

Summary of Stakeholder Comments/Questions Received on the Western Area Power Administration Proposed Revisions to its Open Access Transmission Service Tariff under OATT Revision 20-01, and WAPA Responses

Background:

Western Area Power Administration (WAPA) posted its proposed Open Access Transmission Service Tariff (OATT) revisions under OATT Revision 20-01 to address the Sierra Nevada Region's (SNR or WAPA-SNR) planned participation in the California Independent System Operator's (CAISO's) Western Energy Imbalance Market (EIM). WAPA posted the revisions on its Open Access Same-Time Information Systems (OASIS) on 07/01/2020. This posting began the 30-day Comment Period. WAPA had also previously posted an *advance draft* of the new proposed Attachment S, which included key changes required for SNR's participation in the EIM on 6/01/2020.

WAPA received the following written comments from Stakeholders on the *advance draft* of Attachment S and no additional comments during the Comment Period. WAPA has summarized the comments received and grouped similar comments below by topic along with corresponding WAPA responses. WAPA expresses its appreciation for the feedback from Stakeholders.

A) Incorporation by Reference of EIM Participation Requirements:

1. **Comment:** Following review of the EIM Participation Agreement, Commenters have not identified any unique or incremental requirements for EIM Participating Resources included in that agreement. Nonetheless, the proposed Attachment S requires potential EIM Participating Resources to comply with the requirements of the EIM Participation Agreement that WAPA and BANC have entered into (see, for instance, Section 5.3). The terms and conditions for resources connected to the WASN system that are interested in becoming EIM Participating Resources should simply be included within the WAPA tariff, rather than having the WAPA tariff reference the EIM Participation Agreement. By including any requirements for EIM Participating Resources from that document in the tariff, it would provide appropriate visibility into these requirements. And, importantly, would also provide EIM Participating Resources appropriate notice of potential changes, should they occur in the future. Rather than subjecting EIM Participating Resources to requirements of the EIM Participation Agreement, which may

change over time, WAPA should simply include the relevant provisions within its own tariff.

WAPA Response: CAISO provides access to the EIM market through BAAs which execute EIM Implementation Agreements and become EIM Entities. *See CAISO Tariff § 29.2 and § 29.4(b).* BAAs in turn provide access to the EIM market under terms and conditions which they establish for their respective BAAs. *See CAISO Tariff § 29.4(d).* WAPA-SNR is not a BAA and therefore cannot become an EIM Entity. Section 2 of WAPA's proposed Attachment S defines that WAPA-SNR's role in EIM is limited to that of a Transmission Provider and Sub-Balancing Authority Area (Sub-BAA). WAPA-SNR will participate in EIM through BANC as the EIM Entity. Therefore, since WAPA-SNR is not the EIM Entity, the provisions of Attachment S are clearly stated as being "limited and dependent on the EIM implementation and participation decisions of BANC as the EIM Entity."

Section 5.1 of Attachment S describes that responsibility for EIM Participating Resources is the responsibility of BANC as the EIM Entity. *See CAISO Tariff § 29.4(d)(2).* If a resource is not registered by BANC, it is not eligible to participate in EIM. WAPA-SNR does not have responsibility for resource registration in EIM. As a result, Sections 3 and 4.3 of WAPA's Attachment S address registration requirements for resources on the WAPA-SNR system. Such provisions include the EIM Entity's requirements that all resources must register as EIM Participating Resources with BANC, and therefore the obligation that all resources must negotiate amendments to the EIM Participation Agreement directly with BANC as the EIM Entity. Therefore, any additional requirements upon the Transmission Customer / Interconnection Customer related to EIM participation due to requirements of the EIM Participation Agreement and beyond those resource requirements already incorporated in WAPA's Attachment S, are expected to be negotiated and binding on the customer through their direct relationship with the EIM Entity and through the EIM Participation Agreement, rather than simply by reference through the WAPA OATT. Therefore, as noted by the Commenters, the current EIM Participation Agreement does not incorporate "any unique or incremental requirements for EIM Participating Resources" as such terms and conditions are subject to future negotiations between the EIM Entity and future EIM Participating Resources.

