

December 21, 2015

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

RE: *Nevada Power Co.*  
*Sierra Pacific Power Co.*  
*PacifiCorp*

Docket No. ER15-2281-\_\_\_\_  
Docket No. ER15-2282-\_\_\_\_  
Docket No. ER15-2283-\_\_\_\_

**Compliance Filing**

**via e-Tariff**

Dear Secretary Bose:

In compliance with the Commission's November 19, 2015 order in the above-referenced proceedings,<sup>1</sup> Nevada Power Company ("Nevada Power") and Sierra Pacific Power Company ("Sierra Pacific") (collectively, the "NV Energy Companies") and PacifiCorp (together, the "EIM Participants") hereby submit certain revisions to their respective market-based rate tariffs ("MBR Tariffs") to reflect their participation in the Energy Imbalance Market ("EIM") administered by the California Independent System Operator ("CAISO").<sup>2</sup>

The EIM Participants request that the Commission accept this compliance filing and the enclosed tariff records effective December 1, 2015, the date the NV Energy Companies commenced participation in the EIM.

**I. Background**

**A. July 27 Filing**

PacifiCorp has been participating in the EIM since 2014. On July 27, 2015, in light of the NV Energy Companies' anticipated participation in EIM, the EIM Participants proposed in this proceeding to modify their MBR Tariffs to permit EIM sales in the Nevada Power Balancing Authority Area (the "NEVP BAA") notwithstanding their current lack of market-based rate

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<sup>1</sup> *Nevada Power Co., et al.*, 153 FERC ¶ 61,206 (2015) (the "EIM MBR Order").

<sup>2</sup> PacifiCorp, Nevada Power and Sierra Pacific are each separately tendering this filing along with proposed tariff records in their respective e-Tariff databases.

The Honorable Kimberly D. Bose  
December 21, 2015  
Page 2

authority in that geographic market. The EIM Participants submitted a market power study of the EIM footprint in support of that request. Furthermore, the EIM Participants argued that the CAISO's market power mitigation measures applied to EIM transactions provide assurance that the EIM Participants cannot exercise market power in the EIM.

## **B. EIM MBR Order**

In the EIM MBR Order, the Commission accepted in part, subject to condition, the EIM Participants' revisions to their MBR Tariffs. The EIM MBR Order found that the EIM Participants did not establish that they lack market power in the EIM.<sup>3</sup> The Commission stated that it would allow the EIM Participants to participate in the EIM at market-based rates on two conditions: (1) that they offer their units that are participating in the EIM into the EIM at or below each unit's Default Energy Bid ("DEB"); and (2) that they facilitate CAISO's enforcement of internal transmission constraints in the PacifiCorp and NV Energy balancing authority areas.<sup>4</sup> The Commission accepted the market-based rate tariffs, subject to condition, to become effective on the day that NV Energy begins participation in the CAISO EIM.

### **1. Offers at the Default Energy Bid**

The first condition in the EIM MBR Order was that the EIM Participants be required to bid no higher than their DEB for each applicable unit.<sup>5</sup> The Commission found that requiring the EIM Participants to bid at the DEB will "provide market power mitigation by ensuring the [EIM Participants] are unable to set the LMP above their most expensive unit's Default Energy Bid."<sup>6</sup> The Commission also held that the EIM Participants may use the Variable or Negotiated options for setting the DEB, but not the LMP-based option provided in the CAISO Tariff.<sup>7</sup>

### **2. Facilitation of Enforcement of Internal Transmission Constraints**

The second condition in the EIM MBR Order was that the EIM Participants "facilitate CAISO's enforcement of all internal transmission constraints in the PacifiCorp and NV Energy balancing authority areas."<sup>8</sup> The Commission stated that its intent in approving the EIM was that "...the implementation of local market power mitigation encompass the enforcement by CAISO

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<sup>3</sup> EIM MBR Order at P 24.

<sup>4</sup> *Id.* at P 51.

<sup>5</sup> *See* Section 39.7. of the CAISO Tariff. Under Section 39.7.1, a resource owner can elect from three options to determine the Default Energy Bid: (1) Variable Cost Option, (2) LMP Option, or (3) Negotiated Rate Option. The CAISO oversees the process of setting DEB levels.

<sup>6</sup> EIM MBR Order at P 53.

<sup>7</sup> *Id.* at P 54.

<sup>8</sup> *Id.* at P 58.

The Honorable Kimberly D. Bose  
December 21, 2015  
Page 3

of transmission constraints that are internal to the PacifiCorp or NV Energy balancing authority areas.”<sup>9</sup>

### **3. Tariff Changes**

To implement the DEB bidding limitation, the Commission ordered the EIM Participants to revise their respective MBR Tariffs to reflect “that their EIM bids will be limited at all times to the Default Energy Bid calculated in accordance with the Variable Cost or Negotiated Rate Options provided in the CAISO Tariff.”<sup>10</sup> The Commission also ordered the EIM Participants to remove, as unnecessary, language confirming that EIM sales will not be deemed to be affiliate sales.<sup>11</sup>

## **II. Compliance Filing**

The EIM Participants offer the following in compliance with the EIM MBR Order. They note that, under separate cover, they are requesting rehearing of the EIM MBR Order as it relates to the rejection of the market power study and the accompanying requirement to bid the Default Energy Bid. Therefore, this compliance filing should not be considered a waiver of those arguments.

### **A. DEB Bidding Language**

Attached hereto are compliance MBR Tariff records for each of the EIM Participants. Those tariff records reflect the Commission’s order to memorialize the limitation that the EIM Participants’ bids in the EIM may not exceed the DEB, as set by the Variable Cost or Negotiated Rate Options.

