

March 25, 2014

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

RE: PacifiCorp, Docket No. ER14-____-000
Filing for Revisions to the OATT to Implement the Energy Imbalance Market

Pursuant to Section 205 of the Federal Power Act (“FPA”), 16 U.S.C § 824(d)(2006), Part 35 of the Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) regulations, 18 C.F.R. Part 35 (2013), and Order No. 714¹ regarding electronic filing of tariff submittals, PacifiCorp hereby submits for filing proposed revisions to its Open Access Transmission Tariff (“OATT” or “Tariff”). On February 28, 2014, in Docket No. ER14-1386-000, the California Independent System Operator Corporation (“CAISO”) filed revisions to the CAISO Tariff² to implement a new Energy Imbalance Market (the “EIM”)³ in the West (the “CAISO EIM Filing”). These proposed changes to the OATT are necessary for PacifiCorp to participate in the EIM as the first EIM Entity⁴ and are consistent with or superior to the *pro forma* OATT, as demonstrated herein. As a result, PacifiCorp respectfully requests that its OATT revisions be accepted for filing, with the effective dates for the Tariff modifications as described below. PacifiCorp respectfully requests an order from the Commission by June 20, 2014, to provide greater certainty with respect to the EIM design for PacifiCorp, the CAISO, and

¹ *Electronic Tariff Filings*, Order No. 714, 124 FERC ¶ 61,270 (2008).

² The California Independent System Operator Corporation Operating Agreement and Tariff, dated March 31, 1997, as modified.

³ Capitalized terms not otherwise defined in this filing letter shall have the definitions contained in the proposed amendments to Section 1 of PacifiCorp’s OATT.

⁴ As proposed by the CAISO an “EIM Entity” is a Balancing Authority (“BA”) that enters into the CAISO’s *pro forma* EIM Entity Agreement to enable the EIM to occur in its Balancing Authority Area (“BAA”). CAISO EIM Filing at 15 and proposed revisions to Appendix A, Master Definitions Supplement. As described in Section II of this filing letter, PacifiCorp operates two BAAs, PacifiCorp East (“PACE”) and PacifiCorp West (“PACW”). PacifiCorp anticipates each BAA will be its own EIM Entity. To simplify its proposed Tariff revisions, PacifiCorp proposes to utilize the term “PacifiCorp EIM Entity” to collectively mean the EIM Entities for PACE and PACW.

customers to conduct market simulation and prepare for implementation of the EIM scheduled for October 1, 2014.

I. INTRODUCTION

The purpose of this filing is to provide for PacifiCorp's voluntary participation in the EIM with the CAISO acting as the Market Operator (or "MO"). PacifiCorp's OATT revisions are intended to work in concert with the CAISO EIM Filing submitted to effectuate the EIM design determinations that will be decided in Docket No. ER14-1386-000. The CAISO EIM Filing, however, recognizes that EIM Entities must make certain decisions as to the manner in which the EIM will be implemented within their respective BAAs.⁵ This filing implements the EIM through PacifiCorp's OATT as to PacifiCorp's BAAs.

The EIM is a step in the continuing evolution of the Western electricity market and is a significant achievement. By joining the EIM, PacifiCorp expands the CAISO's security-constrained, least-cost dispatch for most of California to include PacifiCorp's six-state platform, including additional portions of California, as well as Idaho, Oregon, Utah, Washington, and Wyoming. PacifiCorp's filing is a just and reasonable approach for commencing the EIM and is consistent with or superior to the existing *pro forma* OATT. Accordingly, the filing should be approved as proposed.⁶

II. EXECUTIVE SUMMARY

Under the EIM, PacifiCorp and its Transmission Customers will benefit from the expansion of the CAISO's security-constrained least-cost dispatch program. The EIM promotes reliability by increasing the situational awareness and responsiveness of the system operators across both systems. Transmission Customers will also benefit from the expanded pool of resources to meet imbalances, which is an existing service that PacifiCorp provides to all Transmission Customers with loads or resources taking service pursuant to Schedule 4 (Energy Imbalance Service) and Schedule 9 (Generator Imbalance Service) of PacifiCorp's OATT.

A study undertaken by Energy and Environmental Economics ("E3") found that "[a]n EIM covering PacifiCorp and [CA]ISO would allow both parties to improve dispatch efficiency and take advantage of the diversity in loads and generation resources between the two systems,

⁵ CAISO EIM Filing at 15.

⁶ See *American Elec. Power Corp.*, 116 FERC ¶ 61,179 at P 25 (2006); see also *City of Bethany v. FERC*, 727 F.2d 1131, 1136 (D.C. Cir. 1984), *cert. denied*, 469 U.S. 917 (1984) (stating that FERC has interpreted its authority to review rates as "limited to an inquiry into whether the rates proposed by a utility are reasonable -- and not to extend to determining whether a proposed rate schedule is more or less reasonable than alternative rate designs").

reducing production costs, operating reserve requirements, and renewable generation curtailment.”⁷

Quantitative benefits of the EIM include interregional and intraregional dispatch savings as resources are dispatched more efficiently. In addition, by aggregating the two systems’ load, wind and solar variability and forecast errors, flexibility reserves are reduced. Moreover, by allowing BAs to export or reduce imports of renewable generation, renewable energy curtailment will be reduced.

In addition to the quantitative benefits that result from more efficient dispatch, the EIM produces qualitative reliability benefits associated with increased situational awareness and responsiveness. The EIM provides the MO with enhanced tools to obtain a more detailed look at a wider area, manage the combined system using economic five-minute Dispatch Instructions, and expands the pool of resources available to respond to events. All customers benefit from this increased reliability to both the adequacy of supply and efficient transmission usage as well as the improved ability to respond to contingencies.

Major Elements of PacifiCorp’s Tariff Proposal

The incorporation of the EIM into PacifiCorp’s system is reflected by revisions to its OATT and not through a separate agreement, as the EIM is part and parcel of transmission service provided by PacifiCorp as a Transmission Provider. To facilitate participation in the EIM, PacifiCorp is proposing to revise its OATT in several parts: (1) a new Attachment T which contains the roles and responsibilities of the PacifiCorp EIM Entity and customers specific to the EIM; (2) revisions to OATT Schedule 1 to allocate EIM-related administrative costs charged by the CAISO; (3) revisions to OATT Schedules 4 and 9 to reflect the use of Locational Marginal Price (“LMP”)-based imbalance pricing for Schedule 4 and 9 imbalance service; (4) clarifying revisions to OATT Schedule 10 (Real Power Losses); (5) new Section 8 of Attachment T to recover EIM-related costs charged by the CAISO; (6) new definitions in Section 1; and (7) targeted modifications to Parts I through V of its OATT .

Attachment T and the other relevant changes to PacifiCorp’s OATT will apply to all of PacifiCorp’s Transmission Customers and Interconnection Customers with new and existing service agreements under PacifiCorp’s OATT. While incorporation of the LMP pricing for imbalances is applicable to all customers, *each customer’s determination to have resources participate in EIM is voluntary*. Because the EIM is the manner in which PacifiCorp will continue to provide the required imbalance services under Schedules 4 and 9 to all of its

⁷ A copy of the E3 Report can be found at <http://www.aiso.com/Documents/PacifiCorp-ISOEnergyImbalanceMarketBenefits.pdf>. The report was also provided as Attachment E to the CAISO EIM Filing.

Transmission Customers, it is appropriate for all such customers to bear the responsibilities and cost allocations set forth in Attachment T to facilitate the EIM.

The major elements of PacifiCorp's EIM Tariff proposal are summarized below.

- **Transmission Requirements to Participate:**
 - **Internal Resources:** Transmission Customers with resources within the metered boundaries of PacifiCorp's BAAs can voluntarily participate and satisfy transmission eligibility requirements for PacifiCorp EIM Participating Resources either through utilization of Network Integration Transmission Service ("NIT Service") or Point-to-Point Transmission Service ("PTP Service"). Transmission Customers utilizing PTP Service to participate in EIM will be assessed an hourly Non-Firm PTP Service charge for EIM participation for any hour during which the Transmission Customer does not have sufficient point-to-point transmission reservations to cover output associated with EIM Dispatch Instructions. Additionally, PacifiCorp will not assess transmission charges for decremental EIM Dispatch Instructions (*i.e.*, where a PacifiCorp EIM Participating Resource is awarded a bid to decrease its generation).
 - **External Resources:** Resources that are external to the metered boundaries of PacifiCorp's BAAs can voluntarily participate in the EIM and are eligible to become a PacifiCorp EIM Participating Resource by utilizing a Pseudo-Tie into a PacifiCorp BAA.
 - **Reciprocity:** At this time there will be no additional charge for transmission into the CAISO BAA. There is a commitment to further study the issue of EIM transmission charges based on actual data from the EIM after a period of operation.
- **EIM Transfers / Seams Coordination:** PacifiCorp will utilize firm transmission rights voluntarily offered by a Transmission Customer who voluntarily elects to make such capacity available for EIM Transfers, which shall not be considered to be sales or assignment of Transmission Service. PacifiCorp plans to implement EIM using this approach for the California-Oregon Intertie ("COI") between CAISO and PACW. Bonneville Power Administration ("BPA") is the path operator for the COI. PacifiCorp continues to work with BPA and the CAISO to effectuate operational solutions regarding use of PacifiCorp's existing transmission rights across the COI. To that end, PacifiCorp,

the CAISO and BPA entered into a memorandum of understanding to achieve operating procedures within key milestone dates for the EIM.⁸

- **EIM Settlement:** As with existing Schedules 4 and 9 of PacifiCorp’s OATT, the sub-allocation of EIM-related payments and charges from the CAISO to the PacifiCorp EIM Entity follows the Commission’s primary cost-causation principle – that customers should be fairly allocated costs for which they are responsible or which are incurred for their benefit:
 - **Imbalance Settlement:** PacifiCorp has revised Schedules 4 and 9 of its OATT to reflect the implementation of the EIM. PacifiCorp will settle energy imbalances using LMPs generated by the CAISO. The LMP prices more accurately reflect the cost of undersupply or the value of oversupply than PacifiCorp’s current pricing structure in Schedules 4 and 9.
 - **Administrative Costs:** PacifiCorp has revised Schedule 1 of its OATT to clarify that administrative charges imposed by the CAISO to the PacifiCorp EIM Entity can be included in PacifiCorp’s annual Schedule 1 charge based on PacifiCorp’s FERC-approved Schedule 1 formula rate.
 - **Other CAISO Uplifts and Charges:** PacifiCorp has carefully reviewed each of the proposed CAISO charges to determine which charges should be sub-allocated to Transmission Customers and, if so, the basis of the sub-allocation.
 - **Hold Harmless:** PacifiCorp will hold Transmission Customers harmless from the following charges (*i.e.*, such charges will not be sub-allocated to Transmission Customers): (1) Unaccounted for Energy (or “UFE”) charges; (2) Uninstructed Imbalance Energy (or “UIE”) Charges associated with the decision to utilize the CAISO forecast;⁹ (3) the Real-Time Marginal Cost of Losses Offset; and (4) other CAISO-settlement related charges, including, Invoice Deviation (distribution and allocation); Default Invoice Interest Payment; Default Invoice Interest Charge; Invoice Late Payment Penalty; Financial Security Posting (Collateral) Late

⁸ A copy of the BPA-PacifiCorp-CAISO Memorandum of Understanding was provided as Attachment I to the CAISO EIM Filing.

⁹ These UIE allocations can arise because PacifiCorp uses the Transmission Customers’ individual derived load forecasts to settle imbalances under Schedule 4, not an allocated share of the CAISO BAA load forecast. There can be a difference between the CAISO’s projection and customers’ individual expectations of their demand.

Payment Penalty; Shortfall Receipt Distribution; Shortfall Reversal; Shortfall Allocation; and Default Loss Allocation.

- **Direct Assignment:** Certain charges will be directly assigned to those Transmission Customers causing the charge. These include: (1) over- or under-scheduling charges; (2) penalties for inaccurate or late settlement quality meter data; (3) tax liabilities; and (4) the Variable Energy Resource Forecast Charge.
 - **Allocated:** Certain charges will be allocated to all Transmission Customers on the basis of Measured Demand, including certain neutrality charges for the Flexible Ramping Constraint, Real-Time Market Neutrality, Real-Time Congestion Offset, Real-Time Bid Cost Recovery, and neutrality rounding adjustments. These allocations recognize that all customers enjoy and should support the reliability benefits attained by the EIM as well as the imbalance service being provided by PacifiCorp through the EIM.
- **Dispute Resolution:** PacifiCorp proposes the addition of a new section to existing Section 12.4 (Dispute Resolution Procedures) with regard to the treatment of disputes related specifically to the administration and settlement of charges under the EIM. This new Section 12.4A (EIM Disputes) addresses the numerous settlement relationships that may arise upon the effective date of the EIM. Any disputes with respect to PacifiCorp's administration of the non-EIM provisions of its OATT will continue to be processed in accordance with Sections 12.1 to 12.4 and 12.5, which are unaffected by this filing.
- **Compliance:** Proposed Section 9 of Attachment T of PacifiCorp's OATT includes several provisions related to the provision of data to EIM market monitors and the expected code of conduct for customers subject to Attachment T. There are six general rules of conduct: (1) comply with Dispatch Instructions and operating orders; (2) submit bids for resources that are reasonably expected to be available and capable; (3) notify the MO and the PacifiCorp EIM Entity of any outages; (4) provide complete, accurate and timely meter data; (5) provide information to the PacifiCorp EIM Entity; and (6) utilize commercially-reasonable efforts to ensure that forecasts are accurate.
- **Oversight and Protection Against Contingencies:**
 - The EIM will be subject to oversight not only by the CAISO and PacifiCorp, but also by numerous other entities including the CAISO Department of Market

Monitoring (or “DMM”), the CAISO Market Surveillance Committee, other stakeholders, and regulators.

- Proposed Section 10 of Attachment T of PacifiCorp’s OATT includes provisions related to corrective actions that may be taken by the PacifiCorp EIM Entity to reflect the occurrence of certain market contingencies related to the EIM. In particular, proposed Section 10 contemplates three potential contingencies: (1) temporary suspension of the EIM by the MO; (2) termination of the PacifiCorp EIM Entity’s participation in the EIM; or (3) occurrence of “temporary contingencies” related to management of short-term operational issues to maintain system reliability, communication failures, and, for the initial year of EIM operations, to work in consultation with the CAISO and the CAISO’s DMM, to mitigate market design flaws that must be remedied by a tariff modification during the period before such a filing can be made and placed into effect.

III. BACKGROUND

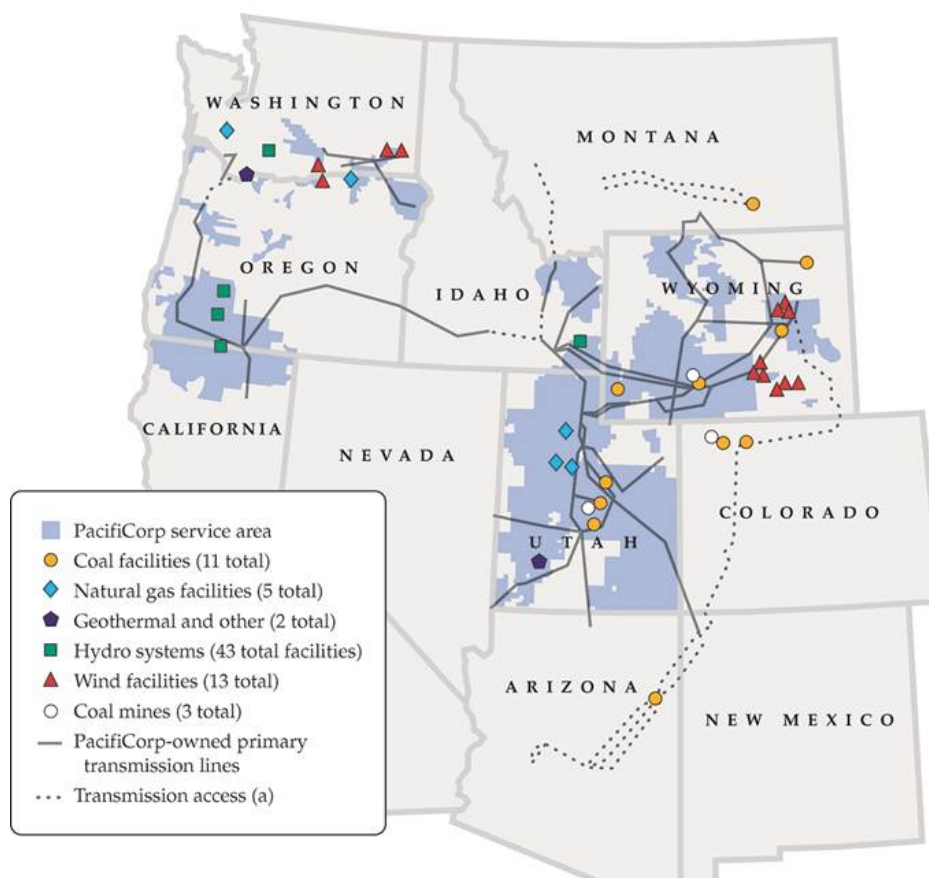
A. Description of PacifiCorp

PacifiCorp is an Oregon corporation primarily engaged in providing retail electric service to approximately 1.8 million residential, commercial, industrial and other customers in portions of the following states: California, Idaho, Oregon, Utah, Washington and Wyoming. PacifiCorp provides electric transmission service in nine Western states, and owns or has interests in approximately 16,300 miles of transmission lines and 74 thermal, hydroelectric, wind-powered generating and geothermal facilities, with a net owned capacity of approximately 10,595 MW.¹⁰

PacifiCorp provides non-discriminatory, open access transmission service pursuant to its OATT. PacifiCorp operates two BAAs -- PACE and PACW. PACE principally includes PacifiCorp’s load and generating capacity in the states of Idaho, Utah, and Wyoming. PACW principally includes PacifiCorp’s load and generating capacity in the states of Washington, Oregon, and California. PacifiCorp’s Transmission System is illustrated in the following Figure:

¹⁰ With the addition of the Lake Side 2 generating facility (645 MW) in 2014, PacifiCorp’s total net owned capacity will be approximately 11,240 MW. *See*, Attachment D, Testimony of Natalie Hocken at 2.