WAPA-SNR, as a Transmission Provider and Sub-BAA under the BANC EIM participation model, believes it's important that the EIM Participation Agreement be referenced within Attachment S to allow for completeness of the WAPA OATT so long as WAPA-SNR

is not the EIM Entity. WAPA's inclusion of references to the EIM Participation Agreement, such as that of Section 5.3 and others, are for purposes of clarifying that Transmission Customers with resources interconnected to the WAPA system and operating as resources within the WAPA-SNR Sub-BAA, have such obligations related to resource registration and compliance with the terms of the EIM Participation Agreement, as applicable and as required by the EIM Entity. WAPA-SNR is subject to the same requirement for its own resources when WAPA-SNR participates in EIM and is subject to the terms of participation as executed through the EIM Participation Agreement with BANC. Given such terms are subject to negotiation with BANC, and binding with each participant directly through the EIM Entity, WAPA does not see it appropriate to include the terms of the EIM Participation Agreement within the provisions of the WAPA OATT.

B) Provision of Dispatch Operating Target Data:

- 2. Comment:** The draft of Attachment S would require EIM Participating Resource Scheduling Coordinators to provide 'access to Dispatch Operating Target data of the respective resources it represents that are participating in the EIM, and other such information as may be needed for EIM settlement purposes.' This requirement, to Commenters' knowledge is not included in the existing EIM attachments of other EIM Entities. WAPA should provide additional background on its need for and uses of this data, how it anticipates this information will be provisioned and what 'other such information' might be required to be provided. WAPA is seeking 'access' to Dispatch Operating Target data for EIM Participating Resources. However, provisioning 'access' to this type of information may require an EIM Participating Resource Scheduling Coordinator to provide WAPA with access to CAISO applications, such as Customer Market Results Interface (CMRI), which would be highly problematic. Currently, as we understand it, the dispatch information available in these applications cannot be separated from commercially sensitive information, such as the resource's bid curves. Therefore, provisioning access to these applications to WAPA (who is also a competitor bidding into the EIM) would be unreasonable to request. If WAPA is simply seeking EIM Participating Resource Scheduling Coordinators to download and share Dispatch Operating Target data, that may be much more feasible to do. However, WAPA should clarify whether they are indeed requesting access to CAISO applications of EIM Participating Resource Scheduling Coordinators or if they are seeking sharing of select data. Finally, if there is additional data required for EIM settlement, beyond the

Dispatch Operating Target data already called out in the tariff, it should be clearly specified and not left open ended as the language currently reads.

WAPA Response: At this time, Dispatch Operating Target (DOT) data is the only data WAPA-SNR is aware of that would be needed for purposes of EIM settlements. As a result, DOT data is explicitly cited within Attachment S. However, the provision proposed in Section 5.3.6 of Attachment S is not intended to be limited to known data requirements, rather it is intended to establish a foundational understanding regarding WAPA-SNR's expectation that Transmission Customers will be required to provide such data, for purposes of accurately settling services provided in EIM. DOT data is seen as essential for purposes of calculating and settling potential unreserved uses of WAPA-SNR's transmission system during EIM participation. As additional data needs are identified during the course of EIM participation, WAPA-SNR would identify those needs through its business practices, and Transmission Customers would be expected to provide such data to WAPA-SNR with such data requirements not to be unreasonably imposed on Transmission Customers, and such data not to be unreasonably withheld by Transmission Customers. In Attachment S, WAPA has not stipulated the manner in which DOT data, or future data requirements, are to be provided or whether such data would be expected to include access to applications such as CAISO's CMRI. WAPA-SNR believes such implementation details are more pertinent to regional business practices that would be developed in coordination with WAPA-SNR's Transmission Customers, such as those contemplated in Attachment S for EIM Settlements.

While other EIM participants may not have included requirements for being provided such data, WAPA is incorporating such requirements directly within the OATT for purposes of clarity and transparency given such data is a key input for calculation and settlement of transmission services and uses driven by market driven dispatches in EIM, such as unreserved use.

Based upon the Stakeholder comments, WAPA has revised the proposed language in Section 5.3.6 to remove the term "access" and to clarify the requirements for Transmission Customers to provide such data to the Transmission Provider in accordance with the Transmission Provider's EIM business practices.

WAPA-SNR's use of Transmission Customer data, such as DOT data, required by Attachment S is for use by the Transmission function of WAPA-SNR and would not be

made available to WAPA's Merchant as described by the Commenters. Section 10.1 of Attachment S is clear that "The Transmission Provider shall treat Transmission Customer and Interconnection Customer market sensitive data as confidential, unless the Transmission Provider is otherwise allowed or required to disclose such information. The Transmission Provider shall continue to abide by the Commission's Standards of Conduct and handle customer information accordingly." WAPA believes this sufficiently addresses the concern presented by the Commenters.