The EIM Participants have also included a provision that requires them, in cases where the CAISO does not publish the DEB in time for the EIM Participants to submit their bids, to use the DEB from the applicable hour in the preceding day. While that provision should be invoked infrequently, it is necessary because the precise DEB that the EIM Participants are required to bid is a proxy price calculated by the CAISO, which the EIM Participants must await and compare to their own bid calculations prepared for the next operating day. The EIM Participants cannot foreclose the possibility of a system failure of either CAISO’s or EIM Participants’ systems, or other communications breakdown, causing delay in publishing and/or receiving the DEB calculations that form the basis of their bids. In other words, they may not timely receive the information necessary to ensure that all points on all bid curves for all intervals are at or

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<sup>9</sup> *Id.* at P 57.

<sup>10</sup> *Id.* at P 56.

<sup>11</sup> *Id.* at P 61.

The Honorable Kimberly D. Bose  
December 21, 2015  
Page 4

below the DEB before the bid submission deadline.<sup>12</sup> The EIM Participants therefore need an objective data point to use in their bids in those situations without fear of a tariff violation.

## **B. Internal Transmission Constraints**

In the EIM MBR Order, the Commission conditioned PacifiCorp and NV Energy participating in the EIM at market-based rates on the requirement that the companies “facilitate CAISO’s enforcement of all internal transmission constrains in the PacifiCorp and NV Energy [BAAs].”<sup>13</sup> In compliance with the EIM MBR Order, the EIM Participants commit that they will facilitate CAISO’s enforcement of internal transmission constraints in the PacifiCorp and NV Energy BAAs.

The EIM MBR Order also requested information about the implementation of transmission constraints in the EIM.<sup>14</sup> Specifically, the Commission stated that, “[i]f the enforcement of internal transmission constraints presents reliability or other operational concerns, we expect CAISO, PacifiCorp, and NV Energy to inform the Commission of the problems, any solutions, and implications for the EIM.”<sup>15</sup> As discussed below, PacifiCorp and NV Energy have successfully implemented internal transmission constraints in coordination with CAISO in a manner consistent with their responsibilities as balancing authorities and pursuant to the EIM Tariff, ensuring that such implementation does not result in reliability issues.

### **1. Facilitation of enforcement of internal constraints**

The first step taken by PacifiCorp and NV Energy to facilitate the CAISO’s activation of internal transmission constraints was the development of the representation of the PacifiCorp and NV Energy transmission systems in the CAISO’s Full Network Model (“FNM”). The FNM is a detailed mathematical representation of the physical transmission system that comprises the EIM

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<sup>12</sup> CAISO Tariff Section 39.7.1.1.1.3 provides that the CAISO will update gas price indices natural gas units between the hours of 7:00 pm and 10:00 pm Pacific Time. The timing of the update and publication of the DEB calculation depends on the timing of the publication of those prices.

<sup>13</sup> EIM MBR Order at P 58.

<sup>14</sup> *Id.* at P 59.

<sup>15</sup> *Id.*

The Honorable Kimberly D. Bose  
December 21, 2015  
Page 5

Area.<sup>16</sup> The FNM forms the basis for the CAISO's security-constrained economic dispatch in real-time, which now includes the EIM. It is a snapshot in data set form, which exists in a large text file and a series of data tables. As explained by the CAISO, the EIM Entity must:

specify the network constraints and associated limits that the EIM solution must observe in the EIM Entity BAA's network and interties with other BAAs. The limits may be physical MVA or MW limits under base case and contingencies, scheduling limits for intertie transactions based on e-Tags, or contractual limits on transmission interfaces where the EIM Entity BAA has transmission rights. The transmission operator must also specify the critical contingencies that need to be enforced in the EIM.<sup>17</sup>

PacifiCorp and NV Energy have provided the CAISO detailed information regarding their respective transmission systems, including constraints and limits, transmission rights, and operating procedures. Consistent with Section 29.17(a) of the CAISO Tariff, PacifiCorp and

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<sup>16</sup> The CAISO Tariff Appendix A defines "EIM Area" as "[t]he combined CAISO Balancing Authority Area and all EIM Entity Balancing Authority Areas." The Business Practice Manual for the Energy Imbalance Market at Section 11.1.3 provides:

The EIM Entity shall send to CAISO its EMS network model information including any flowgates, intertie definitions and physical limits on its transmission equipment and the available capacity limits for the EIM Entity internally enforced flowgates. The submission of the EIM Entity network model shall use the Common Information Model (CIM) industry standard protocol for exchanging network model data. The EIM Entity shall also send to CAISO SCADA and measurements mapped to the EIM Entity EMS network model. The process of submission of the EIM network model shall be consistent and in accordance to the already established CAISO FNM update process and its publically published deadlines for collecting network updates. Please refer to the BPM for Managing Full Network Model for a description of this process. The EIM Entity shall send, via a direct interface to CAISO, the transmission limit updates due to planned or forced outages or derates for its internal major paths or flowgates that are usually posted on its OASIS system.

CAL. INDEP. SYS. OPERATOR CORP., BUSINESS PRACTICE MANUAL FOR ENERGY IMBALANCE MARKET (Dec. 2, 2015), available at ([https://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Energy Imbalance Market](https://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Energy%20Imbalance%20Market) (last accessed Dec. 14, 2015)).

<sup>17</sup> CAL. INDEP. SYS. OPERATOR CORP., ENERGY IMBALANCE MARKET, DRAFT FINAL PROPOSAL at 47 (Sept. 23, 2013) ("EIM Draft Final Proposal"), available at <http://www.caiso.com/informed/Pages/StakeholderProcesses/EnergyImbalanceMarketFoundation.aspx> (last accessed Dec. 14, 2015).