Figure 1
System Map



B. PacifiCorp’s Long-Standing Support of the Establishment of an EIM in the West

Industry leaders in the West have explored and promoted the energy imbalance market concept for the last several years. The Western Electricity Coordinating Council (“WECC”) launched a major initiative and study effort in 2010.¹¹ Late in 2011, commissioners from 12 western state commissions formed a group (“the PUC-EIM Group”) to explore issues related to an energy imbalance market in the West. Also, the Northwest Power Pool (“NWPP”), through its “MC Initiative,” has been actively working for some time to advance an understanding of energy imbalance markets and other long-term market improvement initiatives. PacifiCorp has participated in and provided longstanding support for these and other West-wide market efforts. Throughout these various processes, PacifiCorp’s goal remains timely implementation of market improvements that provide benefits to customers. In the Spring of 2012, the CAISO introduced

¹¹ See <http://www.wecc.biz/committees/EDT/Pages/default.aspx>.

to the PUC EIM Group a conceptual energy imbalance market framework based on its existing real-time market which appeared to provide a low-cost, low risk, voluntary market that would allow parties to capture benefits associated with a real-time, energy imbalance market. The proposal prompted PacifiCorp's interest in developing a memorandum of understanding related to continued exploration of forming the EIM with the CAISO.

1. Memorandum of Understanding

On February 12, 2013, PacifiCorp and the CAISO executed a Memorandum of Understanding ("MOU") to provide a basis for the CAISO and PacifiCorp to move forward with two activities. The first activity was the negotiation and filing for Commission approval of an Implementation Agreement ("IA"). The second activity contemplated by the MOU was the CAISO's development of the expanded EIM design and applicable market rules for submission to the Commission at a later date, after considering input from stakeholders.¹²

The MOU contains 12 principles and a high-level project milestone schedule, including milestones associated with a stakeholder process. The CAISO and PacifiCorp developed the principles to meet the parties' needs and the anticipated needs of customers and other stakeholders with respect to the EIM.

2. Implementation Agreement

On April 30, 2013, PacifiCorp and the CAISO entered into an IA for an EIM to be implemented effective October 1, 2014.¹³ The IA sets forth the terms under which the CAISO will modify and extend its existing real-time energy market systems to provide energy imbalance market service to PacifiCorp, including transmission customers taking transmission service under PacifiCorp's OATT. Importantly, the IA enabled the CAISO to move forward to develop the EIM in accordance with the principles of the MOU. On June 28, 2013, the Commission unconditionally approved the IA, effective July 1, 2013 as requested.¹⁴

Under the IA, PacifiCorp agreed to compensate the CAISO for its share of the costs of these system changes, software licenses, and other configuration activities to incorporate PacifiCorp into the EIM. In particular, the IA contained an implementation fee of \$2.1 million

¹² A copy of the MOU can be found at http://www.caiso.com/Documents/ISO-PacifiCorpMOU_Effective20130212.pdf.

¹³ A copy of the IA can be found at http://www.caiso.com/Documents/Apr30_2013EnergyImbalanceMarketImplementationAgreement-PacifiCorpER13-1372-000.pdf.

¹⁴ *Cal. Indep. Sys. Operator Corp.*, 143 FERC ¶ 61,298 (2013).

for PacifiCorp's EIM participation, subject to the completion of five milestones specified in the IA. The implementation fee supported the CAISO's configuration of the real-time market to facilitate the EIM and was based on the CAISO's estimate of the costs incurred to make the EIM available to all BAAs in the WECC that contribute to the implementation cost for their own BAAs to participate. The IA also contains a process by which the CAISO and PacifiCorp could amend the implementation fee if necessary.¹⁵

3. Participation in the CAISO's EIM Stakeholder Processes

PacifiCorp has been an active participant in each of the CAISO's EIM design, tariff, and governance stakeholder processes. The CAISO launched its EIM design stakeholder process on April 11, 2013, and scheduled a series of stakeholder meetings on its proposed EIM design to solicit stakeholder input on the design and to identify potential issues to be considered. PacifiCorp participated in the CAISO's stakeholder meetings on April 11, June 6, July 9, and September 30, 2013. PacifiCorp also attended and provided input during the CAISO's technical workshops held on August 12-13, September 3, and September 16-17, 2013. PacifiCorp provided written comments on each of five posted versions of the CAISO's EIM design proposal, including, but not limited to, technical market design features, participant roles and responsibilities, data requirements, charges, cost allocation, enforcement, governance, and oversight.

PacifiCorp also contributed to the CAISO's EIM tariff development stakeholder process, and provided written comments on each phase of the tariff development.¹⁶ The CAISO published its EIM tariff framework document on September 10, 2013. PacifiCorp submitted comments and actively participated in the CAISO's stakeholder meeting held on October 1, 2013. The CAISO published its first draft tariff and draft final tariff for stakeholder review on November 12, 2013 and January 17, 2014, respectively. PacifiCorp provided written comments and participated in the CAISO's EIM tariff stakeholder meetings held December 16, 2013 and February 10, 2014.

¹⁵ On February 21, 2014, CAISO filed a mutually agreed-to amendment to the IA with the Commission to account for additional costs incurred by the CAISO on behalf of PacifiCorp to enable PacifiCorp and its customers to take advantage of existing CAISO systems to aggregate supply and load forecasts into the balanced EIM Base Schedule required by the EIM design. The CAISO requested that the Commission accept the amended IA, effective April 23, 2014, so that the incorporation of PacifiCorp into the EIM on October 1, 2014 may include the additional functionality. On March 14, 2014, PacifiCorp filed an intervention and comments in support of the amendment to the IA, explaining that the amended implementation costs are cost-effective and less than PacifiCorp would have to expend if it was not able to utilize the CAISO's existing systems. This filing is pending before the Commission in Docket No. ER14-1350.

¹⁶ Attachment D, Testimony of Natalie Hocken at 7.

Finally, PacifiCorp participated in the CAISO's effort to establish an EIM governance structure that allows EIM Entities, EIM Participating Resources, and other stakeholders to have decision-making roles in the ongoing efforts to develop an independent governance structure for the EIM. PacifiCorp provided written comments on the CAISO's EIM governance and transitional committee charter proposal publications, and engaged in the CAISO's stakeholder meetings on August 20, October 11, and November 14, 2013, and January 22-23, and January 28, 2014.

C. Development of the PacifiCorp EIM Entity Proposal, OATT Amendments, and EIM Implementation

On April 16, 2013, PacifiCorp launched a separate stakeholder process, parallel to the CAISO's EIM design effort, focused on introducing its customers to the EIM and developing the necessary OATT revisions. PacifiCorp's first two webinars held April 16 and May 28, 2013, served to identify and explain the scope of changes affecting PacifiCorp's customers. PacifiCorp requested feedback and provided responses to stakeholders' written comments on each engagement. PacifiCorp also invited stakeholders to an EIM workshop on July 30, 2013, in Portland, Oregon, to provide detail and solicit further discussion on PacifiCorp's EIM Entity proposal. The workshop was widely attended by PacifiCorp's Transmission Customers, including PacifiCorp's largest load-serving customers, BPA, and its customers representing generation, among others. Representatives from state public utility commissions and industry trade groups were also in attendance. Stakeholders were invited to provide written comments in an effort to inform PacifiCorp's EIM Entity proposal.

PacifiCorp published its first draft EIM Entity proposal on September 13, 2013, and requested stakeholder written comments. PacifiCorp published a revised EIM Entity proposal on October 18, 2013, and hosted a stakeholder meeting on November 6, 2013, in Salt Lake City, Utah, to discuss details and stakeholder comments and questions from the previous version of the proposal. The workshop was well attended, including representatives from PacifiCorp's largest load-serving customers located in Utah, BPA, among others. Stakeholders provided written comments on the revised EIM Entity proposal on November 18, 2013, which PacifiCorp used to develop its draft tariff framework.

The PacifiCorp EIM tariff stakeholder process began on November 27, 2013, with the publication of PacifiCorp's draft tariff framework document, followed by a stakeholder webinar to review the framework on December 6, 2013. Several stakeholders provided written comments on the tariff framework on December 20, 2013, and PacifiCorp responded to these comments and developed the first draft of its OATT to incorporate EIM; such tariff was made publicly available to all stakeholders on January 16, 2014. PacifiCorp hosted a meeting in Portland, Oregon, to confer with stakeholders on the tariff language on January 21, 2014. The meeting was well

attended by a diverse set of stakeholder interests. On February 17, 2014, PacifiCorp published its revised tariff language, soliciting final stakeholder written feedback by February 24, 2014. On March 18, 2014, PacifiCorp responded to the latest round of comments and posted a further revised OATT for stakeholders to review in advance of this filing.

Throughout both PacifiCorp's and the CAISO's stakeholder processes on the EIM design, tariff development, and governance structure, PacifiCorp's executive and senior management, as well as staff, made a significant commitment to the project and stakeholder engagement efforts. The EIM project affects nearly every business unit in PacifiCorp's organization and PacifiCorp has made a concerted effort to structure its internal EIM policy and project design teams with leadership from senior management. Most notably, Natalie Hocken, Senior Vice President of Transmission and System Operations, was assigned as the executive sponsor of project implementation. Ms. Hocken has provided testimony in this filing supporting the benefits of the proposed EIM with the CAISO, reasons for proceeding with the CAISO as the MO, and the commitment PacifiCorp has made to implement the EIM for the benefit of PacifiCorp's customers.¹⁷

In addition, a significant number of PacifiCorp's internal resources and staff have been devoted to the project since its conception, thereby ensuring that subject matter expertise from business units impacted by EIM are represented in the development of the EIM design and policy. To that end, Sarah Edmonds, Director of Transmission Regulation, Strategy and Policy, has provided testimony in this filing describing stakeholder discussions, including instances where PacifiCorp adjusted its EIM Entity proposals in response to stakeholder comment, and supporting key components of the EIM Entity proposal as reflected in PacifiCorp's tariff proposal.¹⁸

D. Other Stakeholder Outreach

In addition to PacifiCorp's efforts in both the CAISO and PacifiCorp stakeholder processes, PacifiCorp has also been actively involved in several other outreach efforts. PacifiCorp staff 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. In addition, PacifiCorp invited its customers to attend general EIM training and workshops led by the CAISO to help customers understand how the EIM may affect their business.

¹⁷ Ms. Hocken's testimony serves as Attachment D to this filing.

¹⁸ Ms. Edmonds' testimony serves as Attachment E to this filing.

PacifiCorp's senior management and regulatory staff also made outreach to staff and commissioners of PacifiCorp's public utility commissions to provide information on EIM implementation and to answer questions. In addition, PacifiCorp has met with other utilities interested in PacifiCorp's EIM implementation experience.

PacifiCorp has also been actively involved in the stakeholder process initiated by BPA with its customers to explore considerations associated with the EIM. PacifiCorp, the CAISO, and BPA have been engaged in ongoing discussions since February 2013, regarding coordinated operation of their respective transmission systems to facilitate the implementation of the EIM in a manner that ensures no adverse impact to BPA, its customers, and other interested parties. As part of PacifiCorp's EIM implementation, PacifiCorp plans to use its transmission rights on the COI, as well as over BPA's transmission network (see further discussion, *infra*, explaining operational and tariff mechanics for EIM Transfers). BPA serves as the path operator for the northern portion of the COI, while the CAISO is the path operator for the southern portion. Because of PacifiCorp's plans for EIM implementation over the COI and the potential for PacifiCorp EIM Participating Resources to dispatch over BPA's transmission network, BPA established its own stakeholder process for the EIM, beginning September 2013.

BPA used its stakeholder process to analyze potential interactions of the EIM with the COI and/or BPA's transmission network. BPA has proposed that operational controls be implemented on both the COI and BPA's transmission network for initial EIM implementation. There have been a significant number of meetings and discussions exploring procedures to allow PacifiCorp to use firm transmission rights for EIM, while providing BPA and the CAISO with improved operational awareness to ensure system reliability. On February 14, 2014, PacifiCorp, CAISO, and BPA entered into a memorandum of understanding to achieve operating procedures within key milestone dates, and reflect that any applicable costs will be allocated based on cost-causation principles, recognizing mutual benefits.¹⁹ PacifiCorp's involvement in operational discussions with BPA and in BPA's separate stakeholder process remain ongoing (see further discussion, *infra*, detailing operational coordination efforts with BPA).

IV. BENEFITS OF THE EIM

Deviations in supply and demand often occur resulting in a mismatch between available electricity versus what is needed by customers. To manage these imbalances, PacifiCorp currently utilizes both automated and manual processes to maintain system balance in a cost-effective manner to provide imbalance services under Schedules 4 and 9. By contrast, the CAISO's existing real-time energy market automatically dispatches the least-cost resources

¹⁹ A copy of the BPA-PacifiCorp-CAISO Memorandum of Understanding was provided as Attachment I to the CAISO EIM Filing in Docket No. ER14-1386.

every five minutes to economically serve load, while resolving transmission congestion through the use of a detailed network model. Accordingly, a benefit of the EIM is to expand the CAISO's security-constrained, economic dispatch across a broader geographic region. As noted above, a study by E3 found that, "[a]n EIM covering PacifiCorp and [CA]ISO would allow both parties to improve dispatch efficiency and take advantage of the diversity in loads and generation resources between the two systems, reducing production costs, operating reserve requirements, and renewable generation curtailment."²⁰

In addition to the quantitative benefits that result from more efficient dispatch, the EIM produces qualitative²¹ reliability benefits associated with increased situational awareness and responsiveness. The EIM provides the MO with enhanced tools to obtain a more detailed look at a wider area, manage the combined system using economic five-minute Dispatch Instructions, and expands the pool of resources available to respond to events. All customers benefit from this increased reliability to both the adequacy of supply and efficient transmission usage as well as the improved ability to respond to contingencies.

The following discussion details the anticipated benefits resulting from the expansion of the CAISO's real-time market by implementing EIM in the combined footprints of PacifiCorp's BAAs and the CAISO's BAA as illustrated in the following Figure 2:

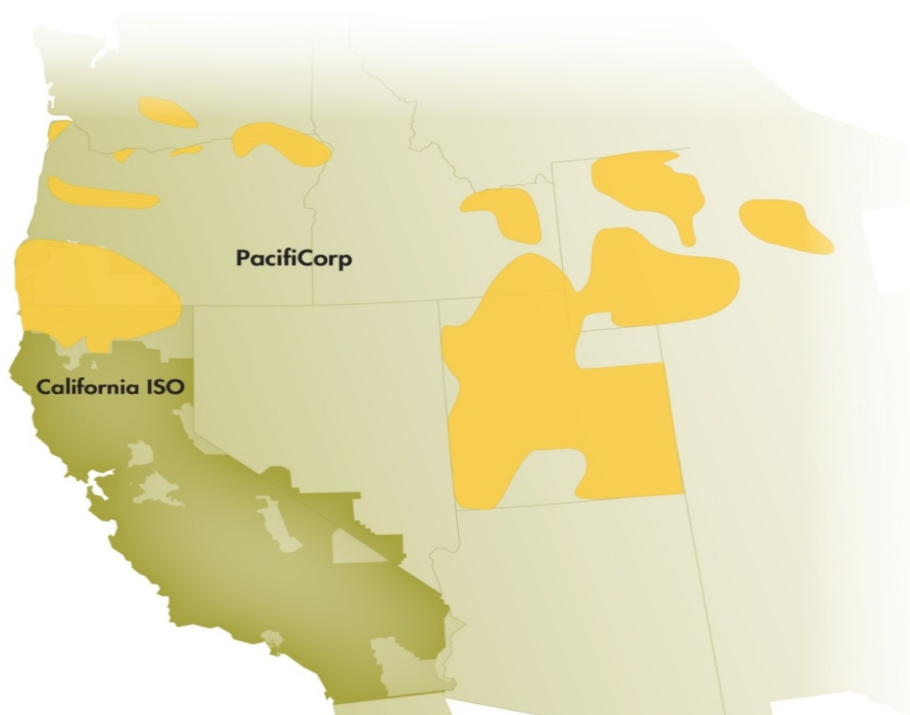
²⁰ A copy of the E3 Report can be found at <http://www.caiso.com/Documents/PacifiCorp-ISOEnergyImbalanceMarketBenefits.pdf>. The E3 Report was also provided as Attachment E to the CAISO EIM Filing.

²¹ As noted by Commission Staff,

Quantifying reliability benefits is challenging because operating practices have evolved so that loss of load events are rare. Simply quantifying the number of loss of load events or "near misses" would necessarily underestimate the enhanced reliability that an EIM could provide. Similarly, some of the reliability benefit of an EIM is associated with the ability to maintain the same level of reliability at a lower cost. Quantifying the cost savings inherently overlaps with the overall economic benefits of an EIM and this paper is not meant to assess the economic benefits of an EIM.

