design effort, to introduce WEIM to its customers and develop Tariff revisions. Following four months of workshops and comment periods, PacifiCorp issued its first draft EIM Entity proposal, followed by additional meetings and comment periods over two more months. Next, PacifiCorp published its first draft "tariff framework document" followed by a comment period and then circulation of its first draft Tariff revisions two months later. PacifiCorp held another stakeholder meeting to review these revisions then issued a revised draft, followed by another meeting and additional stakeholder comments. PacifiCorp responded to comments then posted a further revised draft of its Tariff revisions before submitting the revisions to FERC.

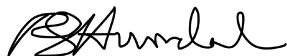
In parallel with the foregoing process, PacifiCorp's executive and senior management and staff "made a significant commitment to the project and stakeholder engagement efforts."⁷ PacifiCorp staff also "made themselves available for numerous individual meetings or conference calls with customers or other interested stakeholders seeking specific answers to questions or who desired individualized discussion with respect to comments they submitted in the stakeholder process."⁸

Powerex believes a level of stakeholder engagement at least commensurate with PacifiCorp's WEIM stakeholder engagement and outreach process should be held for the EDAM Tariff revisions, given the significance and likely precedential impact of these revisions.

VI. CONCLUSION

Powerex appreciates PacifiCorp's consideration of these comments and hopes to engage further to ensure the Tariff revisions meet both the needs of PacifiCorp and those of its transmission customers.

Sincerely,



Raj Hundal
Director, Market Policy and Practices

⁶ PacifiCorp, *Filing for Revisions to the OATT to Implement the Energy Imbalance Market*, Docket No. ER14-1578, at 11-12 (Mar. 25, 2014).

⁷ *Id.* at 12.

⁸ *Id.*

Appendix

In the table below, Powerex provides several additional comments and questions on specific provisions from Attachment T.

<p>2.1 Transmission Made Available to the Market</p> <p>The EDAM optimization under the MO Tariff will respect transmission rights granted under this Tariff.</p>	<p>Suggest that the PacifiCorp OATT refrain from representations about the MO Tariff</p>
<p>2.1.3.2.1 Transmission Rights to an EDAM External Intertie</p> <p>Transmission Customers with qualifying rights over the PacifiCorp transmission system to an EDAM External Intertie must Self-Schedule rights to use them to import or export energy as the case may be. The three pathways of Section 2.1.2.1.2 shall not apply to rights associated with EDAM External Interties.</p>	<p>Suggest that PacifiCorp define “qualifying rights”</p>
<p>2.1.3.2.1 Transmission Rights to an EDAM External Intertie</p> <p>Transmission Customers with qualifying rights over the PacifiCorp transmission system to an EDAM External Intertie must Self-Schedule rights to use them to import or export energy as the case may be. The three pathways of Section 2.1.2.1.2 shall not apply to rights associated with EDAM External Interties.</p>	<p>The term “Self Schedule” is capitalized in various instances but undefined.</p>
<p>2.1.3.3 Unsold ATC Made Available to the Market</p> <p>The PacifiCorp EDAM Entity shall make unsold ATC available to the Market Operator for purposes of EDAM optimization on timelines contained in the MO Tariff. After the close of the Day-Ahead Market, the PacifiCorp EDAM Entity shall make such remaining unused ATC available pursuant to the terms of this Tariff.</p>	<p>“ATC” is specific to scheduling priority. PacifiCorp should specify if it is referring to “Firm ATC” here. EDAM tariff 33.18.2 is specific in requiring EDAM transfers to be supported by Firm or conditional Firm PTP rights or NITS for Designated Network Resources (i.e., not Network Economy, which is NF), implying that its use of ATC in that provision also refers to Firm ATC.</p>
<p>6.3 Determination to Take Contingency Actions or Permanently Terminate Participation in the EDAM and EIM</p> <p>6.3.1 The PacifiCorp EDAM Entity may terminate its participation in the EDAM by providing a notice of termination to the MO pursuant to applicable agreements and by making a filing pursuant to Section 205 of the Federal Power Act to revise this Tariff consistent with the Commission’s requirements.</p> <p>The PacifiCorp EDAM Entity may take contingency actions in PacifiCorp’s BAAs in accordance with the requirements of Section 10 of Attachment T. In addition, the PacifiCorp EDAM</p>	<p>As drafted, please note that EIM participation cannot be terminated under Section 6.3.2 without also terminating EDAM participation under 6.3.1, since the EDAM tariff requires that EDAM entities also participate in the EIM.</p> <p>Suggest striking “permanently” in the section heading.</p>

<p>Entity, in its sole and absolute discretion, may terminate its participation in the EDAM in accordance with this Attachment T, the MO Tariff, any implementing agreements, and the Commission’s regulations.</p> <p>6.3.2 The PacifiCorp EIM Entity may terminate its participation in the EIM by providing a notice of termination to the MO pursuant to applicable agreements and by making a filing pursuant to Section 205 of the Federal Power Act to revise this Tariff consistent with the Commission’s requirements.</p> <p>The PacifiCorp EIM Entity may take contingency actions in PacifiCorp’s BAAs in accordance with the requirements of Section 10 of Attachment T. In addition, the PacifiCorp EIM Entity, in its sole and absolute discretion, may terminate its participation in the EIM in accordance with this Attachment T, the MO Tariff, any implementing agreements, and the Commission’s regulations.</p>	
<p>6.4.3 Registration of Transmission Rights</p> <p>The PacifiCorp EDAM Entity shall register all applicable Transmission Rights under this Tariff as provided in Section [X] of this Attachment T.</p>	<p>Please define which transmission rights are “applicable Transmission Rights”.</p>
<p>7.1.4 Transmission Customers Wheeling Through PacifiCorp’s BAAs</p> <p>A Transmission Customer wheeling through PacifiCorp’s BAAs which does not have any resources or load within PacifiCorp’s BAAs shall submit Interchange Forecast Data to PacifiCorp in its role as EDAM Entity and EIM Entity. This submission shall include data on import Interchange, which balances the Transmission Customer’s export Interchange. The submissions shall be in the format and within the timing requirements established in the PacifiCorp CAISO Markets BP.</p>	<p>Please explain why the timing of this interchange data would be deferred to a business practice. Instead, Powerex suggest that timing be discussed with transmission customers and set forth in the Tariff.</p>
<p>8.1 Day-Ahead Load and Interchange Settlements</p> <p>All load and interchange in the PacifiCorp BAAs will be subject to day-ahead and/or real-time load charges through the EDAM and EIM, respectively, set pursuant to the terms of the MO Tariff. Each EDAM Load-Serving Entity will have their bid-in or self-scheduled day-ahead load settled against the EDAM market-clearing price for the applicable LAP. Transmission customers with interchange will have their bid-in or self-scheduled imports and exports settled against the EDAM market-clearing price for the applicable LAP. Differences in load and interchange between day-ahead and real-time will be settled in accordance with Section 9 of this Subpart B of</p>	<p>Please clarify whether this will this apply to schedules on PacifiCorp transmission rights submitted prior to 0850. Will this answer depend on the priority of the rights (Firm vs. Non-Firm)?</p>

<p>this Attachment T. For EDAM Load-Serving Entities acting as their own Scheduling Coordinator pursuant to Section 1.2 of this Subpart B of this Attachment T shall directly settle day-ahead load charges with the MO. All other load will be settled through the PacifiCorp in its role as EDAM Entity Scheduling Coordinator and EIM Entity Scheduling Coordinator.</p>	
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