The Honorable Kimberly D. Bose  
December 21, 2015  
Page 6

NV Energy have continuing obligations to update their respective inputs into the FNM.<sup>18</sup> The EIM Entities must also report information on any outages of transmission facilities.<sup>19</sup>

## **2. Activation of internal constraints**

### **a. PacifiCorp**

As the first EIM participant, PacifiCorp coordinated with CAISO to introduce activation of internal transmission constraints gradually, after sufficient opportunity to test the internal constraint congestion tool which was a new tool developed by CAISO for EIM implementation. PacifiCorp coordinated with CAISO to ensure reliable and effective use of the tool, proven under real time system conditions prior to implementation as part of its prudent utility practice.

CAISO and PacifiCorp coordinate internal constraint testing, validation, and activation using a methodical and consistent approach for monitoring, analyzing and then ultimately activating each internal constraint. The process for activating transmission elements that comprise an internal constraint includes a testing and training process. Prior to activation of a transmission constraint in the market, PacifiCorp's Grid Operations monitors the transmission element in the market tool displays to validate that flows over the subject transmission element reasonably match up with flow limits identified in PacifiCorp's transmission system database. After monitoring, PacifiCorp notifies CAISO that an internal constraint has been validated and is ready to be activated by CAISO in the market models. Once activated, PacifiCorp Grid Operations continues to monitor and validate limits and flows on the transmission element to ensure accurate market representation and that the systems and data are working as intended. This process ensures that constraints reflect actual system conditions. Using this process, PacifiCorp has activated all internal transmission constraints associated with facilities rated 115

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<sup>18</sup> Section 29.17(a) of the CAISO Tariff requires the EIM Entity to:

- deliver EIM Transmission Service Information to the CAISO regarding the network topology information associated with transmission capacity that it owns, controls, or has a contractual entitlement to that may be used in the Real-Time Market;
- deliver EIM Transmission Service Information to the CAISO regarding the network topology information associated with transmission capacity that each other EIM Transmission Service Provider owns, controls, or has a contractual entitlement to within the EIM Entity Balancing Authority Area that may be used in the Real-Time Market;
- update the EIM Transmission Service Information no less frequently than the timelines for updates to the Full Network Model as provided in the CAISO Tariff and Business Practice Manual for the Energy Imbalance Market; and
- ensure that the EIM Transmission Service Information is accurate and complete.

<sup>19</sup> See CAISO Tariff Section 29.17(d) ("Each EIM Entity Scheduling Coordinator shall inform the CAISO in the manner and by the deadlines specified in the Business Practice Manual for the Energy Imbalance Market regarding the availability of the transmission capacity identified in the EIM Transmission Service Information for use in the Real-Time Market.").

The Honorable Kimberly D. Bose  
December 21, 2015  
Page 7

kV and higher, which includes approximately 607 separate transmission elements with facility limits that comprise PacifiCorp's internal transmission constraints for voltage 115 kV to 500 kV.

**b. NV Energy**

NV Energy has used the same process described above for PacifiCorp to test, validate, and activate each constraint. NV Energy commenced participation in the EIM on December 1, 2015. On that day, NV Energy activated all internal transmission constraints associated with facilities rated 200 kV and higher. NV Energy has to date observed that the constraints as represented in the model appear to be valid and are therefore enforceable. NV Energy has since activated the constraints on lines 138 kV and higher, and is in the process of observing those lines to determine validity of the constraint values in the model.<sup>20</sup> NV Energy is continuing to evaluate lower voltage facilities (*i.e.* between 100 kV and 138 kV) to determine whether any additional valid constraints that warrant activation, a process which should be complete by mid-January 2016.

**3. Modification of constraints to reflect reliability and operational concerns**

The EIM MBR Order made several references to the CAISO's enforcement of transmission constraints. For the sake of completeness of record, the EIM Participants reiterate the allocation of responsibilities for modeling constraints in the EIM. Specifically, while the CAISO FNM includes complete models of the NV Energy and PacifiCorp transmission systems, certain obligations and responsibilities for monitoring and, in certain cases, managing transmission limitations remain with the EIM Entity as the BAA, consistent with practice inside the CAISO BAA.

The CAISO has explained, "Even with the daily adjustments to the FNM to reflect current outages and derates, the resulting market network model is still only a data set snapshot of the grid at a particular point in time and cannot by itself guarantee that the market software results will accurately reflect all the factors that contribute to actual real-time flows on the [CA]ISO grid consistent with good utility practice."<sup>21</sup> In Docket No. ER09-1542, the CAISO filed amendments to the CAISO Tariff to clarify that since the outset of its market it does not

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<sup>20</sup> The CAISO states that it enforces transmission constraints on all facilities rated above 115 kV and most facilities at 115 kV, but does not enforce transmission constraints for many facilities rated below 115 kV. *See* CAL. INDEP. SYS. OPERATOR CORP., BUSINESS PRACTICE MANUAL FOR MANAGING FULL NETWORK MODEL at Section 2.1.1.1 (May 27, 2015).

<sup>21</sup> CAL. INDEP. SYS. OPERATOR CORP., ISSUE PAPER DATA RELEASE & ACCESSIBILITY PHASE 1: TRANSMISSION CONSTRAINTS at 8 (Nov. 5, 2009) ("CAISO Issue Paper"), *available at* <http://www.caiso.com/informed/Pages/StakeholderProcesses/CompletedStakeholderProcesses/DataReleasePhase1-TransmissionConstraints.aspx> (last accessed Dec. 14, 2015).