Qualitative Assessment of Potential Reliability Benefits from a Western Energy Imbalance Market (Feb. 26, 2013), at 3, available at <http://www.elabs7.com/c.html?ufl=7&rtr=on&s=lg13,10ifw,7k2,6sjg,8tce,b589,diqv> ("Qualitative Assessment").

Figure 2
EIM Map



In addition, Ms. Hocken’s testimony further describes and supports the benefits of the proposed EIM with the CAISO, consistent with the summary points made below.

A. Quantitative Benefits

On March 13, 2013, the CAISO published a joint CAISO/PacifiCorp report prepared by the consulting firm E3 (the “E3 Study”). The report documented the benefits of the EIM and was consistent with the commitment made during the public roll-out of the MOU. E3 identified a range of *joint* benefits, based on model year 2017, between \$21 million and \$129 million annually, and attributed the range of benefits to PacifiCorp between \$10.5 million and \$54.4 million annually.

Table 1 lists the benefits to PacifiCorp identified in the E3 Report based on the following benefit categories:

- **Interregional dispatch savings**, by realizing the efficiency of combined five-minute dispatch, which would reduce “transactional friction” (*e.g.*, transmission

charges) and alleviate structural impediments currently preventing trade between the two systems;

- **Intraregional dispatch savings**, by enabling PacifiCorp’s generators to be dispatched more efficiently through the CAISO’s automated system (nodal dispatch software), including benefits from more efficient transmission utilization;
- **Reduced flexibility reserves**, by aggregating the two systems’ load, wind, and solar variability and forecast errors; and
- **Reduced renewable energy curtailment**, by allowing BAs to export or reduce imports of renewable generation when it would otherwise need to be curtailed.

Table 1: Attribution of Annual EIM Benefits to PacifiCorp in 2017 (\$m 2012)

Benefit Category	Low transfer capability		Medium transfer capability		High transfer capability	
	Low Range	High Range	Low Range	High Range	Low Range	High Range
Interregional dispatch	\$ 7.0	\$ 5.5	\$ 11.2	\$ 8.9	\$ 11.2	\$ 8.9
Intraregional dispatch	\$ 2.3	\$ 23.0	\$ 2.3	\$ 23.0	\$ 2.3	\$ 23.0
Flexibility reserves	\$ 1.2	\$ 6.1	\$ 3.2	\$ 14.9	\$ 3.9	\$ 22.5
Renewable curtailment	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Total benefits	\$ 10.5	\$ 34.6	\$ 16.7	\$ 46.8	\$ 17.4	\$ 54.4

Note: Total benefits are not net of costs. Costs are addressed in Section IV.C

The low range was developed based on an assumed transfer capability between PacifiCorp and the CAISO of 100 MW. The high range used an assumed transfer capability of 800 MW. While PacifiCorp seeks to maximize the amount of transmission capacity to dynamically transfer resources between its BAAs and the CAISO, implementation of the EIM will provide benefits even if the transfer limit is zero. Most notably, even if there is no exchange with the CAISO, all PacifiCorp customers benefit from access to the CAISO’s proven, automated five-minute dispatch capability.

B. Reliability Benefits

The benefits identified in the E3 Report are used in the financial analysis supporting the EIM. There are, however, additional unquantified benefits the company anticipates, particularly related to reliability. In a report dated February 26, 2013, Commission Staff found that an EIM “could provide reliability benefits through:

- Security constrained economic dispatch across the market footprint, which provides better management of imbalances and enhanced ability to manage flows within system operating limits, as well as enhanced opportunities to deliver energy from a diverse set of conventional and emerging technologies, such as demand response resources, for balancing;
- Enhanced situation awareness;
- Potentially fewer Energy Emergency Alerts;
- Faster identification, dispatch and delivery of replacement generation after contingency reserve sharing assistance ends and for contingencies beyond reserve obligations; and
- Assisting with the integration of variable energy resources.”²²

As described by Commission Staff, “[a]n EIM using S[ecurity] C[onstrained] E[conomic] D[ispatch] over its footprint could enhance reliability by managing resources that could relieve transmission constraints more effectively, leveraging a more diverse set of resources to operate the system within limits and creating price signals that lead to actions that could enhance reliability.”²³ Moreover, the EIM, as proposed by the CAISO through the use of the full network model, will seek to reduce congestion prior to real time. For example, PacifiCorp has the ability after the schedule is submitted 75 minutes prior to the operating hour to revise it at or before 55 minutes prior to the operating hour.²⁴ Because the CAISO will issue Dispatch Instructions to PacifiCorp EIM Participating Resources, there is a wider pool of resources available to meet the imbalance needs of the CAISO and PacifiCorp’s BAAs.

Commission Staff further noted that the EIM will provide “visibility into actual system conditions and transmission loadings and proactively [dispatch] resources to avoid exceeding system operating limits. In addition, an EIM using Security Constrained Economic Dispatch

²² *Id.* at 2.

²³ *Id.* at 5.

²⁴ *See* proposed Section 29.34(f) of the CAISO Tariff.

(“SCED”) could increase the pool of resources that balance resources and load, provide ramping capability, and assist with managing flows within system operating limits.”²⁵

As identified in the quantitative discussion above, the EIM facilitates the greater integration of renewable resources by capturing the diversity benefits associated with the expanded geographic footprint. There is potential for significant weather differences from the Northern sections of the EIM Area to the Southern sections of the EIM Area and also from the East to the West. There are also temporal differences as peak periods can be different.

C. Estimated Costs

PacifiCorp’s costs to implement the EIM primarily relate to: (1) upgrading real-time and settlement metering and telecommunication equipment; (2) systems and support which are necessary for efficient market operations; and (3) settlement of the transactions occurring in the EIM.²⁶ These activities and systems can be broken out into the following summary of approximate costs estimated for the EIM implementation start-up period, as well as PacifiCorp’s estimated annual costs once the market begins:

- Capital costs (2013-2014): \$16 million²⁷
- Operations and maintenance (2013-2014): \$4 million²⁸
- Total = \$20 million

In addition, PacifiCorp estimates annual ongoing operations and maintenance costs starting January 2015 at \$3 million. PacifiCorp will continue to evaluate the costs and timing of potential benefits that are likely to result from participation in the EIM.

By combining the EIM with the CAISO’s existing real-time market, PacifiCorp is able to take advantage of the existing CAISO systems. It is far more cost-effective to expand these

²⁵ *Qualitative Assessment* at 10.

²⁶ *See* Attachment D, Testimony of Natalie Hocken at 11-14.

²⁷ Some EIM-related capital costs will be settled to FERC accounts which have been approved to be included in PacifiCorp’s transmission formula rate. The majority of these costs will not be booked to these FERC accounts and recovered through the formula rate mechanism until the EIM is implemented October 1, 2014. Accordingly, the majority of capital costs associated with EIM implementation, which are booked to formula-approved accounts, will not be included in transmission rates until the formula rate annual update in June 2015.

²⁸ Some operations and maintenance costs associated with EIM implementation will be booked to operations and maintenance FERC accounts which have been approved to be included in PacifiCorp’s formula rate in the year the expense was incurred. Accordingly, PacifiCorp’s June 2014 formula rate annual update will include some operations and maintenance expense incurred in 2013. PacifiCorp’s formula rate annual update process and its Formula Rate Implementation Protocols govern the rights and responsibilities of PacifiCorp and Interested Parties to request information related to the inclusion of these costs and to issue challenges, if appropriate.

systems to include PacifiCorp's system and resources than it would have been to create a new platform. The lower development costs and operating expenses (which are shared with other participants in the CAISO real-time market) maximize the EIM benefits. In addition, co-optimization across a wide area inclusive of the existing CAISO footprint contributes to the EIM benefits discussed earlier.

D. Potential Expansion

While the EIM is expected to produce meaningful benefits to the CAISO and PacifiCorp's customers, it is important to note that studies confirm that EIM benefits increase with expanded participation.²⁹ As noted by the CAISO's Market Surveillance Committee:

Expanding the geographic scope of the real-time dispatch has the potential to improve market efficiency and lower costs to consumers, in part because the real-time dispatch will be better able to take advantage of the spatial diversity of variable renewable production. This is particularly important in the WECC, with the planned rapid expansion of solar and wind resources in the next decade. Expanding the balancing market increases the pool of energy resources that can be dispatched to balance the inherent variability and uncertainty of renewable resources output. The larger the geographic region that can be successfully integrated, the greater these benefits are likely to be. Indeed, in principle, the benefits of market enlargement from the standpoint of accommodating variations in renewable output may rise sharply with the geographic scope of the integrated region. This is because correlations of both renewable output and load are likely to be lower between geographically distant areas.³⁰

Accordingly, it is important for the CAISO, PacifiCorp, and the Commission to create incentives for other participants to join the EIM and not create disincentives that could permit parties to seek to benefit from the EIM, without fully participating. In particular, NV Energy has expressed its interest in joining the EIM subsequent to PacifiCorp's implementation.

²⁹ For example, the Phase 1 Study by the NWPP MC Initiative stated that "conservative" annual benefits for a Northwest EIM "are clustered in the \$70 to \$80 million range." See Final Phase 1 results and Phase 2 Update dated October 28, 2013 at 6, available at <http://www.nwpp.org/documents/MC-Public/NWPP-MC-Public-Meeting2013.10.28.pdf>.

³⁰ Opinion on Initial Implementation of the Energy Imbalance Market and Related Market Design Changes at 2. The opinion can be found at <http://www.aiso.com/Documents/DecisionEnergyImbalanceMarketDesign-MS%20Opinion-Nov2013.pdf>.

V. PacifiCorp's OATT Revisions to Support EIM Participation

To facilitate participation in the EIM, PacifiCorp is proposing to revise its OATT in several parts: (1) a new Attachment T which contains the roles and responsibilities of the PacifiCorp EIM Entity and customers specific to the EIM; (2) revisions to OATT Schedule 1 to allocate EIM-related administrative costs charged by the CAISO; (3) revisions to OATT Schedules 4 and 9 to reflect the use of Locational Marginal Price (“LMP”)-based imbalance pricing for Schedule 4 and 9 imbalance service; (4) clarifying revisions to OATT Schedule 10 (Real Power Losses); (5) new Section 8 of Attachment T to recover EIM-related costs charged by the CAISO; (6) new definitions in Section 1; and (7) targeted modifications to Parts I through V of its OATT. In Attachment C to this filing, PacifiCorp lists and provides a summary of the reason for each of PacifiCorp's proposed OATT modifications. Attachment C also identifies the proposed effective date for each of the changes, and Section VII of this transmittal letter provides more detail on the proposed effective dates. Certain of the provisions are proposed to go into effect on June 20, 2014. Certain of the data submission requirements are proposed to go into effect just prior to the commencement of the EIM, on September 23, 2014. The actual settlement provisions and other provisions concerning transmission service would be effective as the EIM goes live, on the later of October 1, 2014 or the date of EIM implementation.

A. Overview of Attachment T

Attachment T, Section 1, is a general provision which provides an overview of the EIM and Attachment T. It clarifies that Attachment T applies to all of PacifiCorp's Transmission Customers and Interconnection Customers, as applicable, with new and existing service agreements under PacifiCorp's OATT. As such, although Attachment T often refers to the obligations and responsibilities of Transmission Customers, the obligations and responsibilities may also apply to Interconnection Customers on a case-by-case basis, in the limited instances where an Interconnection Customer controls the output of a generator located in PacifiCorp's BAAs and is more suitable to satisfy the requirements in Attachment T. The applicability of Schedule 9 to Interconnection Customers is not a new element but exists today in PacifiCorp's OATT.³¹ Stated another way, if the Interconnection Customer is responsible for Schedule 9

³¹ Specifically, on June 21, 2011, PacifiCorp filed revised tariff sheets in Docket No. ER11-3841 to impose: (1) Generator Imbalance Service charges on a generator interconnection customer responsible for a generator imbalance, rather than a customer taking transmission service pursuant to the OATT; and (2) a complementary charge for unauthorized use of transmission service on a generator interconnection customer for the same transaction. In the filing, PacifiCorp explained that it lacked a sufficient contractual basis for imposing generator imbalance charges under Schedule 9 on its generator interconnection customers when such customers are responsible for a generator imbalance and, particularly, the production of surplus generation. The Commission approved the filing stating this approach “will impose these charges on generators, whether they ultimately take transmission service or not, and fully inform the entities of the charges for which they will be responsible, as directed by Order No. 890 and Commission precedent.” *PacifiCorp*, 136 FERC ¶ 61,117 (2011) (see also *Arizona Pub. Serv. Co.*, 121 FERC ¶ 61,288 (2007)).

settlements today under the Hourly Proxy Price methodology, that customer will remain responsible under the new, LMP-based imbalance regime.

Section 1 clarifies that Attachment T shall work in concert with the provisions of the CAISO Tariff implementing the EIM to support operation of the EIM. Throughout Attachment T, PacifiCorp has purposefully included cross-references to precise sections of the filed CAISO Tariff that significantly impact the rights, responsibilities, and obligations of the PacifiCorp EIM Entity and other market participants. References to both tariffs are necessary to provide PacifiCorp's customers with the full understanding of their rights and obligations. PacifiCorp is not intending with the cross-references to create any direct contractual relationship between the CAISO and a Transmission Customer or Interconnection Customer that would not otherwise exist.

Section 1 also states that to the extent that any provision in Attachment T, once approved by the Commission, is inconsistent with the remainder of PacifiCorp's OATT with regard to the PacifiCorp EIM Entity's administration of the EIM, Attachment T should prevail. This provision recognizes that Attachment T is an integral part of PacifiCorp's OATT and not a separate rate schedule or service agreement. Attachment T is intended to govern the relationship between the PacifiCorp EIM Entity and all Transmission Customers and Interconnection Customers subject to the Tariff, and it does not establish a contractual relationship between any customers of PacifiCorp and the CAISO or independently make a Transmission or Interconnection Customer directly subject to the CAISO Tariff.

While the decision of a Transmission Customer to bid directly into the EIM is voluntary, the EIM will impose obligations on all of PacifiCorp's Transmission Customers and Interconnection Customers, as applicable. Of particular importance, these obligations include the requirement of PacifiCorp's Transmission Customers and Interconnection Customers to provide operational data to the PacifiCorp EIM Entity, consisting of resource operational characteristics (Attachment T Section 4.2.1.2), Forecast Data (Attachment T Sections 4.2.4.1 through 4.2.4.4) and outage data (Attachment T Section 4.2.3 and Section 7). The provision of this data is critical for the proper ongoing functioning of the EIM administered by the CAISO in its role as the MO. For example, accurate and timely submitted Forecast Data is necessary for the EIM to be able to properly model and account for expected load, generation, imports and exports during the Operating Hour. In addition, Forecast Data comprise the Transmission Customer Base Schedule that is used by the PacifiCorp EIM Entity as the baseline by which to measure Imbalance Energy for purposes of EIM settlement.

Attachment T, Section 2, describes how Transmission Customers can elect to have certain or all of their resources become PacifiCorp EIM Participating Resources; any resources that a Transmission Customer does not elect to be PacifiCorp EIM Participating Resources shall

be treated as Non-Participating Resources. A Transmission Customer that chooses to have a resource become a PacifiCorp EIM Participating Resource must: (1) meet the requirements specified in Section 3 of Attachment T; (2) become or retain a CAISO-certified EIM Participating Resource Scheduling Coordinator; and (3) follow the application and certification process specified in Attachment T and the PacifiCorp EIM Business Practice (“PacifiCorp EIM BP”). These basic requirements recognize the need to satisfy both PacifiCorp’s and the CAISO’s obligations to participate in the EIM.

Attachment T, Section 3, provides the eligibility requirements for a resource to become a PacifiCorp EIM Participating Resource. Attachment T, Section 4, outlines the roles and responsibilities of the entities participating in the EIM. Attachment T, Section 5, sets forth provisions governing EIM transmission operations. Attachment T, Section 6, discusses system operations under normal and emergency conditions for EIM. Attachment T, Section 7, contains outage reporting requirements for EIM. Attachment T, Section 8, specifies EIM settlement allocations and billing processes for EIM. Attachment T, Section 9, describes compliance, and Attachment T, Section 10, contains market contingency plans for the EIM.

B. EIM Roles and Responsibilities

1. Responsibilities of PacifiCorp as an EIM Entity

The PacifiCorp EIM Entity has a variety of responsibilities with respect to the EIM.³² As an initial matter, PacifiCorp must have effective provisions in its OATT to enable operation of the EIM in its BAAs as it is seeking to do through this filing. In addition, PacifiCorp, as an EIM Entity, must: (1) qualify or secure representation by no more than one EIM Entity Scheduling Coordinator;³³ (2) process PacifiCorp EIM Participating Resource applications;³⁴ (3) provide required information regarding modeling data to the CAISO and register all Non-Participating Resources with the CAISO;³⁵ (4) provide data to the CAISO regarding the day-to-day operation of the EIM, including the submissions of “EIM Base Schedules”³⁶ and Resource Plans and any changes to such plans;³⁷ (5) provide the CAISO with information regarding the reserved use of

³² These duties are consistent with CAISO Tariff proposed Section 29.4(c), which sets forth the EIM Entity obligations.

³³ Attachment T, Section 4.1.1.1.

³⁴ Attachment T, Section 4.1.1.2.

³⁵ Attachment T, Section 4.1.2.

³⁶ “EIM Base Schedules” are defined by the CAISO in its filing in Docket No. ER14-1386 as “[a]n hourly forward Energy Schedule that does not take into account Dispatches from the Real-Time Market.”