C) Business Practices/Rate Schedules Pertaining to EIM Settlement:

- 3. Comment:** Section 9 of Attachment S states that the Transmission Provider (WASN) 'shall also develop and maintain business practices detailing the settlement allocation practices associated with EIM charges.' It is inappropriate for a 'business practice' to dictate the rates, terms and conditions of service such as the allocation of EIM charges and credits. The allocation of EIM charges should require more formal consideration and approval process than is provided for a business practice. The allocation of EIM costs should be included within the tariff or in a rate schedule, which require additional process in order to modify or revise. Charges and credits allocated from the EIM can be significant and should not be able to be reallocated through a simple change to a business practice. In a similar vein, Schedules 4s and 9s do not currently include any of the details of how these imbalance schedules will function but, instead, relegates this to consideration in a future rate schedule. It would be preferable to consider the mechanisms of those schedules at the same time that the provisions of Attachment S are being reviewed.

WAPA Response: With respect to the proposed OATT Schedule 4S and 9S references to rate schedules, WAPA does not include the specific details of its rates and settlements in its OATT. WAPA is required to develop rates under 10 CFR 903. Under those regulations, WAPA holds a separate and formal process to develop the rates for services it provides under its OATT. In this regard, OATT Schedules 4S and 9S are consistent with WAPA's practices under the WAPA-wide OATT. WAPA-SNR is currently holding a concurrent formal rate process (Rate Order No. WAPA-194) which provides the details of the proposed rate schedules and settlement allocation methods for EIM services.

With respect to WAPA-SNR's intended use of business practices to convey EIM settlement allocation practices, WAPA-SNR's participation in EIM through the BANC EIM

Entity presents need for adaptability of WAPA-SNR's settlement practices. The EIM Entity is implementing all EIM provisions through business practices, including its own EIM settlement allocations. The EIM Entity's business practices are subject to evolve, driven potentially by either BANC derived changes in its settlement allocation methods or those preceded by CAISO changes to EIM market features and settlement rules. Such changes when made by the EIM Entity only require approval through BANC and its internal EIM Committee and commission. Evolution to such practices by the EIM Entity may impact WAPA-SNR's settlements practices resulting in the need for WAPA-SNR to update its settlement allocation methodologies. Management of such changes through a regional business practice minimizes the impact on the WAPA-wide OATT for matters that are only applicable to the regional Transmission Provider.

The regional EIM Settlements business practice, BP-044, applicable to Section 9 of WAPA's proposed OATT Attachment S has been drafted and posted to the regional SNR OASIS site for Transmission Customer review and comment. As provided in the proposed BP-044 for EIM Settlements, any rate impacting changes to WAPA-SNR's EIM Settlements business practice are proposed to go through a stakeholder process prior to posting revised changes to the business practice, which would then proceed in accordance with WAPA's Business Practice Change Control Process. Therefore, in the future, should there be a perceived deficiency under proposed modifications to WAPA-SNR EIM rates schedules or rate impacting EIM settlement practices, WAPA-SNR would expect and encourage its customers to address those through their appropriate WAPA-SNR stakeholder processes in advance of the business practices changes being implemented. WAPA believes such processes will afford sufficient mechanisms to address customer concerns, such as those raised by the Commenters, while also recognizing the unique challenges described above related to separation of rates and settlements from the WAPA-wide OATT, and need for adaptability of WAPA-SNR settlement practices to align with the potentially fluid change management practices of the BANC EIM Entity.

D) Other Comments related to Specific OATT Sections:

4. **Comment:** Section 9.1.1 outlines the requirements for EIM Transmission Service. The language utilized in this section is somewhat ambiguous and is different than the language used by most other EIM Entities. This ambiguity is unnecessary and simply serve to create confusion. WAPA should use the same language that most other EIM

Entities have used to provide clarity and consistency. The requirements for EIM Transmission Service are outlined in most EIM Entities' Section 8.7 of their relevant EIM attachment. Most of those sections simply state: 'There shall be no incremental transmission charge assessed for transmission use related to the EIM.' WAPA adds confusion to this simple statement by discussing potential future charges that may be implemented by the Market Operator and, in the second sentence of that section requiring Transmission Customers to have transmission service rights, as provided in Section 4. Section 4 should stand on its own and there is no need to further reference it in this section. The addition of this second sentence seems to imply that incremental transmission rights and charges may be required for the EIM, which is inconsistent with the policy framework of the EIM. If WAPA does not utilize this language, it should clearly explain the reason for its deviation and provide examples of how unreserved use charges would apply. Commenters strongly encourage WAPA to utilize the clear language that has been developed and implemented by many other EIM Entities, rather than reimagining language for this section."