The Honorable Kimberly D. Bose  
December 21, 2015  
Page 8

enforce all transmission constraints at all times.<sup>22</sup> As accepted on compliance by the Commission, the CAISO Tariff recognizes that as a Balancing Authority, the CAISO must, in accordance with Good Utility Practice, adjust the constraints if enforcement results in modeling results not reflective of actual flows on the transmission system.<sup>23</sup>

In the Business Practice Manual for Managing the Full Network Model, the CAISO explains further:

If real-time conditions are such that a constraint that was not being enforced by default becomes a real operational concern, the CAISO operators can then enforce the constraint in the real-time dispatch to provide dispatch relief through the Real-Time Market. In such instances CAISO operators may decide to turn on and begin enforcing a constraint using its normal rating, or may utilize an adjusted rating based on observed differences between flows over the constraint as indicated by the market power flow models versus flows observed in real time via telemetry. Similarly, there may be a constraint that is enforced in the

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<sup>22</sup> See *Cal. Indep. Sys. Operator Corp.*, Docket No. ER09-1542, “Tariff Clarifications Regarding Regulatory Must-Take Generation and Enforcement of Transmission Constraints,” at p. 4 (Jul. 31, 2009).

<sup>23</sup> *Cal. Indep. Sys. Operator Corp.*, 137 FERC ¶ 61,025 at P 20 (2011). Section 27.5.6 of the CAISO Tariff provides, *inter alia*:

- The CAISO may enforce, not enforce, or adjust flow-based Transmission Constraints, including Nomograms and Contingencies, if the CAISO observes that the CAISO Markets produce or may produce results that are inconsistent with observed or reasonably anticipated conditions or infeasible market solutions either because (a) the CAISO reasonably anticipates that the CAISO Market run will identify Congestion that is unlikely to materialize in Real-Time even if the Transmission Constraint were to be ignored in all the markets leading to Real-Time, or (b) the CAISO reasonably anticipates that the CAISO Market will fail to identify Congestion that is likely to appear in the Real-Time. The CAISO does not make such adjustments to intertie Scheduling Limits.
- The CAISO may not enforce Transmission Constraints, including Nomograms and Contingencies, if it has determined it lacks sufficient visibility to conditions on transmission facilities necessary to reliably ascertain constraint flows required for a feasible, accurate and reliable market solution.
- For the duration of a planned or unplanned Outage, the CAISO may create and apply alternative Transmission Constraints, including Nomograms and Contingencies, that may add to or replace certain originally defined constraints.
- The CAISO may adjust Transmission Constraints, including Nomograms and Contingencies, for the purpose of setting prudent operating margins consistent with good utility practice to ensure reliable operation under anticipated conditions of unpredictable and uncontrollable flow volatility consistent with the requirements of Section 7.

The Honorable Kimberly D. Bose

December 21, 2015

Page 9

market, becomes binding and limits market schedules, and then in real time has actual flows that are well within the line limit. Based on good utility practice the CAISO operators may decide to adjust the rating on the facility that is used in the markets to compensate for a systematic discrepancy between the market power flow and the actual real-time flow, in preference to turning off the constraint entirely and ceasing to enforce it.<sup>24</sup>

In the EIM design, the CAISO recognized that as a Balancing Authority, the EIM Entity must have a similar ability to manage and modify constraints to ensure modeling results reflect actual system conditions. The CAISO noted it was the responsibility of the EIM Entity to determine:

...transmission capability (e.g., system operating limits) for inerties and internal constraints as needed for the market, and promptly communicating these limits to the Market Operator. This includes adjusting/conforming limits as required due to differences between actual flow as measured by actual telemetry or state estimator, and the flows calculated by the market model (market flow). Note that small differences between actual and market flows can arise due to differences in the model and actual conditions such as load distribution factors, unscheduled flow, network topology and impedances.<sup>25</sup>

This approach was incorporated in the CAISO Tariff in Section 29.4(b)(3)(E), which requires the EIM Entity to provide the CAISO “with information regarding the transmission capacity available to the Real-Time Market, including any information regarding Transmission Constraints of which it is aware.” In addition, Section 29.9(f) of the CAISO Tariff requires:

An EIM Entity Scheduling Coordinator must notify the CAISO by the means specified in the Business Practice Manual for the Energy Imbalance Market with respect to transmission limits on the transmission capacity made available to the Real-Time Market within the EIM Entity Balancing Authority Area that need to be enforced in the Real-Time Market, including — (1) physical MVA or MW limits under base case and

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<sup>24</sup> See Business Practice Manual for Managing the Full Network Model at Section 2.1.1. The CAISO has stated it takes action to modify constraints, (1) where real-time market flows are not consistent with actual flows; (2) to align calculated market flows with measurable or predictable actual flows; (3) to accommodate mismatch due to inherent design differences of DAM, Real-Time Unit Commitment and the Real-Time Dispatch runs (such as the time lag between detecting a real-time flow issue and realizing the result of a resource’s response to an RTD dispatch instruction); (4) to allow reliability margins for certain flowgates; and (5) to adjust margins for flowgates impacted by telemetry issues. CAISO Issue Paper at 13-14.

<sup>25</sup> EIM Draft Final Proposal at 15.

The Honorable Kimberly D. Bose  
December 21, 2015  
Page 10

contingencies; (2) scheduling limits for EIM Intertie transactions based on E-Tags; and (3) contractual limits on Transmission Interfaces where the EIM Transmission Service Provider has transmission rights.