³⁷ Attachment T, Section 4.1.3.

the transmission system and interties and any changes to transmission capacity;³⁸ (6) submit information regarding planned and unplanned outages;³⁹ and (7) facilitate the provision of transmission capacity for EIM transfers offered by PacifiCorp Interchange Rights Holders.⁴⁰ These responsibilities are just and reasonable and necessary to facilitate the operation of the EIM in accordance with the requirements for EIM Entities specified in proposed Section 29 of the CAISO Tariff.

Under any circumstance, PacifiCorp's participation in the EIM does not change its existing responsibilities as a BA. As it does today in the performance of its delegated BAA system-balancing responsibilities, PacifiCorp Energy will set aside resource capacity at specific generators for contingency reserve, up-regulation and down-regulation for system balancing service for PacifiCorp's BAAs, with any remaining capacity available for the EIM, should PacifiCorp Energy choose to bid its resources into the EIM. In addition, PacifiCorp will continue to support its reserve sharing commitments.⁴¹

2. EIM Entity Determinations

The PacifiCorp EIM Entity has to make a number of determinations with respect to implementing the EIM in PacifiCorp's BAAs as required by the CAISO.⁴² Section 4.1.1.3 of Attachment T addresses this responsibility. As described above, a resource that elects to be a PacifiCorp EIM Participating Resource must meet PacifiCorp's eligibility requirements as set forth in Section 3 of Attachment T.

In addition to meeting PacifiCorp's eligibility requirements, there are three other determinations that the PacifiCorp EIM Entity has made, as discussed further below. First, the PacifiCorp EIM Entity will have two Load Aggregation Points ("LAPs"), one for PACE and one for PACW. Second, the PacifiCorp EIM Entity will utilize the CAISO load forecast. Third, the PacifiCorp EIM Entity will be a Scheduling Coordinator Metered Entity on behalf of all Transmission Customers with Non-Participating Resources in accordance with proposed Section 29.10 of the CAISO Tariff. These three determinations, which are discussed below in detail, are just and reasonable and necessary to facilitate operation of the EIM.

³⁸ Attachment T, Section 5.1.

³⁹ Attachment T, Section 7.

⁴⁰ Attachment T, Section 5.2.

⁴¹ PacifiCorp is a member of the NWPP. Certain Commission jurisdictional and non-jurisdictional members of the NWPP have for many years participated in the NWPP Reserve Sharing Group to share operating reserves pursuant to the NWPP Contingency Reserve Sharing Program. The EIM does not modify PacifiCorp's commitment to or participation in the program.

⁴² See proposed Section 29.4(b)(3) of the CAISO Tariff in the CAISO EIM Filing.

a. Load Aggregation Points

As part of the stakeholder process, PacifiCorp assessed multiple alternatives to determine the appropriate LAP configuration for PacifiCorp's BAAs. When considering whether to implement multiple LAPs within each BAA, PacifiCorp considered its network model, Commission precedent, and the fact that load serving entities ("LSEs") within PacifiCorp's BAAs are largely not geographically or electrically contiguous. After this review, PacifiCorp determined that a just and reasonable approach for EIM implementation was to establish two LAPs -- one for each of its BAAs.⁴³

PacifiCorp's proposal to utilize a single LAP for each BAA simplifies the process of market participation for LSEs located in PacifiCorp's BAAs and allows PacifiCorp to gain experience as to the LMPs created by the EIM across PacifiCorp's Transmission System. Currently, PacifiCorp does not have historical data regarding LMPs.⁴⁴ The Commission has recognized the reasonableness of this approach.⁴⁵ In addition to this consideration, PacifiCorp's proposal recognizes that not all LSEs are directly metered by PacifiCorp's SCADA system. This presents difficulties in providing meter data for forecasting and pricing, without additional upgrades.⁴⁶ Multiple LAPs would potentially require a significant effort and investment in modifications to physical metering, meter data management systems, billing and settlement systems for charge sub-allocation, and business process to support and administer these systems. These investments would be required by both PacifiCorp and its customers, who would see

⁴³ Attachment T, Section 4.1.1.3(2).

⁴⁴ Multiple LAPs are justified when significant differences between regional LMPs are identified.

⁴⁵ *Cal. Indep. Sys. Operator Corp.*, 116 FERC ¶ 61,274 at P 62 (use of three LAP zones "provides a reasonable and simplified approach for introducing LMP pricing, while minimizing its impact on load"); *order on reh'g*, 119 FERC ¶ 61,076 (2007); *see also*, *PJM Interconnection L.L.C.*, 117 FERC ¶ 61,331 at P 68 (2006) and *Midwest Indep. Transmission Sys. Operator, Inc.* 109 FERC ¶ 61,157 at P 80 (2004). In Docket No ER06-614, the CAISO recently filed for waiver of the obligation to move beyond its four existing LAPs. The CAISO has found "there are not sufficient net benefits or stakeholder support to move forward with the disaggregation of the existing default load aggregation points," and "[t]he costs of changing the existing load aggregation point structure for both the [CA]ISO and the market participants appears to be large, especially in comparison to the potential benefits. CAISO February 7, 2014 filing at 7. The pleading can be found at: http://www.caiso.com/Documents/Feb7_2014_Motion-Waiver-DisaggregateDefaultLoadAggregationPointsER06-615_ER02-1656.pdf. The docket is pending.

⁴⁶ Some nodes in PacifiCorp's system serve more than one LSE and are not separately metered. In this case it is necessary for the CAISO to approximate the load going to each LSE through percentage factors to compute LAP forecasts and prices. These approximations are static factors, whereas the actual load percentages vary and can cause imbalances in charge allocations and settlements. In addition, there are a number of smaller load nodes (below 3 MW) that are not separately metered. These loads at these points are calculated after the fact and would be difficult to forecast and price on market timelines. As a result, attempting to map multiple LAPs to individual LSEs would add significant complexity which may not provide commensurate benefits or value.

significantly increased complexity in billing and settlements as well as load forecasting and monitoring.

In this context, PacifiCorp will consider additional LAPs after obtaining actual EIM operational data for a period of time, if significant differences between LMPs are identified. Notably, PacifiCorp can only change LAPs by means of a FPA Section 205 filing with the Commission. Thus, customers would have sufficient notice before any change would take effect.

b. Use of CAISO Load Forecast

PacifiCorp has elected to use the CAISO load forecast for both of its EIM Entities.⁴⁷ Under the CAISO's market design, an EIM Entity may elect to use either its own load forecast or a load forecast produced by the CAISO.⁴⁸ If the EIM Entity Scheduling Coordinator chooses to submit "EIM Base Schedules" using the CAISO load forecast, it can minimize exposure to charges for under- or over-scheduling. If an EIM Entity Scheduling Coordinator using the CAISO load forecast submits EIM Base Schedule forecasts within +/- 1% of the CAISO load forecast, the EIM Entity Scheduling Coordinator would not be exposed to under- or over-scheduling penalties.

Moreover, PacifiCorp understands that once an EIM Entity elects to use the CAISO load forecast, such forecast shall apply to all loads in the EIM Entity BAA for purposes of compiling the EIM Entity's balanced EIM Base Schedule upon which UIE will be assessed. However, as explained below, Transmission Customers with Non-Participating Resources or load will have their imbalances measured against the difference between their own individual Transmission Customer Base Schedules, which is comprised of Forecast Data, and their actual metered generation or load, as applicable.⁴⁹

⁴⁷ Attachment T, Section 4.1.1.3(3).

⁴⁸ The MO's load forecast will be based on historical data, applicable meteorological data, and the CAISO's State Estimator solution. It will be produced separately for each LAP and then aggregated for each BAA. PacifiCorp is proposing one LAP for each of its BAAs, which will result in one load forecast for each of its BAAs. The costs associated with the gathering and processing of required information to establish the load forecast will be recovered by the MO through its EIM Administrative Charge.

⁴⁹ For Transmission Customers with loads, resources, Interchange, or Intrachange (internal purchases or sales), PacifiCorp proposes to require Transmission Customers to submit forecasts for resources, Interchange, or Intrachange, as applicable, which balance to the customer's anticipated load, even though an explicit load forecast is not required. See Attachment T Section 4.2.4. As discussed in more detail in Section V.F of this filing letter, PacifiCorp believes it is necessary to require this information so that it has a cost-causation basis for allocating UIE to individual Transmission Customers and to ensure that the Forecast Data being supplied by a load customer takes into account the customer's plan to balance its own resources to its loads.

The election to use the CAISO load forecast is the preferred option because of the mitigation against exposure to over- and under-scheduling penalties, and the fact that there is no incremental cost to PacifiCorp or its customers. PacifiCorp notes that use of the CAISO load forecast also addresses certain concerns that were raised during the stakeholder process about the potential for one BAA to “lean” on the capacity of another. PacifiCorp will be required to submit EIM Base Schedules which match the load forecast set by the CAISO. Thus, PacifiCorp cannot separately understate its load obligation and lean on other parties’ resources.⁵⁰

c. Determination to Use Option to be Scheduling Coordinator Metered Entities

The PacifiCorp EIM Entity and all Transmission Customers with PacifiCorp EIM Participating Resources shall have the option to be either CAISO Metered Entities or Scheduling Coordinator Metered Entities⁵¹ in accordance with proposed Section 29.10 of the CAISO

⁵⁰ Obviously, there are a number of other factors and EIM design elements that prevent leaning by one BA on the resource capacity of another BA. First and foremost are the reliability obligations to maintain the appropriate load/generation balance, including appropriate reserve levels. Given the limitations on EIM Transfer capacity, both the CAISO and PacifiCorp must be prepared to meet these responsibilities separate and apart from each other. Second, through EIM implementation CAISO will have dispatch authority over PacifiCorp EIM Participating Resources in PacifiCorp’s BAAs so that the CAISO is not limited to CAISO-area resources to make adjustments in real-time. Third, the EIM design has under and over-scheduling load charges to promote good scheduling practices. Fourth, the CAISO also identifies Flexible Ramp Requirements and will restrict EIM Transfers if those requirements are not met. Fifth, as previously noted in this filing letter, the EIM will be subject to oversight by not only by the CAISO and PacifiCorp, but also by numerous other entities including the CAISO DMM, the CAISO Market Surveillance Committee, other stakeholders, and regulators.

⁵¹ Pursuant to the CAISO Tariff, a Scheduling Coordinator Metered Entity is “a Generator, Eligible Customer, End-User, or Proxy Demand Resource that is not a CAISO Metered Entity, an EIM Entity, or an EIM Participating Resource that elects to be a Scheduling Coordinator Metered Entity” and a CAISO Metered Entity is:

- (a) any one of the following entities that is directly connected to the CAISO Controlled Grid:
 - i. a Generator other than a Generator that sells all of its Energy (excluding any Station Power that is netted pursuant to Section 10.1.3) and Ancillary Services to the Utility Distribution Company or Small Utility Distribution Company in whose Service Area it is located;
 - ii. an MSS Operator; or
 - iii. a Utility Distribution Company or Small Utility Distribution Company; and
- (b) any one of the following entities:
 - i. a Participating Generator;
 - ii. a Participating TO in relation to its Tie Point Meters with other TOs or Balancing Authority Areas;
 - iii. a Participating Load;
 - iv. a Participating Intermittent Resource;
 - v. an EIM Participating Resource that has elected not to be a Scheduling Coordinator Metered Entity, with regard to the EIM Resources it specifies that it represents as a CAISO Metered Entity; or
 - vi. a utility that requests that Unaccounted For Energy for its Service Area be calculated separately, in relation to its meters at points of connection of its Service Area with the systems of other utilities.

Tariff.⁵² In addition, the PacifiCorp EIM Entity shall be a Scheduling Coordinator Metered Entity on behalf of all Transmission Customers with Non-Participating Resources in accordance with proposed Section 29.10 of the CAISO Tariff.⁵³ Accordingly, the PacifiCorp EIM Entity shall submit load, resource, and Interchange meter data to the MO in accordance with the MO Tariff's format and timeframes on behalf of Transmission Customers with Non-Participating Resources, loads, and Interchange.⁵⁴

PacifiCorp made this determination as a just and reasonable balance between PacifiCorp's responsibilities as a Balancing Authority and Transmission Provider to have information on the resources within its BAAs, and the CAISO's needs as the MO to have timely and accurate meter data for EIM settlements.

3. Transmission Customer Responsibilities⁵⁵

In Section 4.2 of Attachment T, PacifiCorp outlines the responsibilities of customers with respect to the EIM. These include providing: (1) initial registration data, including operational characteristics of generators; (2) updates to the initial registration data; (3) planned and forced outage information; and (4) Forecast Data. PacifiCorp submits these requirements are just and reasonable and necessary to facilitate operation of the EIM, which is, in and of itself, consistent with or superior to the *pro forma* OATT means of providing for imbalances. Because the EIM is the manner in which PacifiCorp will continue to provide the required imbalance services under Schedules 4 and 9 to all of its Transmission Customers, it is appropriate for all such customers to bear the responsibilities and duties set forth in Attachment T to facilitate the EIM.

Registration and outage information is necessary to comply with requirements established under proposed CAISO Tariff Sections 29.4(c)(4)(C) and (D) (registration) and 29.9 (outages). As a matter of Good Utility Practice and operation, many customers today already provide this type of information to PacifiCorp Grid Operations on their respective facilities and outages. These limited data requirements will enhance reliable operation of the EIM as the MO will have up-to-date and accurate information on resource capabilities and availability. In addition, the information should be readily available to customers and is not burdensome to produce. Outage data is necessary to ensure that the MO has accurate operational data to administer the EIM, to

⁵² Attachment T, Section 4.1.1.3(4).

⁵³ *Id.*

⁵⁴ Attachment T, Section 4.1.4.

⁵⁵ References to Transmission Customers throughout Attachment T are implicitly intended to refer to Interconnection Customers when, on a case-by-case basis, the PacifiCorp EIM Entity determines that the Interconnection Customer is the more appropriate party to satisfy certain requirements of Attachment T than any Transmission Customer, as set forth in Section 1 of Attachment T.

produce accurate and appropriate Dispatch Instructions, and to mitigate the potential for congestion and imbalance on PacifiCorp's Transmission System.

Forecast Data is necessary for the EIM to be able to properly model and account for expected load, generation, imports and exports during the Operating Hour. In addition, Forecast Data comprise the Transmission Customer Base Schedule that is used by the PacifiCorp EIM Entity as the baseline by which to measure Imbalance Energy for purposes of EIM settlement. Overall, the requirements are just and reasonable as they facilitate efficient implementation of the EIM in accordance with requirements established by the CAISO as the MO.

C. Eligibility to Participate

1. Application and Certification

The CAISO, as the MO, and PacifiCorp, as the EIM Entity for its BAAs, must have a consistent and complete understanding of which resources: (1) are eligible to participate; (2) have voluntarily elected to participate; (3) have met all the CAISO's certification requirements; and (4) have met PacifiCorp's application requirements. Stated another way, it is critical for the PacifiCorp EIM Entity to treat Transmission Customers with resources as either participating in the EIM (and thus settling imbalances directly with the CAISO) or not participating in the EIM (and thus settling imbalances under PacifiCorp's OATT Schedule 9 as a Non-Participating Resource).⁵⁶ To that end, Section 3.3 of PacifiCorp's Attachment T includes a two-phase set of requirements for the application and certification of PacifiCorp EIM Participating Resources.

Consistent with Section 3.3.1 of Attachment T, to become a PacifiCorp EIM Participating Resource, an applicant must submit a completed application and provide a deposit of \$1,500. The fee is necessary for PacifiCorp to recover its costs associated with processing the application, setting up the communications and billing accounts, and for evaluating and determining metering or telemetry requirements necessary for EIM participation. The PacifiCorp EIM Entity shall make a determination as to whether to accept or reject the application within 45 days of receipt of the application. At minimum, the PacifiCorp EIM Entity shall validate through the application that the PacifiCorp EIM Participating Resource applicant has satisfied Sections 3.1 and 3.2 of Attachment T, as applicable, and met minimum telemetry and metering requirements, as set forth in the PacifiCorp EIM BP. If the PacifiCorp EIM Entity approves the application, it will notify the PacifiCorp EIM Participating Resource applicant and the MO. If the PacifiCorp EIM Entity rejects the application, the PacifiCorp EIM Entity will

⁵⁶ Attachment T, Section 3.3.4 clarifies that, unless certified by the PacifiCorp EIM Entity as a PacifiCorp EIM Participating Resource, the resource shall be deemed to be a Non-Participating Resource.

notify the applicant and state the grounds for the rejection. Section 3.3.2 provides a mechanism for the applicant to cure the grounds for the rejection.

Consistent with Section 3.3.3 of Attachment T, certification of the PacifiCorp EIM Participating Resource occurs upon approval of the application and once the Transmission Customer demonstrates and the CAISO has confirmed that the Transmission Customer has done the following:

- Met the CAISO's criteria to become an EIM Participating Resource⁵⁷ and executed the CAISO's *pro forma* EIM Participating Resource Agreement;
- Qualified to become or retained the services of a CAISO-certified EIM Participating Resource Scheduling Coordinator;
- Met the necessary metering requirements of PacifiCorp's OATT and proposed Section 29.10 of the CAISO Tariff and the EIM Participating Resource Scheduling Coordinator has executed the CAISO's *pro forma* Meter Service Agreement for Scheduling Coordinators;
- Met communication and data requirements of PacifiCorp's OATT and proposed Section 29.6 of the CAISO Tariff; and
- Has the ability to receive and implement Dispatch Instructions every five minutes from the CAISO.