WAPA Response: Proposed Section 9.1.1 is intended to clarify that transmission service for EIM is provided under the WAPA OATT through those service rights already required under Section 4 of WAPA's proposed Attachment S. This reflects the position that service in support of EIM is already contractually secured, and financially compensated for, between WAPA-SNR and its Transmission Customers, and there is no additional charge for use of the transmission service for EIM Dispatch Instructions to support Energy Imbalance and Generator Imbalance services in the EIM.

The proposed language of Section 9.1.1 related to future Market Operator (MO) changes is consistent among the EIM provisional documents of BANC, as the EIM Entity, and its participating transmission providers. These documents include the proposed WAPA OATT, and draft BANC business practices¹ and SMUD OATT². Given the multiple transmission systems and BAA/Sub-BAAs participating within BANC to implement EIM, the language provides a common understanding for BANC EIM participants and transmission service providers, as well as WAPA Transmission Customers, of precursors

¹ [BANC Business Practices for EIM](#) are posted in draft for public reference on the BANC website.

² SMUD is noted here as a neighboring Sub-BAA to the WAPA Sub-BAA within BANC. SMUD is also participating in EIM through the BANC EIM Entity. [SMUD OATT provisions for EIM](#) are posted as a proposed future version on the SMUD OASIS website.

under which EIM transmission charges may potentially develop. The proposed language also takes into account that the current provisions related to EIM transmission service charges (more clearly, the lack of transmission charges for transmission used in EIM) commonly found in Section 8.7 of other EIM Entities' tariffs, represents the current FERC decisions related to EIM transmission service charges based on the existing CAISO EIM service model. Therefore, through language of Section 9.1.1 WAPA notes that a change to the MO model to implement a charge for EIM related transmission service could potentially drive a change in FERC position, which in turn would require WAPA-SNR to develop a rate via its formal rate setting process.

- 5. Comment:** Section 9.1.2 differs from other EIM Entities tariffs and, if left as currently written, may result in application [of] Unreserved Use charges to resources that are simply following dispatch instructions from the EIM. WAPA's draft Attachment S, Section 9.1.2 currently states: 'EIM Participating Resources within the Transmission Provider's Sub-BAA will not incur unreserved use charges solely as a result of EIM Dispatch Instruction.' The Dispatch Instruction is defined as an instruction from the Market Operator for increasing or decreasing supply or demand. This definition is ambiguous when used to evaluate the basis for applying unreserved use charges. Therefore, the application of unreserved use charges by WAPA is unclear. Other EIM Entities have implemented a much clearer definition, which can be utilized by WAPA to add clarity to the instances in which unreserved use charges would apply under the EIM. Commenters recommend the following language for Section 9.1.2 of Attachment S (which is consistent with the language used by other EIM Entities): 'EIM Participating Resources within the Transmission Provider's Sub-BAA will incur unreserved use charges for any amount of actual metered generation in an Operating Hour, if any, which is in excess of the sum of both: (1) the greatest positive Dispatch Operating Point or Manual Dispatch the EIM Participating Resource received during the Operating Hour, and (2) the Transmission Customer's Reserved Capacity. Any ancillary service charges that are applicable to Schedule 10 charges shall apply and shall include Schedule 1 and Schedule 1S of this Tariff.' If WAPA does not utilize this language, it should clearly explain the reason for its deviation and provide examples of how unreserved use charges would apply. Commenters strongly encourage WAPA to utilize the clear language that has been developed and implemented by many other EIM Entities, rather than reimagining language for this section."

WAPA Response: The language proposed in Section 9.1.2 of Attachment S is intended

to provide that adherence to EIM Dispatch Instructions will not result in application of unreserved use charges. Furthermore, the proposed language of Section 9.1.2 states that uses that do not adhere to, but rather exceed, EIM Dispatch Instructions will be assessed unreserved use in accordance with WAPA-SNRs regional business practices. The aforementioned EIM Settlements business practice applicable to Section 9 of WAPA's proposed OATT Attachment S has been drafted with additional language to reflect the practice through which WAPA-SNR proposes to assess and settle unreserved use during EIM participation. The proposed language is consistent with that of other EIM Entities' tariffs, and the language recommended by the Commenters. WAPA believes the language of Section 9.1.2, when read in its entirety, clearly identifies when unreserved use charges would and would not be applicable, with intent clearly being that WAPA-SNR will to not assess unreserved use charges to resources following EIM Dispatch Instructions. The implementation of unreserved use charges would be managed through business practices as described in response to comments above.