As a Balancing Authority, PacifiCorp and NV Energy must maintain steady-state frequency within defined limits, controlling the Area Control Error.<sup>26</sup> They must monitor transmission line status, real and reactive power flows, and voltages and be able to take corrective actions.<sup>27</sup>

While the CAISO FNM includes all the transmission facilities as discussed above, any adjustment to the internal constraints would be a reliability function performed by the EIM Entity as a Balancing Authority and NERC Transmission Operator. Transmission personnel, not the merchant function, perform these actions. Importantly, the CAISO and the Department of Market Monitoring (“DMM”) have visibility into any transmission constraint adjustment taken by the EIM Entity. In addition, the EIM Entity logs its reasons for adjusting the constraint. These logs are open to CAISO and DMM inspection.

Any EIM Entity, including, but not limited to PacifiCorp and NV Energy, would need to adjust enforcement of constraints in situations where it is necessary to address an issue that could hinder reliability during the period prior to when the market is updated to account for the change in system conditions. Because EIM Entities continue to bear the responsibility as Balancing Authorities for reliably operating their systems, they must be able to ensure that the model governing dispatch over its BAA is acting in a manner that accurately reflects system conditions.

In sum, the EIM Participants believe the tariff rules in place provide protections against constraint-related reliability problem via the EIM Entities’ authority to adjust constraints to reflect actual system conditions, just like the CAISO does in its BAA.

### **C. Other Tariff Changes**

The enclosed tariff records also remove the above-referenced language on affiliate sales restrictions.

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<sup>26</sup> Standard BAL-001-01.

<sup>27</sup> Standard TOP-006-2.

The Honorable Kimberly D. Bose  
December 21, 2015  
Page 11

**III. Effective Date**

The EIM Participants request that the Commission accept this compliance filing effective December 1, 2015, the date the NV Energy Companies commenced participation in the EIM.<sup>28</sup>

**IV. Attachments**

- MBR Tariff revisions – Clean (submitted via e-Tariff)
- MBR Tariff revisions – Marked against previously effective (submitted via e-Tariff)
- MBR Tariff revisions – Marked against filed (submitted via e-Tariff)

**V. Conclusion**

The EIM Participants respectfully request that the Commission accept the enclosed MBR Tariff modifications for filing effective December 1, 2015.

Respectfully submitted,

*For the NV Energy Companies:*

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<sup>28</sup> EIM MBR Order at Ordering Para. (A) (“The Berkshire EIM Sellers’ proposed tariff revisions are hereby accepted in part, subject to condition, and rejected in part, to become effective on the day that NV Energy begins participation in the CAISO EIM.”)

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document on those parties on the official Service List compiled by the Secretary in these proceedings.

Dated this 21<sup>st</sup> day of December, 2015.

*/s/ Daniel P. Archuleta*  
Daniel P. Archuleta

**CLEAN**

# **Sierra Pacific Power Company**

**FERC Electric Tariff Volume No. 7**

**Market-Based Rate Tariff**

Sierra Pacific Power Company  
FERC Electric Tariff Volume No. 7  
Market-Based Rate Tariff

1. Availability: Sierra Pacific Power Company (“SPPC” or “Seller”) makes electric energy and capacity, available under this Tariff to any eligible purchaser for resale outside of the NEVP Balancing Authority Area and makes sales of certain ancillary services in the California Independent System Operator market, and makes sales into the California ISO Energy Imbalance Market.
2. Applicability: This Rate Schedule is applicable to all sales of energy and capacity by SPPC to eligible purchasers that are not otherwise subject to a particular rate schedule of SPPC.
3. Rates: All sales pursuant to this Rate Schedule shall be made at rates negotiated between the purchaser and SPPC.
4. Other Terms and Conditions: All other terms and conditions for purchases of electric energy and capacity shall be established by agreement between the purchaser and SPPC.
5. Seller Category: Seller is a Category 2 seller in the Northwest region, and a Category 1 seller in the Central, Northeast, Southeast, Southwest, and Southwest Power Pool regions, as defined in 18 C.F.R. 35.36(a).
6. Ancillary Services:  
  
California: Seller offers regulation service, spinning reserve service, and non-spinning reserve service to the California Independent System Operator Corporation (“CAISO”) and to others that are self-supplying ancillary services to the CAISO.
7. Third Party Provider: Third-party ancillary services: Seller offers Regulation and Frequency Response Service, Reactive Supply and Voltage Control Service, Energy and Generator Imbalance Service, Operating Reserve-Spinning, and Operating Reserve-Supplemental. Sales will not include the following: (1) sales to an RTO or an ISO, i.e., where that entity has no ability to self-supply ancillary services but instead depends on third parties; and (2) sales to a traditional, franchised public utility affiliated with the third-party supplier, or sales where the underlying transmission service is on the system of the public utility affiliated with the third-party supplier. Sales of Operating Reserve-Spinning and Operating Reserve-Supplemental will not include sales to a public utility that is purchasing ancillary services to satisfy its own open access transmission tariff requirements to offer ancillary services to its own customers, except where the Commission has granted authorization. Sales of Regulation and Frequency Response Service and Reactive Supply and Voltage Control Service will not include sales to a public utility that is purchasing ancillary services to satisfy its own open access transmission tariff requirements to offer ancillary services to its own customers, except at rates not to exceed the buying public utility transmission provider’s OATT rate for the

same service or where the Commission has granted authorization.