Section 3.3 of Attachment T also includes provisions regarding the treatment of resources pending certification and the ongoing obligation of Transmission Customers with a PacifiCorp EIM Participating Resource to inform the PacifiCorp EIM Entity of any changes to any information submitted as part of the application process.⁵⁸

2. Transmission Rights Required for EIM Participation

PacifiCorp's proposals for transmission requirements as set forth in Section 3 of Attachment T are the product of active stakeholder discussions and negotiations and were the most discussed and debated component of PacifiCorp's stakeholder process.

⁵⁷ See Section 29.4(d) of the CAISO's proposed CAISO Tariff revisions.

⁵⁸ Attachment T, Section 3.3.5.

a. Internal Resources

PacifiCorp's proposed EIM eligibility requirements for internal resources are set forth in Section 3 of Attachment T and include:

- Section 3.1: A resource located within the metered boundaries of PacifiCorp's BAAs is eligible to become a PacifiCorp EIM Participating Resource if the Transmission Customer associated with the resource has transmission rights based on one of the following: (1) the resource is a designated Network Resource of a Network Customer and the Network Customer elects to participate in the EIM through its NIT Service Agreement; or (2) the resource is associated with an Umbrella Service Agreement for Non-Firm PTP Service and such Transmission Customer elects to participate in the EIM.

Section 3.1 also clarifies that Network Customers electing to participate in the EIM through a NIT Service Agreement are subject to the billing determinants in Section 8.7.2.1 of Attachment T. Conversely, Network Customers electing to participate in the EIM through a Non-Firm PTP Service Agreement are subject to the billing determinants in Section 8.7.2.2 of Attachment T.

Originally, PacifiCorp proposed that during at least the first year of EIM operation, PacifiCorp would require all PacifiCorp EIM Participating Resources within its BAAs to be long-term firm transmission customers of PacifiCorp, which would include Long-Term Firm PTP Service or NIT Service. Through the stakeholder process, PacifiCorp received comments noting concern that the requirement of long-term transmission may be unduly discriminatory and preferential in favor of existing long-term customers. Stakeholders also observed that the requirement could discourage EIM participation.⁵⁹ After deliberative consideration of the comments it received, PacifiCorp adjusted its proposal to allow a third option for EIM participation. As set forth above, Attachment T, Section 3.1 provides an alternative for Transmission Customers, without long-term firm transmission service, to participate in EIM by utilizing Non-Firm PTP Service. Section 3.1 makes clear that Transmission Customers participating in EIM utilizing PTP Service must have an Umbrella Service Agreement for Non-Firm PTP Service, which ensures that PacifiCorp will have a transmission contract in place with the Transmission Customer to apply Non-Firm PTP Service charges (see further discussion

⁵⁹ In response to stakeholder comments, PacifiCorp originally explained that its proposal to require long-term firm transmission rights would allow participants in the West to take an important first step in developing markets like the EIM with room to expand after the first year of operation to increase participation. PacifiCorp noted its view that a cautious or conservative initial approach would be the optimal way to anchor the development of a new market in the West, even if it resulted in a slightly smaller pool of initial participating resources. PacifiCorp also consistently signaled a willingness to re-evaluate transmission requirements in a stakeholder process, similar to commitments the CAISO made to consider various alternatives for a long-term transmission EIM rate design.

below relating to transmission charges for Transmission Customers participating in EIM by utilizing PTP Service).

PacifiCorp's original proposal for Transmission Customers with NIT Service PacifiCorp would not assess an incremental transmission charge to Network Customers for EIM participation by designated Network Resources and that such resources would continue to be invoiced based on the Network Customer's Monthly Network Load. PacifiCorp proposed to revise Section 34.2 of the OATT to clarify that a Network Customer's Monthly Network Load would include output of designated Network Resources participating in EIM.⁶⁰ Stakeholders commented that PacifiCorp's proposal for Network Customers could discourage economically-efficient bidding during peak hours from Network Resources, when the economically-efficient bids of capacity could be most important for moderating LMPs. Stakeholders explained that by including EIM output in Monthly Network Load, the Network Customer could be discouraged from bidding incremental capacity (*i.e.*, capacity that is not already being used to meet a Network Customer's own load or used in EIM dispatch during hours extremely unlikely to be the system peak for fear that it will be dispatched for only one or a very few hours).

After careful consideration of this stakeholder comment, PacifiCorp resolved to modify its position. As currently reflected in Sections 3.1 and 8.7.2.1 of Attachment T, Network Customers have a choice for transmission service for EIM; they may elect to utilize NIT Service and continue to be billed for transmission based upon their Monthly Network Load, plus any output of designated Network Resources participating in EIM or they may elect to be charged for transmission associated with EIM dispatch instructions utilizing the same approach proposed for PTP Service, described above, in which case, the Network Customer is required to un-designate Network Resources to be bid into the EIM and, if dispatched, would pay the hourly Non-Firm PTP Service rate consistent with Section 8.7.2.2 of Attachment T. The election must be made at the time of the application and may not be changed more frequently than on a quarterly basis.⁶¹ See further discussion below relating to transmission charges for Transmission Customers participating in EIM by utilizing PTP Service or NIT Service.

In sum, the revised proposal allowing EIM participation through Non-Firm PTP Service appropriately addresses concerns raised by stakeholders on this issue and will open up the ability to participate in the EIM for resources that are not currently associated with long-term firm

⁶⁰ For example, at the time of the Transmission Provider's Monthly Transmission System Peak, if a Network Customer participating in EIM utilizing NIT Service has metered demand associated with its service to Network Load, as well as designated Network Resource output associated with an EIM Dispatch Instruction, the total demand inclusive of both activities will be used to determine the Network Customer's monthly network transmission charge.

⁶¹ Attachment T, Sections 3.1, 3.3.1, and 3.3.5(5).

transmission service agreements. PacifiCorp significantly expanded eligibility requirements to promote broad participation in the EIM. The option of Non-Firm PTP Service strikes a just and reasonable balance. It responds to concerns over “free ridership” and ensures that users of transmission in the EIM contribute to the costs of PacifiCorp’s Transmission System. It also responds to the concerns that a long-term firm requirement would unnecessarily restrict EIM participation and was inconsistent with the requirements of a balancing market. Additionally, the revisions to PacifiCorp’s proposal allowing Network Customers an option to participate in EIM by utilizing PTP Service or NIT Service satisfies stakeholder concerns and removes a potential disincentive for PacifiCorp EIM Participating Resources to submit economically-efficient bids during peak hours.

b. External Resources

PacifiCorp’s proposed EIM eligibility requirements for external resources are set forth in Section 3 of Attachment T and include:

- Section 3.2: A resource that is not physically located inside the metered boundaries of PacifiCorp’s BAAs is eligible to become a PacifiCorp EIM Participating Resource, if the Transmission Customer:
 - implements a Pseudo-Tie into a PacifiCorp BAA;
 - Has arranged firm transmission over any third-party transmission systems to a PacifiCorp BAA intertie boundary equal to the amount of energy that will be Dynamically Transferred through a Pseudo-Tie into PacifiCorp’s BAA; and
 - Has secured transmission service consistent with Section 3.1 of Attachment T.

For external resources, PacifiCorp originally proposed to allow only PacifiCorp’s Network Customers to dynamically transfer off-system resources into PacifiCorp’s BAAs through a Pseudo-Tie for purposes of serving designated Network Load and for participation in EIM, a proposal which was consistent with PacifiCorp’s existing practice. Through the stakeholder process, PacifiCorp received stakeholder comment noting concern that the proposal for participation in EIM by external resources was potentially overly restrictive and could limit market participation.

After consideration of comments pertaining to external resources, PacifiCorp adjusted its position. As reflected in currently proposed Attachment T, Section 3.2, any Transmission Customer with an external resource can Dynamically Transfer into one of PacifiCorp’s BAAs

through a Pseudo-Tie for purposes of participation in EIM.⁶² Consistent with general practice for Dynamic Transfers, the Transmission Customer must also arrange firm transmission over any third-party transmission systems. The Transmission Customer with the external resource must also secure transmission service with PacifiCorp consistent with the requirements for internal resources as reflected in Section 3.1 of Attachment T.

The revised approach appropriately addresses concerns raised by stakeholders and is consistent with Southwest Power Pool's ("SPP") Energy Imbalance Service market which required that external resources be pseudo-tied to participate.⁶³ Similar to the revised approach for internal transmission requirements, the revised approach for external resource participation will open up the ability to participate in EIM for external resources that are not currently or will be Network Customers of PacifiCorp. PacifiCorp clarified in its stakeholder process that it is requiring a Pseudo-Tie to participate in EIM consistent with its current practices. By electronically moving the resource from the external BAA to a PacifiCorp BAA, the resource will be treated in an equivalent manner with other internal resources. During the stakeholder process, PacifiCorp further clarified that it is willing to consider use of Dynamic Schedules in addition to Pseudo-Ties to transfer external resources into one of PacifiCorp's BAA as part of a future stakeholder process. Use of Pseudo-Ties, however, is consistent with Commission precedent and is a just and reasonable. Moreover, the preferred approach would be not to have "external" resources tag onto PacifiCorp's BAA but to expand EIM participation by encouraging other BAs to become EIM Entities.

3. EIM Transmission Charges

With regard to transmission charges for the EIM transmission requirements set forth in Section 3 of Attachment T, PacifiCorp will charge for transmission as described below. PacifiCorp's proposals for transmission charges as set forth in Section 8.7 of Attachment T are the product of active stakeholder discussions and negotiations during PacifiCorp's stakeholder process.

a. Participation in EIM Utilizing Point-to-Point Transmission Service

⁶² Under Attachment T, Section 3.2.2, Pseudo-Tie costs are to be allocated in a manner consistent with the treatment of Network Upgrades and Direct Assignment Facilities to facilitate a Pseudo-Tie into PacifiCorp's BAAs.

⁶³ *Southwest Power Pool*, 123 FERC ¶ 61,062 at P 24 (2008) ("[t]he Commission finds that SPP's choice of the pseudo-tie approach over dynamic scheduling is just and reasonable").

PacifiCorp's proposed transmission charges for Transmission Customers utilizing PTP Service for EIM participation are contained in Section 8.7.2.2 of Attachment T and include the following elements:

- PacifiCorp will not assess an incremental transmission charge for transmission use where the Transmission Customer with PacifiCorp EIM Participating Resources has existing PTP Service associated with the PacifiCorp EIM Participating Resource and any Dispatch Instruction does not exceed the Transmission Customer's Reserved Capacity;
- If a Transmission Customer participating in EIM utilizing PTP Service receives a Dispatch Instruction and the Dispatch Operating Point exceeds the Transmission Customer's Reserved Capacity, the Transmission Customer will be charged on an after-the-fact basis, at the hourly Non-Firm PTP Service rate in accordance with Schedule 8 of the OATT for any amount of the Dispatch Operating Point in excess of the Transmission Customer's Reserved Capacity;
- Transmission charges for a Transmission Customer participating in EIM utilizing PTP Service will be based upon the greatest positive Dispatch Operating Point for the PacifiCorp EIM Participating Resource received during the Operating Hour; and
- Schedule 11 of the OATT (Unauthorized Use) will apply to any amount of actual metered generation which is in excess of the greater of: (1) the output associated with a Dispatch Operating Point or a Manual Dispatch, or (2) the Transmission Customer's Reserved Capacity.

The above proposal is the product of revisions that PacifiCorp made to its proposal in response to stakeholder comment. The proposal set forth in PacifiCorp's January 16, 2014, published draft EIM OATT proposed to assess hourly Non-Firm PTP Service charges for EIM participation based on the absolute value of the greatest EIM Dispatch Instruction received during the Operating Hour, which would provide for transmission charges for both incremental and decremental EIM dispatch instructions. Also as part of the January 16, 2014, published draft EIM OATT, PacifiCorp explained that, in the assessment of hourly Non-Firm PTP Service charges for EIM, it would only consider a Transmission Customer's existing long-term firm transmission service reservations and would not consider or credit any existing short-term firm or non-firm reservations against resource output associated with EIM dispatch instructions. PacifiCorp's determination to limit the hourly non-firm charge option to an after-the-fact assessment was based on the administrative staff time that would be required to consider and credit existing short-term firm or non-firm reservations against resource output associated with EIM dispatch instructions.

PacifiCorp received significant additional stakeholder comment on this position; while stakeholders commended PacifiCorp for modifying its original proposal to allow for participation in EIM utilizing hourly Non-Firm PTP Service, stakeholders had two concerns with the revised draft:

- Stakeholders noted that the proposal could potentially restrict owners of Short-Term Firm or Non-Firm PTP Service from using unused portions of those rights to facilitate EIM participation. Stakeholders commented that this could create a new right or benefit for long-term firm transmission customers that would not also be provided to other transmission rights holders. Stakeholders requested that PacifiCorp modify its proposal to allow any category of unused transmission capacity to facilitate EIM participation; and
- Stakeholders commented that charging customers for EIM transmission based on the absolute value of the greatest EIM Dispatch Instruction received during the Operating Hour could permit PacifiCorp to overcollect transmission revenues. Stakeholders requested that decremental dispatch should not be charged for “transmission use” because doing so could result in an overcollection of transmission revenues by PacifiCorp from Transmission Customers who may have to pay for transmission service twice: once for their traditional rights (even if they are not used in real time) and again, on an after-the-fact basis, to facilitate EIM participation.

In light of these comments and after additional internal consideration, PacifiCorp resolved to modify its proposal as currently reflected in Section 8.7.2.2 of Attachment T. These provisions reflect PacifiCorp’s decision to not charge transmission for decremental EIM Dispatch Instructions and to consider a Transmission Customer’s existing reservations for *any* PTP Service in the assessment of transmission charges for EIM. In addition, use of the Dispatch Operating Point as the measure for EIM transmission charges is appropriate as this is the amount the resource is supposed to be contributing to meet system demands. Any difference from this instruction will be considered to be imbalance and settled accordingly.

For example, assume a Transmission Customer with a PacifiCorp EIM Participating Resource has purchased 200 MW of short-term firm transmission service to export the resource off system prior to the Operating Hour but has also submitted a decremental bid to the EIM for -100 MW. Further assume that the PacifiCorp EIM Participating Resource is awarded the bid and decrements its resource by 100 MW in response to receiving a Dispatch Operating Point. Under these circumstances, PacifiCorp will not charge the customer for any additional transmission at the hourly non-firm rate because the customer received a Dispatch Operating Point to decrease

generation. Alternatively, if under the same facts the Transmission Customer offered an incremental bid to the EIM of +100 MW and the PacifiCorp EIM Participating Resource was awarded the bid and increased its generation by 100 MW in response to receiving a Dispatch Operating Point for a total of 300 MW output, PacifiCorp will charge the customer for 100 MW of additional transmission at the hourly non-firm rate because the customer received an incremental EIM Dispatch Instruction and the customer's existing transmission reservations did not cover the output associated with the EIM Dispatch Instruction. In sum, PacifiCorp will not charge for transmission use related to the EIM where the Transmission Customer with PacifiCorp EIM Participating Resources has existing PTP Service and any EIM Dispatch Instruction does not exceed the Transmission Customer's total Reserved Capacity.

Section 8.7.2.2 also clarifies that unauthorized use charges will not apply to resource output associated with an EIM Dispatch Instruction.⁶⁴ Unauthorized use charges apply only if the customer's actual resource output exceeds the greater of its existing transmission service reservations or output associated with EIM Dispatch Instructions.

PacifiCorp's approach for EIM PTP Service charges is just and reasonable. PacifiCorp has addressed important concerns raised by stakeholders. At the same time, PacifiCorp has sought to maintain a balance between those who have sought even lower or sub-hourly transmission charges and other non-participating Transmission Customers who have an economic interest in ensuring that those who are benefiting from EIM sales make a contribution to the transmission system supporting those sales. Transmission Customers with PacifiCorp EIM Participating Resources will only pay transmission charges when their resource is dispatched to increase supply in the EIM at the hourly non-firm rate, which is an appropriate, just, and reasonable proposal.

b. Participation in EIM Utilizing Network Integration Transmission Service

PacifiCorp's proposed transmission charges for Transmission Customers utilizing NIT Service for EIM participation are contained in Section 8.7.2.1 of Attachment T and include the following elements:

- As currently reflected in Section 8.7.2.1 of Attachment T and as explained above, Network Customers have a choice for transmission service for EIM; they may elect to utilize NIT Service and continue to be billed for transmission based upon their Monthly Network Load, or they may elect to be charged for transmission

⁶⁴ Attachment T, Section 8.7.2.2.

associated with EIM Dispatch Instructions utilizing the same approach proposed for PTP Service, described above;

- PacifiCorp will not assess an incremental transmission charge to Network Customers for EIM participation by designated Network Resources which will continue to be invoiced based on the Network Customer's Monthly Network Load; and
- PacifiCorp has proposed to revise Section 34.2 of the OATT to clarify that a Network Customer's Monthly Network Load will include any output of designated Network Resources participating in EIM based upon the greatest positive Dispatch Operating Point received during the Operating Hour.

Consistent with modifications that PacifiCorp made to its proposals for transmission charges for EIM participation utilizing PTP Service, PacifiCorp will only apply NIT Service charges to output of designated Network Resources participating in EIM based upon the greatest *positive* Dispatch Operating Point received during the Operating Hour (consistent with PacifiCorp's revised proposal to not charge transmission for decremental EIM Dispatch Instructions).

c. Reciprocity for EIM Transfers

PacifiCorp supports the CAISO's proposal not to impose an incremental charge for EIM use of transmission (defined as "EIM Transfers" in PacifiCorp's OATT) between EIM Entities and between EIM Entities and the CAISO, where each EIM Entity brings transmission rights to facilitate the EIM.⁶⁵ This reflects reciprocity among the CAISO and EIM Entities by mutually waiving transmission charges between these BAAs for the optimized energy dispatches that EIM produces. As explained in preceding sections, transmission in the EIM is not free – transmission requirements apply in the source BAA where the load or generation is located. The existing transmission rates of the CAISO and EIM Entities fully recover their transmission revenue requirements from existing transmission customers. As a result, transmission revenue recovery will be fully compensated by existing transmission rates and reciprocity for transmission charges should be permitted for EIM Transfers. Reciprocity for transmission charges should be permitted for EIM Transfers and avoids an additional transmission rate pancake for loads or resources that have already paid for transmission in the EIM.

Through their respective stakeholder processes, PacifiCorp and the CAISO committed to re-evaluate their respective transmission proposals after one year of EIM operations, during

⁶⁵ See CAISO EIM Filing at 4.

which time data would be gathered and analyzed. Among the potential considerations to be re-evaluated, PacifiCorp and the CAISO indicated that a transmission access charge (“TAC”) alternative could potentially be established if justified by EIM operational data and depending on potential impacts from the entry of new EIM Entities. Any re-evaluation effort would need to take into account the timing of expected entry of new EIM Entities. PacifiCorp noted that if a TAC were established through this process, the TAC could replace or require modification of PacifiCorp’s proposed requirements for purchasing transmission rights within its own BAAs, including the requirement for long-term firm transmission service.

d. Treatment of EIM Transmission Revenues

The following section addresses how transmission revenues collected from PacifiCorp EIM Participating Resources will be incorporated into PacifiCorp’s transmission rate recovery and how the revenues address EIM free ridership. This section also addresses how PacifiCorp’s existing transmission rate mechanism will provide certainty to PacifiCorp EIM Participating Resources which will be able to estimate EIM-related transmission charges as part of their overall bid structure.

PacifiCorp’s existing transmission charges are based on a forward-looking formula rate.⁶⁶ The formula rate allows PacifiCorp to annually update and forecast the net revenue requirement for each June 1 to May 31 rate year. A true-up between the forecasted and actual net revenue requirement is calculated annually for the preceding calendar year and applied as a refund or surcharge to long-term firm Transmission Customers.⁶⁷ PacifiCorp posts its formula rate annual update, true-up information and information about current transmission rates to its OASIS website, which is publicly available.

As a result, existing, non-participating Transmission Customers will benefit from the EIM. In addition to the reliability benefits discussed previously, these customers will see lower overall transmission charges due to: (1) a credit for Non-Firm PTP Service for EIM that will be applied annually through the formula rate; or (2) an increase in the transmission cost allocations to participating Network Customers because the output of designated Network Resources associated with EIM Dispatch Instructions will be added to the customer’s Monthly Network Load.⁶⁸ As a result, by virtue of the formula rate, PacifiCorp will not over-recover its

⁶⁶ See May 23, 2013 letter order in Docket No. ER11-3643, 143 FERC ¶ 61,162.

⁶⁷ See *PacifiCorp*, Attachment E, Prepared Direct Testimony of Alan C. Heintz, Docket No. ER11-3643 at P. 5, Ins. 6-10 (May 25, 2011).

⁶⁸ “Network customers are assessed the monthly rate times their monthly network load.” *Id.* at P 22, Ins.12-13.

transmission revenue requirement. Instead, the credits and revised allocations will benefit existing customers in the form of overall transmission charge reductions.

Because of the formula rate mechanism and publicly available information about PacifiCorp's current transmission rates, Transmission Customers participating in EIM by utilizing PTP Service or NIT Service will have certainty with respect to transmission charges as they are easily identified and discernible. Transmission Customers participating in EIM by utilizing PTP Service or NIT Service will design bid ranges for PacifiCorp EIM Participating Resources assuming that PacifiCorp will apply current transmission rates to the greatest positive Dispatch Operating Point received during the Operating Hour for any megawatts offered to the EIM within the positive range of the bid offer.

D. Transmission Operations

1. Availability of Transmission for EIM

a. EIM Transfers Over the Interties

An EIM Transfer is defined in PacifiCorp's current tariff proposal as follows:

The transfer of real-time energy resulting from an EIM Dispatch Instruction: (1) between PacifiCorp's BAAs; (2) between a PacifiCorp BAA and the CAISO BAA; (3) between a PacifiCorp BAA and an EIM Entity BAA; or (4) between the CAISO BAA and an EIM Entity BAA using transmission capacity available in the EIM.⁶⁹

Currently, PacifiCorp does not have any unsubscribed, available transmission capacity ("ATC") between PACE and PACW or between PACW and the CAISO BAA for EIM Transfers. To facilitate EIM Transfers, PacifiCorp will utilize firm transmission rights voluntarily offered by a PacifiCorp Interchange Rights Holder, which is a Transmission Customer of PacifiCorp who has informed the PacifiCorp EIM Entity that it is electing to make its reserved firm transmission capacity available for EIM Transfers.⁷⁰ In addition, PacifiCorp proposes not to separately compensate or credit a PacifiCorp Interchange Rights Holder for amounts of transmission capacity made available for EIM Transfers.⁷¹ A PacifiCorp Interchange

⁶⁹ Section 1.11H.

⁷⁰ Section 1.30H.

⁷¹ Attachment T, Section 5.2.

Rights Holder voluntarily elects to make its reserved firm transmission capacity available for EIM Transfers, which would include capacity for EIM dispatches for any EIM Participating Resource.

PacifiCorp is not proposing to require any Transmission Customers to make any transmission rights available for EIM. At this time, PacifiCorp Energy is the only Transmission Customer who has stated it will offer firm transmission rights to be used for EIM Transfers. PacifiCorp Energy is a Transmission Customer and the marketing function division of PacifiCorp. The proposed approach is just and reasonable based on the lack of ATC between PacifiCorp BAAs and between PacifiCorp and the CAISO BAA, as well as the presence of other Transmission Customers, transmission owners or operators for these transmission facilities which need assurance that their transmission rights are not being utilized for EIM Transfers. Indeed, Section 5.2 of Attachment T of PacifiCorp's OATT states unequivocally, "[t]he amount made available for EIM Transfers shall never exceed the PacifiCorp Interchange Rights Holder's transmission rights."⁷²

This approach will be used on the COI between PACW and the CAISO's BAA and between PACW and PACE on the dynamic overlay over Idaho Power Company's transmission system and is a method for ensuring that EIM Transfers will be limited to the transmission rights of PacifiCorp's Transmission Customers. This feature is important for EIM Transfers over transmission facilities owned or operated by entities other than PacifiCorp and provides operational transparency. In addition, a dynamic e-Tag will be used to implement EIM Transfers. The e-Tag will be submitted in the preschedule window during which e-Tag curtailments may take place. The e-Tag will have the same curtailment priority as the underlying firm transmission service reservation.⁷³ If a derate or other operational issue necessitates transmission schedule curtailments, the Transmission Provider will curtail the e-Tag being used to facilitate EIM along with other e-Tags using firm transmission rights at the same *pro rata* curtailment priority.

PacifiCorp's proposal to utilize firm transmission rights for EIM Transfers provides a mechanism to ensure that the transmission rights of other Transmission Customers for these transmission facilities are not utilized and usage can be curtailed through the e-Tag. PacifiCorp's proposed approach is just and reasonable based on the limitations on ATC between PacifiCorp BAAs and between PacifiCorp and CAISO BAA. The specific operational procedures that will be used to facilitate this election will be defined by the PacifiCorp EIM BP.

⁷² The Commission has previously recognized that the, "CAISO system will respect the internal and intertie transmission constraints, including established internal and intertie path ratings." *Cal. Indep. Sys. Operator Corp.*, 119 FERC ¶ 61,076 at P 183 (2007).

⁷³ See revision to Section 13.6 of PacifiCorp's OATT.

b. Real-Time EIM Flows Internal to PacifiCorp's BAAs

EIM Transfers within PACE or PACW associated with EIM Dispatch Instructions will be controlled and managed by the CAISO's EIM SCED model, which has real-time and future visibility of PacifiCorp's Transmission System, including as-available transmission capacity for EIM dispatch within PacifiCorp's BAAs. In addition, in its role as the BA for PACE and PACW, PacifiCorp retains ultimate responsibility to control and manage the Transmission System within reliability and system operating limits. Unlike between PACE and PACW or between PACW and the CAISO BAA for EIM Transfers, EIM transfers within PACE or PACW will not be e-Tagged.

Today, PacifiCorp manages imbalances and congestion within its BAAs by redispatch of its own resources and will also manage congestion through transmission curtailments, although transmission curtailments do not always result in generation curtailments which effectively relieve constraints.⁷⁴ EIM will change the manner in which these operations are performed by PacifiCorp; the EIM improves efficiency by expanding the universe of resources responding to imbalances and congestion management beyond its own resources to include those voluntarily participating in the EIM, including potential third-party PacifiCorp EIM Participating Resources.⁷⁵ In addition, the CAISO's models, sophisticated dispatch algorithms, and automated five-minute dispatch all improve PacifiCorp's current methods for least-cost dispatch.

With EIM implementation, PacifiCorp will continue to do what it does today to maintain balance of its Transmission System, but will have an additional tool to manage Transmission System congestion. The real-time dispatch functionality of the EIM SCED model provides PacifiCorp with an additional tool over what is available to PacifiCorp today to effectively relieve constraints before the need to rely on transmission curtailments. In this manner, the EIM will help PacifiCorp avoid the need to curtail transmission rights of customers and can be viewed as an improvement over how it manages congestion today.

In the EIM, PacifiCorp EIM Participating Resources are dispatched by the MO using the CAISO's SCED model to optimize the transmission system and relieve constraints. The SCED model will have real-time data on PacifiCorp's Transmission System, including real-time information for transmission constraints or congestion.⁷⁶ A benefit of SCED is that it will mitigate congestion on the transmission system. This is due to SCED's incorporation of future

⁷⁴ Attachment E, Testimony of Sarah Edmonds at 27.

⁷⁵ *Id.*

⁷⁶ Attachment T, Sections 5.1 and 5.2.

transmission constraints and system configurations. Importantly for transmission availability over PacifiCorp's Transmission System internal to its BAAs, the SCED model will not order an EIM dispatch over an internal transmission path that is constrained or congested either prior to the Operating Hour based upon forecast information or in real-time.⁷⁷ The EIM design avoids any such occurrences through the incorporation of future transmission constraints and system configurations in the SCED model and, during real-time, through the refreshing of real-time transmission information for every five-minute interval. Real-time EIM flows within PacifiCorp's BAAs will not be e-Tagged and, therefore, cannot be curtailed using traditional e-Tag curtailment methods, however, the SCED model will prevent EIM dispatch over transmission paths that are already fully scheduled up to the total transfer capability of the transmission facility.

For these reasons, PacifiCorp's proposal to use as-available transmission for EIM dispatch within PACE and PACW is appropriate, just and reasonable, and will not result in the diminution of the existing transmission rights of Transmission Customers. Transmission Customers who have reserved service will receive the same service they receive today.⁷⁸

E. EIM Operations

Section 6 of Attachment T (System Operations Under Normal And Emergency Conditions) is intended to ensure that operation of the EIM remains consistent with PacifiCorp's reliability responsibilities as a BA. Participation in the EIM does not modify, change, or otherwise alter the manner in which the participants comply with the applicable NERC and WECC reliability standards.⁷⁹ The PacifiCorp EIM Entity remains responsible for: (1) maintaining appropriate operating reserves and for its obligations pursuant to any reserve sharing group agreements; (2) NERC and WECC responsibilities; (3) processing e-Tags and managing schedule curtailments at the interties; and (4) monitoring and managing real-time flows within system operating limits on all transmission facilities within PacifiCorp's BAAs, including facilities of PacifiCorp BAA Transmission Owners. Section 6.2 requires that the PacifiCorp EIM Entity, Transmission Customers with Non-Participating Resources, and Transmission Customers with PacifiCorp EIM Participating Resources comply with Good Utility Practice.

PacifiCorp will remain responsible for real-time flow management and mitigation, including coordinated unscheduled flow mitigation consistent with procedures of the WECC.

⁷⁷ See proposed Section 29.17(d) of the CAISO Tariff.

⁷⁸ Attachment E, Testimony of Sarah Edmonds at 27.

⁷⁹ Attachment T, Section 6.1.

All Interchange between PACE, PACW, and other BAA's will continue to be scheduled, which will allow for operational curtailments. The EIM SCED will also be continually monitoring transmission, and will have the ability either automatically or with Manual Dispatch adjustments by PacifiCorp Grid Operations to re-dispatch generation across the EIM footprint to counter loop flow.⁸⁰ In that respect, PacifiCorp is gaining an additional tool through EIM SCED that will be useful to mitigate unscheduled flow, without losing any of its existing capabilities or responsibilities. PacifiCorp's current system operations and the performance of PacifiCorp's BAA responsibilities adequately ensure that reliability considerations associated with loop flow are addressed; EIM SCED enhances PacifiCorp's ability to manage its Transmission System. In addition, PacifiCorp will populate e-Tags used for EIM Transfers to include an estimated amount of energy for the energy profile of the e-Tag, which is necessary to be compatible with unscheduled flow mitigation procedures. Furthermore, PacifiCorp understands that the WECC is in the process of developing an enhanced curtailment calculator tool for BAAs in WECC that is intended to address loop flow considerations and that this tool is scheduled to be complete sometime in 2015. Given the ongoing work related to this issue in WECC, PacifiCorp is willing to include this issue among those that PacifiCorp has committed to re-evaluate as part of a future stakeholder process.

As described above, there may be times when PacifiCorp Grid Operations will use Manual Dispatch to resolve congestion or other system conditions. This could occur for instance during times when the EIM cannot effectively relieve congestion or other system conditions with output offered by PacifiCorp EIM Participating Resources. In such cases, PacifiCorp will rely upon Manual Dispatch, which is consistent with its BAA responsibilities today. PacifiCorp's current practice to relieve congestion of other system conditions includes redispatch of Network Resources owned by or contracted to PacifiCorp Energy.⁸¹ Use of the new defined term Manual Dispatch in the OATT is intended to reflect PacifiCorp's existing authority under its OATT to require Network Customers to redispatch Network Resources on a least cost, non-discriminatory basis to relieve a transmission constraint or maintain system stability.

Although the OATT permits PacifiCorp to request reliability redispatch from any Network Customer's Network Resource, PacifiCorp's practice has been to limit such directives to Network Resources of PacifiCorp Energy, except in very limited cases when PacifiCorp Grid Operations must request generation curtailment from a third-party generator because only that generator can effectively relieve the constraint.⁸² PacifiCorp has established this operational practice because of the additional contractual and compliance requirements associated with

⁸⁰ Attachment T, Section 6.3.2.

⁸¹ Attachment E, Testimony of Sarah Edmonds at 27.

⁸² *Id.* at 26.

redispatch of third-party Network Resources.⁸³ PacifiCorp plans to continue this practice for Manual Dispatch after EIM implementation but has clarified in the stakeholder process that it reserves the right to revisit this practice, in which case PacifiCorp would seek to implement Network Operating Agreements with Network Customers with whom PacifiCorp would implement reliability redispatch procedures consistent with FERC requirements.⁸⁴

F. EIM Settlements

In developing the proposed sub-allocation of EIM-related payments and charges from the CAISO to the PacifiCorp EIM Entity, PacifiCorp has applied the Commission’s primary cost-causation principle – that customers should be fairly allocated costs for which they are responsible or which are incurred for their benefit.⁸⁵ To achieve this objective, PacifiCorp utilizes four types of sub-allocations: (1) direct assignment; (2) assignment only to the PacifiCorp EIM Entity (and therefore no sub-allocation to Transmission Customers); (3) Metered Demand (metered load volumes, including losses pursuant to Schedule 10, in PacifiCorp’s BAAs); and (4) Measured Demand (Metered Demand plus e-Tagged export volumes from PacifiCorp’s BAAs, including losses pursuant to Schedule 10 and excluding Dynamic Schedules that support EIM Transfers). Because the EIM is the manner in which PacifiCorp will continue to provide the required imbalance services under Schedules 4 and 9 to all of its Transmission Customers, it is appropriate for all such customers to bear the settlement responsibilities set forth in Attachment T.

In the following sections, PacifiCorp will discuss the proposed sub-allocation for the different CAISO charges and payments.

1. Revisions to OATT Schedules

a. Schedule 1

In Order No. 888, the Commission adopted Schedule 1, Scheduling, System Control, and Dispatch Service, to recover costs incurred by the transmission provider for BA responsibilities for scheduling of transmission service and for the dispatch of generating resources to maintain

⁸³ *Id.*

⁸⁴ *Id.* at 26-27.