8. Compliance with Commission Regulations: Seller shall comply with the provisions of 18 C.F.R. Part 35, Subpart H, as applicable, and with any conditions the Commission imposes in its orders concerning seller's market-based rate authority, including orders in which the Commission authorizes seller to engage in affiliate sales under this tariff or otherwise restricts or limits the seller's market-based rate authority. Failure to comply with the applicable provisions of 18 C.F.R. Part 35, Subpart H, and with any orders of the Commission concerning seller's market-based rate authority, will constitute a violation of this tariff.
9. Limitations and Exemptions Regarding Market-Based Rate Authority: SPPC's tariff excludes market-based sales to customers located within the NEVP Balancing Authority Area. *See Sierra Pacific Power Co., et al.*, 147 FERC ¶ 61, 137 (2014); *see also Sierra Pacific Power Co.*, 95 FERC ¶ 61,193, at 61,675, *reh'g dismissed*, 96 FERC ¶ 61,050 (2001); *see also Sierra Pacific Power Co.*, 111 FERC ¶ 61,259, at P 21 (2005). This limitation does not apply to sales made in the CAISO Energy Imbalance Market. SPPC has been granted waiver of Subparts B and C of Part 35 of the Commission's regulations requiring the filing of cost-of-service information, except for sections 35.12(a), 35.13(b), 35.15 and 35.16. *Sierra Pacific Power Co.*, 95 FERC ¶ 61,193, at 61,679 (2001).
10. Mitigated Sales: Sales of energy and capacity are permissible under this tariff in all balancing authority areas where the Seller has been granted market-based rate authority. Sales of energy and capacity under this tariff are also permissible at the metered boundary between the Seller's mitigated balancing authority area and a balancing authority area where the Seller has been granted market-based rate authority provided: (i) legal title of the power sold transfers at the metered boundary of the balancing authority area where the seller has market-based rate authority; and (ii) if the Seller sells at the metered boundary of a mitigated balancing authority area at market-based rates, then neither it nor its affiliates can sell into that mitigated balancing authority area from the outside. Seller must retain, for a period of five years from the date of the sale, all data and information related to the sale that demonstrates compliance with items (i) and (ii) above. Restrictions in this Section do not apply to sales made in the CAISO Energy Imbalance Market.
11. Sales into CAISO Energy Imbalance Market (EIM): Seller may make sales at market-based rates in the CAISO Energy Imbalance Market under this tariff. All EIM bids by Seller shall not exceed the appropriate Default Energy Bid calculated in accordance with the Variable Cost Option or Negotiated Rate Option provided in the CAISO Tariff, and Seller shall be paid in accordance with the CAISO Tariff. In the event that data on the CAISO calculation of the Default Energy Bid is not available in a timely manner to the Seller for the applicable period, the Default Energy Bid for the same period from the preceding day shall govern for purposes of this provision.



**MARKED**

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# **Sierra Pacific Power Company**

**FERC Electric Tariff Volume No. 7**

**Market-Based Rate Tariff**

Sierra Pacific Power Company  
FERC Electric Tariff Volume No. 7  
Market-Based Rate Tariff

1. Availability: Sierra Pacific Power Company (“SPPC” or “Seller”) makes electric energy and capacity, available under this Tariff to any eligible purchaser for resale outside of the NEVP Balancing Authority Area and \_makes sales of certain ancillary services in the California Independent System Operator market, and makes sales into the California ISO Energy Imbalance Market.
2. Applicability: This Rate Schedule is applicable to all sales of energy and capacity by SPPC to eligible purchasers that are not otherwise subject to a particular rate schedule of SPPC.
3. Rates: All sales pursuant to this Rate Schedule shall be made at rates negotiated between the purchaser and SPPC.
4. Other Terms and Conditions: All other terms and conditions for purchases of electric energy and capacity shall be established by agreement between the purchaser and SPPC.
5. Seller Category: Seller is a Category 2 seller in the Northwest region, and a Category 1 seller in the Central, Northeast, Southeast, Southwest, and Southwest Power Pool regions, as defined in 18 C.F.R. 35.36(a).
6. Ancillary Services:

California: Seller offers regulation service, spinning reserve service, and non-spinning reserve service to the California Independent System Operator Corporation (“CAISO”) and to others that are self-supplying ancillary services to the CAISO.
7. Third Party Provider: Third-party ancillary services: Seller offers Regulation and Frequency Response Service, Reactive Supply and Voltage Control Service, Energy and Generator Imbalance Service, Operating Reserve-Spinning, and Operating Reserve-Supplemental. Sales will not include the following: (1) sales to an RTO or an ISO, i.e., where that entity has no ability to self-supply ancillary services but instead depends on third parties; and (2) sales to a traditional, franchised public utility affiliated with the third-party supplier, or sales where the underlying transmission service is on the system of the public utility affiliated with the third-party supplier. Sales of Operating Reserve-Spinning and Operating Reserve-Supplemental will not include sales to a public utility that is purchasing ancillary services to satisfy its own open access transmission tariff requirements to offer ancillary services to its own customers, except where the Commission has granted authorization. Sales of Regulation and Frequency Response Service and Reactive Supply and Voltage Control Service will not include sales to a public utility that is purchasing ancillary services to satisfy its own open access transmission tariff requirements to offer ancillary services to its own customers, except at rates not to exceed the buying public utility transmission provider’s OATT rate for the

same service or where the Commission has granted authorization.

8. Compliance with Commission Regulations: Seller shall comply with the provisions of 18 C.F.R. Part 35, Subpart H, as applicable, and with any conditions the Commission imposes in its orders concerning seller's market-based rate authority, including orders in which the Commission authorizes seller to engage in affiliate sales under this tariff or otherwise restricts or limits the seller's market-based rate authority. Failure to comply with the applicable provisions of 18 C.F.R. Part 35, Subpart H, and with any orders of the Commission concerning seller's market-based rate authority, will constitute a violation of this tariff. ~~Sales into the CAISO Energy Imbalance Market will not be deemed to be sales to an affiliate for purposes of this section.~~
  
9. Limitations and Exemptions Regarding Market-Based Rate Authority: SPPC's tariff excludes market-based sales to customers located within the NEVP Balancing Authority Area. See *Sierra Pacific Power Co., et al.*, 147 FERC ¶ 61, 137 (2014); see also *Sierra Pacific Power Co.*, 95 FERC ¶ 61,193, at 61,675, *reh'g dismissed*, 96 FERC ¶ 61,050 (2001); see also *Sierra Pacific Power Co.*, 111 FERC ¶ 61,259, at P 21 (2005). This limitation does not apply to sales made in the CAISO Energy Imbalance Market. SPPC has been granted waiver of Subparts B and C of Part 35 of the Commission's regulations requiring the filing of cost-of-service information, except for sections 35.12(a), 35.13(b), 35.15 and 35.16. *Sierra Pacific Power Co.*, 95 FERC ¶ 61,193, at 61,679 (2001).
  
10. Mitigated Sales: Sales of energy and capacity are permissible under this tariff in all balancing authority areas where the Seller has been granted market-based rate authority. Sales of energy and capacity under this tariff are also permissible at the metered boundary between the Seller's mitigated balancing authority area and a balancing authority area where the Seller has been granted market-based rate authority provided: (i) legal title of the power sold transfers at the metered boundary of the balancing authority area where the seller has market-based rate authority; and (ii) if the Seller sells at the metered boundary of a mitigated balancing authority area at market-based rates, then neither it nor its affiliates can sell into that mitigated balancing authority area from the outside. Seller must retain, for a period of five years from the date of the sale, all data and information related to the sale that demonstrates compliance with items (i) and (ii) above. Restrictions in this Section do not apply to sales made in the CAISO Energy Imbalance Market.
  
11. Sales into CAISO Energy Imbalance Market (EIM): Seller may make sales at market-based rates in the CAISO Energy Imbalance Market under this tariff ~~for all periods in which such authority is granted by the Commission. Sellers' EIM bids may be subject to mitigation by the CAISO in accordance with the market power mitigation terms of the CAISO Tariff. To the extent that Seller lacks the requisite market-based rate authority at any time for sales into the EIM, any.~~ All EIM bids by Seller shall be ~~limited to its~~ not exceed the appropriate Default Energy Bid as calculated in accordance with the Variable Cost Option or Negotiated Rate Option provided in the CAISO Tariff, and Seller shall be paid in accordance with the CAISO Tariff. In the event that data on

the CAISO calculation of the Default Energy Bid is not available in a timely manner to the Seller for the applicable period, the Default Energy Bid for the same period from the preceding day shall govern for purposes of this provision.

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## **INFORMATIONAL ATTACHMENTS**

# **Sierra Pacific Power Company**

**FERC Electric Tariff Volume No. 7**

**Market-Based Rate Tariff**

Sierra Pacific Power Company  
FERC Electric Tariff Volume No. 7  
Market-Based Rate Tariff

1. Availability: Sierra Pacific Power Company (“SPPC” or “Seller”) makes electric energy and capacity, available under this Tariff to any eligible purchaser for resale outside of the NEVP Balancing Authority Area and ~~and~~ makes sales of certain ancillary services in the California Independent System Operator market, and makes sales into the California ISO Energy Imbalance Market.
2. Applicability: This Rate Schedule is applicable to all sales of energy and capacity by SPPC to eligible purchasers that are not otherwise subject to a particular rate schedule of SPPC.
3. Rates: All sales pursuant to this Rate Schedule shall be made at rates negotiated between the purchaser and SPPC.
4. Other Terms and Conditions: All other terms and conditions for purchases of electric energy and capacity shall be established by agreement between the purchaser and SPPC.
5. Seller Category: Seller is a Category 2 seller in the Northwest region, and a Category 1 seller in the Central, Northeast, Southeast, Southwest, and Southwest Power Pool regions, as defined in 18 C.F.R. 35.36(a).
6. Ancillary Services:  
  
California: Seller offers regulation service, spinning reserve service, and non-spinning reserve service to the California Independent System Operator Corporation (“CAISO”) and to others that are self-supplying ancillary services to the CAISO.
7. Third Party Provider: Third-party ancillary services: Seller offers Regulation and Frequency Response Service, Reactive Supply and Voltage Control Service, Energy and Generator Imbalance Service, Operating Reserve-Spinning, and Operating Reserve-Supplemental. Sales will not include the following: (1) sales to an RTO or an ISO, i.e., where that entity has no ability to self-supply ancillary services but instead depends on third parties; and (2) sales to a traditional, franchised public utility affiliated with the third-party supplier, or sales where the underlying transmission service is on the system of the public utility affiliated with the third-party supplier. Sales of Operating Reserve-Spinning and Operating Reserve-Supplemental will not include sales to a public utility that is purchasing ancillary services to satisfy its own open access transmission tariff requirements to offer ancillary services to its own customers, except where the Commission has granted authorization. Sales of Regulation and Frequency Response Service and Reactive Supply and Voltage Control Service will not include sales to a public utility that is purchasing ancillary services to satisfy its own open access transmission tariff requirements to offer ancillary services to its own customers, except at rates not to exceed the buying public utility transmission provider’s OATT rate for the

same service or where the Commission has granted authorization.