⁸⁵ *NV Energy, Inc. v. FERC*, 968 F.2d 1295, 1300 (D.C. Cir. 1992); *see also Pac. Elec. Co. v. FERC*, 11 F.3d 207, 211 (D.C. Cir. 1993) (“Utility customers should normally be charged rates that fairly track the costs for which they are responsible.”); *Cal. Indep. Sys. Operator Corp.*, 108 FERC ¶ 61,022 at P 62; *order on reh’g*, 109 FERC ¶ 61,097 (2004) (citation omitted) (“As a general matter, the Commission believes that the entities that cause costs should pay for such costs.”); *Fla. Power & Light Co.*, 98 FERC ¶ 61,326 at P 79 (2002) (“Basic principles of equity and cost causation require the party that causes costs to be responsible for such costs.”).

generation/load balance and maintain security.⁸⁶ The Commission required all Transmission Customers to bear a proportionate share of these costs.⁸⁷

Under the EIM, PacifiCorp and its Transmission Customers will benefit from the CAISO's security-constrained least-cost dispatch model. As noted in the benefits section, the EIM promotes reliability by increasing the situational awareness and responsiveness of the system operators. Transmission Customers also benefit from the expanded pool of resources to meet imbalances. The Commission and the Courts have recognized that these benefits support imposition of Schedule 1 costs to all customers.⁸⁸ Accordingly, PacifiCorp has revised Schedule 1 to clarify that administrative charges imposed by the CAISO to the PacifiCorp EIM Entity under proposed Section 29(11)(i) for the EIM Administrative Charge⁸⁹ and for any other administrative fees under Sections 4.5.1.1.4,⁹⁰ 4.5.1.3⁹¹ and 11.22.8⁹² can be included in PacifiCorp's annual Schedule 1 charge. As with all of the CAISO administrative charges discussed in these sections, the amount of the charges and the CAISO's allocation to the PacifiCorp EIM Entity will have been approved by the Commission in its review of the CAISO Tariff. In addition, the proposed sub-allocation of EIM-related administrative fees using Schedule 1 is consistent with the manner in which PacifiCorp currently recovers Scheduling

⁸⁶ *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, FERC Stats. & Regs. ¶ 31,036 at 31,703-06 (1996), *order on reh'g*, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048 at 30,227, *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002).

⁸⁷ Order No. 888 FERC Stats. & Regs. ¶ 31,036 at 31,703.

⁸⁸ *See Midwest ISO Transmission Owners v. FERC*, 373 F.3d 1361 (2004) ("In this sense, MISO is somewhat like the federal court system. It costs a considerable amount to set up and maintain a court system, and these costs — the costs of *having* a court system — are borne by the taxpayers, even though the vast majority of them will have no contact with that system (will not *use* that system) in any given year. The public nevertheless benefits from *having* a system for the prompt adjudication of criminal offenses and the orderly resolution of civil disputes. Litigants bear some of the costs of *using* this system through the payment of filing fees and court costs. They, like utilities transmitting power under the MISO open access tariff who pay according to Schedule 1, are paying for the specific benefit of *using* the court system").

⁸⁹ Under proposed Section 29.11(i), the CAISO will charge EIM Market Participants a fixed EIM Administrative Charge rate of \$0.19/MWh, applied as specified in proposed Section 29.11(i)(2) and (3). Pursuant to this provision, the CAISO will allocate the EIM Administrative Charge to both the PacifiCorp EIM Entity and any PacifiCorp EIM Participating Resources. As a result, a certain portion of the EIM Administrative Charge will be directly assigned to and paid by EIM Participating Resources.

⁹⁰ The CAISO charges a \$5,000 Scheduling Coordinator application fee.

⁹¹ A Scheduling Coordinator applicant is granted one Scheduling Coordinator ID Code with its application fee. The CAISO charges a \$500/month fee for each additional Scheduling Coordinator Identification Code.

⁹² The CAISO's Scheduling Coordinator ID Charge for each Scheduling Coordinator is \$1,000.00 per month, per Scheduling Coordinator ID Code for any Trading Month in which the Scheduling Coordinator has market activity.

Coordinator costs for service into CAISO provided pursuant to its OATT Attachment S, Provisions Related to Transmission Service Between Malin and Round Mountain.

The administrative costs to be recovered under Schedule 1 do not include the implementation payments from PacifiCorp to the CAISO under the IA or the additional costs proposed in the amendment to the IA for the CAISO's costs in establishing the EIM. PacifiCorp proposes that these implementation costs will be booked to FERC Account No. 303, intangible assets. In PacifiCorp's transmission formula rate's calculation of plant, intangible assets are allocated using the 'Wage and Salary' allocator (*See* OATT Attachment H-1).

b. Revisions to Schedule 4

Under the EIM, PacifiCorp and its Transmission Customers will benefit from the expansion of the CAISO's SCED model. The EIM promotes reliability by increasing the situational awareness and responsiveness of the system operators across both systems. Transmission Customers will also benefit from the expanded pool of resources to meet imbalances. EIM is the manner in which PacifiCorp will continue to offer required Schedule 4 imbalance service to all Transmission Customers serving load within PacifiCorp's BAAs, it is appropriate for all such customers to bear the responsibilities and cost allocations set forth in Schedule 4 to facilitate the EIM. Currently, PacifiCorp charges for energy imbalance service to loads under OATT Schedule 4 based on an Hourly Pricing Proxy ("HPP") derived from the average price for each hour of the delivered energy price at the California-Oregon Border, Four Corners, Mid-Columbia, and Palo Verde. Under the EIM, PacifiCorp will settle energy imbalances using LMPs determined by the CAISO aggregated at the LAP level. The Commission has found use of LMPs to be just and reasonable as "a pricing system that provides a transparent price signal reflecting the marginal cost to supply energy at specific locations" and "that LMP market designs promote efficient use of the transmission grid, promote use of lowest-cost generation, provide for transparent price signals, and enable transmission grid operators to operate the grid more reliably."⁹³

A Transmission Customer shall be charged or paid for Energy Imbalance Service measured as the deviation of the Transmission Customer's metered load from the load component of the Transmission Customer Base Schedule (as determined pursuant to Section 4.2.4.3 of Attachment T) settled at the UIE price as determined by the MO under proposed Section 29.11(b)(3)(C) of the CAISO Tariff for the period of the deviation at the applicable LAP where the load is located.

⁹³ *Cal. Indep. Sys. Operator Corp.*, 116 FERC ¶ 61,274 at PP 62 and 64 (2006); *order on reh'g*, 119 FERC ¶ 61,076 (2007).

A Transmission Customer serving load outside of PacifiCorp's BAAs utilizing PTP Service shall be subject to Energy Imbalance Service when a difference occurs between the resource component of the Transmission Customer Base Schedule compared to the Interchange component of the Transmission Customer Base Schedule, which has the effect of creating an imbalance within PacifiCorp's BAAs necessitating Energy Imbalance Service. Transmission Customers will be charged or paid for Energy Imbalance Service measured as the deviation of the resource component of the Transmission Customer Base Schedule compared to the Interchange component of the Transmission Customer Base Schedule settled at the UIE price determined by the MO for the period of the deviation at the applicable LAP.

EIM pricing for LMPs contains a marginal loss component reflecting only marginal losses calculated by the CAISO at 115 kV. To ensure that Real Power Losses are settled at the loss factors and voltage levels set forth in Schedule 10 of PacifiCorp's OATT, PacifiCorp will adjust LMPs to remove CAISO-calculated losses which shall be replaced by a loss calculation performed by PacifiCorp using Schedule 10 loss factors and which shall be priced utilizing the HPP. As a result, PacifiCorp will settle losses with its Transmission Customers separately from imbalance pricing established through the EIM and will not sub-allocate UFE allocated to PacifiCorp's BAAs by the CAISO, which is primarily made up of energy losses. In addition, for both Schedules 4 and 9, PacifiCorp has proposed to remove the penalty tiers.⁹⁴

c. Revisions to Schedule 9

Under the EIM, PacifiCorp and its Transmission Customers will benefit from the expansion of the CAISO's SCED model. The EIM promotes reliability by increasing the situational awareness and responsiveness of the system operators across both systems. Transmission Customers will also benefit from the expanded pool of resources to meet imbalances. EIM is the manner in which PacifiCorp will continue to offer required Schedule 9 imbalance service to all Transmission Customers with generation in PacifiCorp's BAAs, it is appropriate for all such customers to bear the responsibilities and cost allocations set forth in Schedule 9 to facilitate the EIM. Imbalances for PacifiCorp EIM Participating Resources will be settled directly with the CAISO. Revised Schedule 9 expressly provides that it applies to resources that are not PacifiCorp EIM Participating Resources, as Generator Imbalance Service is provided when a difference occurs between the output of such generators located in PacifiCorp's BAAs and the resource component of the Transmission Customer Base Schedule from that generator to (1) another BAA or (2) a load within PacifiCorp's BAA.

Generator Imbalance Service will apply under the following circumstances:

⁹⁴ The current OATT uses deviation bands of: (1) +/- 1.5 percent; (2) +/- 1.5 percent up to 7.5 percent; and (3) greater than +/- 7.5 percent.

- There is a deviation between the Transmission Customer's metered generation from the resource component of the Transmission Customer Base Schedule. This imbalance will be settled at the UIE price as determined by the MO under proposed Section 29.11(b)(3)(B) of the MO Tariff for the period of the deviation at the applicable PNode where the generator is located, less the price component for marginal losses. This provision does not apply to Transmission Customers which have received a Manual Dispatch or which have communicated physical changes in the output from resources to the MO.

For Transmission Customers which have received a Manual Dispatch or which have communicated physical changes in the output from resources to the MO, Generator Imbalance Service will apply under the following circumstances:

- There is a deviation between the Transmission Customer's metered generation from the Manual Dispatch amount or from the amount of physical changes in the output from resources communicated to the MO prior to the 15-Minute Market ("FMM"). This imbalance will be settled at the UIE price, as determined by the MO under proposed Section 29.11(b)(3)(B) of the MO Tariff for the period of the deviation at the applicable PNode where the generator is located, less the price component for marginal losses; and
- There is a deviation of the resource component of the Transmission Customer Base Schedule from the Manual Dispatch amount or from the amount of physical changes in the output from resources communicated to the MO prior to the FMM. This imbalance will be settled at the FMM IIE price, as determined by the MO under Section 29.11(b)(1)(A)(ii) of the MO Tariff for the period of the deviation at the applicable PNode where the generator is located, less the price component for marginal losses; or
- There deviation of the resource component of the Transmission Customer Base Schedule from the Manual Dispatch amount. This imbalance will be settled at the Real-Time Dispatch ("RTD") IIE price, as determined by the MO under Section 29.11(b)(2)(A)(ii) of the MO Tariff for the period of the deviation at the applicable PNode where the generator is located, less the price component for marginal losses. This settlement provision only applies to Transmission Customers which have received a Manual Dispatch.

d. Interaction Between Schedules 4 and 9

Under Schedules 4 and 9 of PacifiCorp's current OATT, PacifiCorp may charge a Transmission Customer a penalty for either: (1) hourly energy imbalances under Schedule 4 or (2) generator imbalances under Schedule 9 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other. Because the EIM directly charges or compensates load and generation at the applicable LMP or LAP, there is no need for protection against the potential double charging for imbalances that mitigate each other that the current language in Schedule 4 and Schedule 9 is designed to protect against. This is illustrated by the following example: a Transmission Customer with a NIT Service agreement forecasts its generation and load to be 100 MW but the generator actually produces 105 MW and the load consumes 105 MW.

- Under the current OATT, PacifiCorp would charge the Transmission Customer 110% of the HPP for the 5 MW load imbalance and then pay the Transmission Customer 100% of the HPP for the 5 MW of Generator Imbalance Service.
- Under the EIM, the Transmission Customer would be charged for the 5 MW of load deviation at the LAP UIE price but would also be paid for 5 MW of generation at the UIE price at the applicable PNode. If the LAP and PNode LMPs are the same, the customer will not be charged for any imbalance. If there is a difference in LMPs, the customer only pays the difference. PacifiCorp will only be passing through the UIE charges it receives from the CAISO, both positive and negative.

Use of the LMP-based pricing for imbalance settlement is just and reasonable. In addition, LMP-based pricing provides a more accurate representation of congestion than the HPP approach utilized today. Additionally, because the EIM will include separate penalties for over and under-scheduling (as discussed below) and will be settling imbalances at LMPs, PacifiCorp has removed the penalty tiers contained in Schedules 4 and 9.

e. Revisions to Schedule 10

For initial implementation of the EIM, PacifiCorp will continue to settle Real Power Losses consistent with the existing provisions of Schedule 10. Thus, under PacifiCorp's OATT, any use of PacifiCorp's Transmission System, excluding EIM participation, will be assessed losses based on the system average loss factors, which was a component of a FERC-approved settlement filed in FERC Docket No. ER11-3643. PacifiCorp has made substantive revisions to Schedule 10 in light of stakeholder comments requesting further clarification. The revisions to Schedule 10 clarify that financial settlement and physical delivery options for Real Power Losses

are available to both NIT Service and PTP Service. In addition, PacifiCorp has revised Sections 4.2.4.1, 4.2.4.2, and 4.2.4.3 of Attachment T to clarify that Transmission Customers opting for physical delivery of Real Power Losses shall supply Interchange Forecast Data for amounts of power to be delivered at Point(s) of Delivery and the amounts of energy expected to be received at the Point(s) of Receipt.

Currently, the definition of HPP referred to in Schedule 10 is contained in Schedules 4 and 9, which are being modified by the EIM, as discussed above. PacifiCorp is proposing to make HPP a defined term in Section 1 of the OATT. PacifiCorp is not proposing to make any changes to how the HPP is calculated. Notably, PacifiCorp is also not proposing changes to the average loss factors set forth in Schedule 10.

2. Allocation of CAISO EIM Charges

a. Residual Uninstructed Imbalance Energy

Under Attachment T, Section 8.2, any charges or payments to the PacifiCorp EIM Entity pursuant to proposed Section 29.11(b)(3)(B) and (C) of the CAISO Tariff for UIE not otherwise recovered under Schedule 4 or Schedule 9 shall not be sub-allocated to Transmission Customers. These UIE allocations can arise because PacifiCorp uses the Transmission Customers' individual derived load forecasts to settle imbalances under Schedule 4, not an allocated share of the CAISO BAA load forecast. Thus, there can be a difference between the CAISO's projection and customers' individual expectations of their demand. In other words, if customers are 100% accurate, the CAISO will still assess charges to the PacifiCorp EIM Entity based on the difference between the CAISO load forecast for the BAA and actual metered amounts where the EIM Entity had to make an adjustment to the Base Schedule for the BAA after customers submitted their Forecast Data. While the CAISO allocates these costs to Measured Demand,⁹⁵ the proposed allocation by PacifiCorp insulates existing customers from potential costs due to the CAISO load forecast.

b. Unaccounted For Energy

Under Attachment T, Section 8.3, any charges to the PacifiCorp EIM Entity pursuant to proposed Section 29.11(c) of the CAISO Tariff for UFE shall not be sub-allocated to Transmission Customers. This approach recognizes that PacifiCorp has determined to recover for Real Power Losses utilizing the loss factors under Schedule 10. PacifiCorp's proposed allocation holds customers harmless and limits losses to the previously-approved loss factors.

⁹⁵ *Cal. Indep. Sys. Operator Corp.*, 116 FERC ¶ 61,274 at PP 273-74 (2007).

c. Under- and Over-Scheduling Charges

To promote accurate forecasting, the CAISO has proposed charges in proposed Section 29.11(d) of the CAISO Tariff for both under-scheduling and over-scheduling of load. In Attachment T, Section 8.4, PacifiCorp proposes that any charges to the PacifiCorp EIM Entity for under- or over-scheduling be assigned to the Transmission Customers subject to Schedule 4 in the offending BAA that contributed to the imbalance for that hour based on their respective under- and over-scheduling imbalance ratio share. This allocation is consistent with cost-causation by proportionately assigning the charges to parties that contribute to the incurrence of the penalty.

The CAISO Tariff also provides that the CAISO will calculate the total daily excess revenues received from under-scheduling charges and over-scheduling charges and allocate them to Load in the EIM Area that was not subject to under-scheduling or over-scheduling charges according to Metered Demand.⁹⁶ Under Attachment T, Section 8.4.3, any payment to the PacifiCorp EIM Entity pursuant to proposed Section 29.11(d)(3) of the CAISO Tariff shall be distributed to Transmission Customers in non-offending BAAs on the basis of Metered Demand.

d. Flexible Ramping Constraint (“FRC”)

Under proposed Section 29.34(m) of the CAISO Tariff, the CAISO will determine the flexible ramping requirement for each EIM Entity BAA based on the demand forecast change across consecutive intervals, demand forecast error, and energy production variability. The combined requirement for the entire EIM footprint may be less than the sum of the individual BAA requirements, recognizing the diversity benefits in the EIM footprint.

PacifiCorp proposes that any charges to the PacifiCorp EIM Entity pursuant to proposed Section 29.11(g) of the CAISO Tariff for the FRC be sub-allocated to Transmission Customers on the basis of Measured Demand.⁹⁷ PacifiCorp understands that currently the CAISO allocates FRC 75% to hourly Measured Demand (which consists of metered load and exports), and 25% to daily gross negative supply deviations by generators. These allocations are the result of a settlement accepted by the Commission.⁹⁸ While PacifiCorp considered utilizing the same split between generators and load, the proposed difference in PacifiCorp’s sub-allocation reflects data limitations. Because PacifiCorp EIM Participating Resource Scheduling Coordinators settle IIE and UIE directly with the CAISO, the PacifiCorp EIM Entity will not have the data necessary to

⁹⁶ See proposed Section 29.11(d)(3) of the CAISO Tariff.

⁹⁷ Attachment T, Section 8.5.6.