8. Compliance with Commission Regulations: Seller shall comply with the provisions of 18 C.F.R. Part 35, Subpart H, as applicable, and with any conditions the Commission imposes in its orders concerning seller's market-based rate authority, including orders in which the Commission authorizes seller to engage in affiliate sales under this tariff or otherwise restricts or limits the seller's market-based rate authority. Failure to comply with the applicable provisions of 18 C.F.R. Part 35, Subpart H, and with any orders of the Commission concerning seller's market-based rate authority, will constitute a violation of this tariff.
9. Limitations and Exemptions Regarding Market-Based Rate Authority: SPPC's tariff excludes market-based sales to customers located within the NEVP Balancing Authority Area. *See Sierra Pacific Power Co., et al.*, 147 FERC ¶ 61, 137 (2014); *see also Sierra Pacific Power Co.*, 95 FERC ¶ 61,193, at 61,675, *reh'g dismissed*, 96 FERC ¶ 61,050 (2001); *see also Sierra Pacific Power Co.*, 111 FERC ¶ 61,259, at P 21 (2005). This limitation does not apply to sales made in the CAISO Energy Imbalance Market. –SPPC has been granted waiver of Subparts B and C of Part 35 of the Commission's regulations requiring the filing of cost-of-service information, except for sections 35.12(a), 35.13(b), 35.15 and 35.16. *Sierra Pacific Power Co.*, 95 FERC ¶ 61,193, at 61,679 (2001).
10. Mitigated Sales: Sales of energy and capacity are permissible under this tariff in all balancing authority areas where the Seller has been granted market-based rate authority. Sales of energy and capacity under this tariff are also permissible at the metered boundary between the Seller's mitigated balancing authority area and a balancing authority area where the Seller has been granted market-based rate authority provided: (i) legal title of the power sold transfers at the metered boundary of the balancing authority area where the seller has market-based rate authority; and (ii) if the Seller sells at the metered boundary of a mitigated balancing authority area at market-based rates, then neither it nor its affiliates can sell into that mitigated balancing authority area from the outside. Seller must retain, for a period of five years from the date of the sale, all data and information related to the sale that demonstrates compliance with items (i) and (ii) above. Restrictions in this Section do not apply to sales made in the CAISO Energy Imbalance Market.
11. Sales into CAISO Energy Imbalance Market (EIM): Seller may make sales at market-based rates in the CAISO Energy Imbalance Market under this tariff. All EIM bids by Seller shall not exceed the appropriate Default Energy Bid calculated in accordance with the Variable Cost Option or Negotiated Rate Option provided in the CAISO Tariff, and Seller shall be paid in accordance with the CAISO Tariff. In the event that data on the CAISO calculation of the Default Energy Bid is not available in a timely manner to the Seller for the applicable period, the Default Energy Bid for the same period from the preceding day shall govern for purposes of this provision.

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# **Sierra Pacific Power Company**

**FERC Electric Tariff Volume No. 7**

**Market-Based Rate Tariff**

Sierra Pacific Power Company  
FERC Electric Tariff Volume No. 7  
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2. Applicability: This Rate Schedule is applicable to all sales of energy and capacity by SPPC to eligible purchasers that are not otherwise subject to a particular rate schedule of SPPC.
3. Rates: All sales pursuant to this Rate Schedule shall be made at rates negotiated between the purchaser and SPPC.
4. Other Terms and Conditions: All other terms and conditions for purchases of electric energy and capacity shall be established by agreement between the purchaser and SPPC.
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6. Ancillary Services:  
  
California: Seller offers regulation service, spinning reserve service, and non-spinning reserve service to the California Independent System Operator Corporation (“CAISO”) and to others that are self-supplying ancillary services to the CAISO.
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same service or where the Commission has granted authorization.

8. Compliance with Commission Regulations: Seller shall comply with the provisions of 18 C.F.R. Part 35, Subpart H, as applicable, and with any conditions the Commission imposes in its orders concerning seller's market-based rate authority, including orders in which the Commission authorizes seller to engage in affiliate sales under this tariff or otherwise restricts or limits the seller's market-based rate authority. Failure to comply with the applicable provisions of 18 C.F.R. Part 35, Subpart H, and with any orders of the Commission concerning seller's market-based rate authority, will constitute a violation of this tariff. ~~Sales into the CAISO Energy Imbalance Market will not be deemed to be sales to an affiliate for purposes of this section.—~~
9. Limitations and Exemptions Regarding Market-Based Rate Authority: SPPC's tariff excludes market-based sales to customers located within the NEVP Balancing Authority Area. *See Sierra Pacific Power Co., et al.*, 147 FERC ¶ 61, 137 (2014); *see also Sierra Pacific Power Co.*, 95 FERC ¶ 61,193, at 61,675, *reh'g dismissed*, 96 FERC ¶ 61,050 (2001); *see also Sierra Pacific Power Co.*, 111 FERC ¶ 61,259, at P 21 (2005). This limitation does not apply to sales made in the CAISO Energy Imbalance Market. SPPC has been granted waiver of Subparts B and C of Part 35 of the Commission's regulations requiring the filing of cost-of-service information, except for sections 35.12(a), 35.13(b), 35.15 and 35.16. *Sierra Pacific Power Co.*, 95 FERC ¶ 61,193, at 61,679 (2001).
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11. Sales into CAISO Energy Imbalance Market (EIM): Seller may make sales at market-based rates in the CAISO Energy Imbalance Market under this tariff. ~~All EIM bids by Seller shall not exceed the appropriate Default Energy Bid calculated in accordance with the Variable Cost Option or Negotiated Rate Option provided in the CAISO Tariff, and Seller shall be paid in accordance with the CAISO Tariff. In the event that data on the CAISO calculation of the Default Energy Bid is not available in a timely manner to the Seller for the applicable period, the Default Energy Bid for the same period from the preceding day shall govern for purposes of this provision. for all periods in which such authority is granted by the Commission.—Sellers' EIM bids may be subject to mitigation by the CAISO in accordance with the market power mitigation terms of the~~

~~CAISO Tariff. To the extent that Seller lacks the requisite market based rate authority at any time for sales into the EIM, any EIM bids by Seller shall be limited to its Default Energy Bid as calculated in accordance with the CAISO Tariff, and Seller shall be paid in accordance with the CAISO Tariff.~~