⁹⁸ See *Cal. Indep. Sys. Operator Corp.*, 141 FERC ¶ 61,012 (Oct. 3, 2012) (accepting settlement agreement resolving issues concerning the CAISO’s FRC).

proportionally assess 25% of the FRC charge to all generators. PacifiCorp would have the data for Non-Participating Resources, but charging only a subset of generators would pose a discrimination concern. The proposed use of a Measured Demand allocator ensures that those customers benefiting from the reliability of the transmission system also are responsible for sharing the costs that incurred in maintaining that level of reliability.⁹⁹

For initial implementation of the EIM, additional sub-allocation of the FRC costs is unwarranted. It would pose significant implementation costs and challenges with limited benefits. If actual experience demonstrates a change is appropriate, PacifiCorp would have better data from which to structure an alternative approach.

e. EIM BAA Real Time Market Neutrality

In its September 23, 2013 Draft Final Proposal, the CAISO states that real-time market BAA neutrality can be charges or credits attributable to: (1) an excessive rate mitigation measure in the pricing formula for LAPs, (2) differences between the load forecast and actual metered load, (3) UIE of generation, (4) regulation energy in the CAISO, (5) the real-time marginal loss surplus, and (6) UFE.¹⁰⁰ Each EIM Entity and the CAISO will have its own real-time market BAA neutrality account. However, because the EIM transfers energy between BAAs within the EIM, the CAISO will reallocate a portion of the amounts in each BAA's account to other BAAs' accounts. The reallocation will be based on the BAA's ratio of 5-minute energy transfers to other BAAs to overall UIE in the BAA including the energy transfers to other BAAs.

PacifiCorp proposes that any charges to the PacifiCorp EIM Entity pursuant to proposed Section 29.11(e)(3) of the CAISO Tariff for EIM BAA real-time market neutrality (referred to as the Real-Time Imbalance Energy Offset) shall be sub-allocated to Transmission Customers on the basis of Measured Demand.¹⁰¹ The Commission has found pro rata allocation of neutrality uplifts to be just and reasonable.¹⁰²

f. BAA Real-Time Congestion Offset

PacifiCorp proposes that any charges to the PacifiCorp EIM Entity pursuant to proposed Section 29.11(e)(2) of the CAISO Tariff for the EIM real-time congestion offset shall be

⁹⁹ *Midwest Indep. Transmission Sys. Operator, Inc.*, 117 FERC ¶ 61,237 at P 23 (2006).

¹⁰⁰ CAISO Draft Final Proposal at 5. The proposal can be found at <http://www.caiso.com/Documents/EnergyImbalanceMarket-DraftFinalProposal092313.pdf>.

¹⁰¹ Attachment T, Section 8.5.1.

¹⁰² *See, e.g., Southwest Power Pool*, 114 FERC ¶ 61,289 at P 128 (2007).

allocated to Transmission Customers on the basis of Measured Demand.¹⁰³ Amounts in this account will arise when the CAISO has to re-dispatch generation resources in real-time to manage congestion. These amounts can be either payments or charges, but if the re-dispatch is due to higher load or reduced transmission limits from when base schedules (or day-ahead schedules) were established, the amount will be a charge.¹⁰⁴ Each EIM Entity, as well as the CAISO BAA, will have a separate BAA real-time congestion balancing account. The CAISO will allocate the costs of congestion attributable to transmission constraints located within each BAA to that EIM Entity's BAA real-time congestion balancing account.¹⁰⁵

Commission policy states that enhanced reliability is a system-wide benefit and that the integrated transmission grid is a cohesive network in which impacts felt on one part of the grid have a cascading effect on other parts of the grid.¹⁰⁶ Congestion management is an essential grid reliability function. Accordingly, all Transmission Customers should receive a pro rata share of these costs.

g. Real-Time Bid Cost Recovery

PacifiCorp proposes to sub-allocate real-time bid cost recovery charges to PacifiCorp's Transmission Customers pursuant to proposed Section 29.11(f) of the CAISO Tariff on the basis of Measured Demand.¹⁰⁷ The proposed allocation is consistent with current CAISO practice as accepted by the Commission.¹⁰⁸

The EIM makes payments to generators, referred to as bid cost recovery, in the event real-time market revenues over a day do not cover a resource's real-time commitment and dispatched bid costs. These costs fall into two categories: (1) dispatched energy production deviation from a resource's Transmission Customer Base Schedule level, and (2) commitment costs, consisting of the costs to start a generator and operate it at its minimum operating level.

¹⁰³ Attachment T, Section 8.5.2.

¹⁰⁴ This is because the CAISO must dispatch generation resources up on the downstream side of a congested constraint at a relatively higher LMP while dispatching generation resources down on the upstream side at a relatively low LMP.

¹⁰⁵ CAISO Draft Final Proposal at 6, as reflected in the proposed Section 11.5.4.1.1 of the CAISO Tariff.

¹⁰⁶ See, e.g., Order No. 2003-A at P 590 ("all customers benefit from having a transmission system that provides reliable service . . .").

¹⁰⁷ Attachment T, Section 8.5.5.

¹⁰⁸ *Cal. Indep. Sys. Operator Corp.*, 119 FERC ¶ 61,076 at P 309 (2007) ("[t]he disparities between the forecast and real-time demand are problematic and could lead to costs which cannot accurately be attributed to a specific market participant. We agree that cost causation principles are difficult to follow in situations where procurements are made to assure grid reliability."). See also *PG&E Order; order on reh'g*, Opinion No. 459-A, 101 FERC ¶ 61,139 (2002); *order rejecting request for reh'g*, Opinion No. 459-B, 102 FERC ¶ 61,009 at PP 15-16, 21 (2002) (finding that reliability services, including the costs of reliability agreements with generators, provide a system-wide benefit and "should be paid for by all users of the grid" including wholesale transmission customers).

Each BAA will have an account based upon the bid cost recovery payments made to resources located in its BAA. In allocating bid cost recovery costs to these accounts, the CAISO will consider energy transfers between BAAs similar to the way it will for the real-time market BAA neutrality account.¹⁰⁹

h. EIM Entity Real-Time Marginal Cost of Losses Offset

PacifiCorp proposes to not sub-allocate to Transmission Customers any charges to the PacifiCorp EIM Entity for the real-time marginal cost of losses offset pursuant to proposed Section 29.11(e)(4) of the CAISO Tariff.¹¹⁰

i. Other EIM Neutrality Settlement Provisions

The CAISO is a revenue-neutral entity. It pays out to CAISO Creditors payments received from CAISO Debtors. The CAISO imposes Daily and Monthly Neutrality Adjustments and Daily and Monthly Rounding Adjustments to collect any shortfalls due to rounding. The CAISO allocates these charges on the basis of Measured Demand.¹¹¹ PacifiCorp proposes to utilize this same approach.¹¹²

There are certain CAISO charges that are more directly related to the timing of billing and payments. As these are more under the control of the PacifiCorp EIM Entity, PacifiCorp is proposing to hold Transmission Customers harmless from these charges.¹¹³ They include the following: Invoice Deviation (distribution and allocation); Default Invoice Interest Payment; Default Invoice Interest Charge; Invoice Late Payment Penalty; Financial Security Posting (Collateral) Late Payment Penalty; Shortfall Receipt Distribution; Shortfall Reversal; Shortfall Allocation; Default Loss Allocation; and Generator-Interconnection Process Forfeited Deposit Allocation. The proposed allocation is reasonable as these charges relate to timing of payments and risk of market shortfalls. It is consistent with PacifiCorp's responsibility to make timely EIM payments to the CAISO. If the PacifiCorp EIM Entity bears the risk of CAISO payment shortfalls, the PacifiCorp EIM Entity must also receive the allocation of payments from the CAISO, after the defaulting market participant makes a late payment.

¹⁰⁹ CAISO Draft Final Proposal at 7.

¹¹⁰ Attachment T, Section 8.5.3.

¹¹¹ See Section 11.14 of CAISO Tariff.

¹¹² Attachment T, Section 8.5.4.

¹¹³ Attachment T, Section 8.5.8.

j. Direct Assignment Charges

Three types of charges will be directly assigned or sub-allocated to the customers that cause the costs to be incurred: (1) penalties for inaccurate or late settlement quality meter data; (2) tax liabilities; and (3) the Variable Energy Resource Forecast Charge. Each of these provisions appropriately matches cost payments with cost causation.

To the extent the PacifiCorp EIM Entity incurs a penalty for inaccurate or late actual settlement quality meter data, pursuant to Section 37.11.1 of the CAISO Tariff, the PacifiCorp EIM Entity shall directly assign the penalty to the offending Transmission Customer.¹¹⁴ Non-offending Transmission Customers that provide accurate and timely meter data should be held harmless from these penalties.

Any charges to the PacifiCorp EIM Entity pursuant to proposed Section 29.22(a) of the CAISO Tariff for CAISO tax liability as a result of the EIM shall be sub-allocated under Attachment T Section 8.6 to those Transmission Customers triggering the tax liability.

Under proposed Section 29.11(j) of the CAISO Tariff, the CAISO charges EIM Entity Scheduling Coordinators and EIM Participating Resource Scheduling Coordinators a fee for variable energy resource forecasting services. The CAISO will waive the charge if an EIM Entity has an independent forecast for its variable energy resources and provides its forecast to the CAISO. PacifiCorp has such an independent forecast and will provide it to the CAISO. To prevent customers that have paid for the PacifiCorp forecast from additional expense, Attachment T, Section 8.8 provides that PacifiCorp shall sub-allocate charges under proposed Section 29.11(j) only to the Transmission Customer with a Non-Participating Resource that requested the CAISO's forecast and thereby caused the fee to be incurred.

3. Coordination with CAISO Settlements

a. Payment Calendar

Proposed Section 29.11(l) of the CAISO Tariff provides that the EIM Entity shall be subject to the CAISO's payment calendar for issuing settlement statements, exchanging invoice funds, submitting meter data, and submitting settlement disputes. Attachment T, Section 8.9 recognizes that while the PacifiCorp EIM Entity shall be subject to the CAISO's payment calendar, for issuing settlement statements, for example, PacifiCorp will continue to follow Section 7 of its OATT for issuing invoices regarding the EIM.

¹¹⁴ Attachment T, Section 8.5.7.

b. Price Correction

Pursuant to Sections 29.35 and 35 of the CAISO Tariff, the CAISO has the authority to correct prices.¹¹⁵ In addition, the CAISO may modify settlement statements as a result of its dispute resolution process. Under Attachment T, Section 8.11, PacifiCorp proposes to make corresponding changes to its sub-allocations to reflect the CAISO's revisions.

c. EIM Residual Balancing Account

To the extent that the CAISO's EIM-related charges or payments to the PacifiCorp EIM Entity are not captured elsewhere in the OATT, Section 8.10 of Attachment T permits those charges or payments to be placed in an EIM Residual Balancing Account until the PacifiCorp EIM Entity files for Commission approval of a proposed allocation methodology pursuant to FPA Section 205. Interest shall accrue on EIM Residual Balancing Account funds in accordance with the Commission's regulations.

The purpose of the EIM Residual Balancing Account is similar to that of commonly-used formula rate true-ups insofar as both mechanisms are ultimately designed to prevent cost over- or under-recovery.¹¹⁶ That is, while CAISO EIM-related charges or payments will be captured in the proposed OATT, such as in Attachment T Section 8, Attachment H-1, and/or Schedules 1, 4 and 9, it is possible that, for example, the CAISO could implement a new charge or amend an existing charge before the PacifiCorp EIM Entity is able to make a corresponding change to its OATT. Under such circumstances, the charge amount would be placed in the EIM Residual Balancing Account until such time that PacifiCorp files a proposed cost allocation methodology with the Commission.

Thus, like with a formula rate true-up mechanism, this proposed approach would prevent over- or under-cost recovery. In fact, the EIM Residual Balancing Account provides even more protection than a traditional true-up approach, as the PacifiCorp EIM Entity is not proposing to initially base charges on projected costs subject to a later true-up mechanism. Rather, any

¹¹⁵ Section 35.4 of the CAISO Tariff currently provides that the CAISO may correct all financially binding prices whenever the CAISO identifies an invalid market solution or invalid prices in an otherwise valid market solution. The circumstances in which the CAISO may determine that an invalid market solution or invalid prices exist include the following: the occurrence of data input failure; the occurrence of hardware or software failure; or a result that is inconsistent with the CAISO Tariff.

¹¹⁶ See, e.g., *Midwest Indep. Transmission Sys. Operator, Inc.*, Letter Order, Docket Nos. ER13-263-000, ER0263-001 (Feb. 11, 2013) (approving an October 2012 proposal by the Midwest Independent Transmission System Operator, Inc. ("MISO") and Participating MISO Transmission owners to add a true-up mechanism to the MISO OATT to ensure that the Participating MISO Transmission Owners collect the actual revenue requirements calculated under the MISO OATT, while protecting customers from cost over-recovery); *ISO New England Inc.*, 113 FERC ¶ 61,341 at P 25 (2005) (stating true-up mechanisms protect market participants from over-collection).

charges to the EIM Residual Balancing Account would only be those that the Commission has authorized,¹¹⁷ and the PacifiCorp EIM Entity would not allocate any amounts from the EIM Residual Balancing Account until the Commission approves an allocation methodology.

This approach supports recovery of the EIM Residual Balancing Account funds during the period in which the PacifiCorp EIM entity allocates the charges or payments, similar to the treatment of regulatory assets and liabilities. Regulatory assets and liabilities are defined as those that “...arise from specific revenues, expenses, gains, or losses that would have been included in net income determination in one period under the general requirements of the Uniform System of Accounts but for it being probable: (A) that such items will be included in a different period(s) for purposes of developing the rates the utility is authorized to charge for its utility services; or (B) in the case of regulatory liabilities, that refunds to customers, not provided for in other accounts, will be required.”¹¹⁸ Here, it would be appropriate to recover EIM Residual Balancing Account funds similar to the treatment of regulatory assets and liabilities because of the substantial probability of the recovery of charges and payments made pursuant to a Commission-authorized tariff and allocated in accordance with a Commission-authorized methodology.

G. Dispute Resolution

PacifiCorp proposes a new section to existing Section 12.4 (Dispute Resolution Procedures) with regard to the treatment of disputes related specifically to the administration of and settlement of charges under the EIM. This new Section 12.4A (EIM Disputes) addresses the numerous settlement relationships that may arise upon the effective date of the EIM. Disputes with respect to PacifiCorp’s administration of the non-EIM provisions of its OATT will continue to be processed in accordance with Sections 12.1 to 12.4 and 12.5, which are unchanged by this filing.

Under 12.4A.1, disputes between the PacifiCorp EIM Entity and a PacifiCorp Transmission Customer or Interconnection Customer regarding the manner in which PacifiCorp has sub-allocated EIM payments or charges from the MO will be processed in accordance with Sections 12.1 to 12.4 of PacifiCorp’s OATT in the same manner as any other dispute between PacifiCorp and an OATT customer.

Proposed 12.4A.2 recognizes that disputes between the MO and a PacifiCorp EIM Participating Resource Scheduling Coordinator related to settlement statements provided to the PacifiCorp EIM Participating Resource Scheduling Coordinator from the MO will proceed in accordance with the process timeline under the MO Tariff. Proposed Section 12.4A.3 states that

¹¹⁷ In the foregoing example, the Commission would have approved the CAISO’s charge modification.

¹¹⁸ 18 C.F.R. Part 101(31).

the PacifiCorp EIM Entity may raise disputes with the MO regarding the settlement statements it receives from the MO in accordance with the process specified in the MO Tariff.

Finally, proposed Section 12.4A.4 provides that, to the extent a dispute arises regarding a MO charge or a MO payment to the PacifiCorp EIM Entity that is subsequently charged or paid by the PacifiCorp EIM Entity to a Transmission Customer or an Interconnection Customer, and such Transmission Customer or Interconnection Customer wishes to raise a dispute with the MO, the PacifiCorp EIM Entity shall file a dispute on behalf of such Transmission Customer or Interconnection Customer in accordance with the MO Tariff and work with the Transmission Customer or the Interconnection Customer to resolve the dispute pursuant to the process specified in the MO Tariff. This provision recognizes that those customers without PacifiCorp EIM Participating Resources will not have a direct relationship with the Market Operator, and accordingly PacifiCorp will bring such disputes on their behalf as permitted under the CAISO Tariff's existing timelines for settlement disputes. Under the settlement dispute timeframes maintained in the current CAISO Tariff, there is limited time for Transmission and Interconnection Customers without a direct relationship with the CAISO to review statements from PacifiCorp and subsequently request that PacifiCorp raise a dispute on their behalf.¹¹⁹ PacifiCorp raised this issue in the stakeholder process and will submit a comment on this issue in Docket No. ER14-1386-000. PacifiCorp will continue to request that the CAISO revisit this issue. Section 12.4A.4 also recognizes that Transmission Customers or Interconnection Customers may want to raise a dispute of the charges ultimately being sub-allocated by the PacifiCorp EIM Entity but it is the PacifiCorp EIM Entity that is in privity with the MO under the MO Tariff.

PacifiCorp submits the proposed Section 12.4A is just and reasonable. Disputes will be handled either under PacifiCorp's OATT or the MO Tariff based on which entity's actions are being challenged.

H. Compliance

Proposed Section 9 of Attachment T of PacifiCorp's OATT includes several provisions related to the expected code of conduct for customers subject to Attachment T.

¹¹⁹ As proposed, Section 29.11 of the CAISO Tariff states that the CAISO shall assess such charges, address disputed invoices, and make any financial adjustments in accordance with the settlements process and schedule set forth in Section 11 of the CAISO Tariff. Under Section 11, the CAISO issues a settlement statement fifty-five business days after the trade date based on actual polled and reported meter data. Customers, including the PacifiCorp EIM Entity, have only twenty-two business days (until T+77 business days) to raise disputes. This twenty-two day window provides limited time to enable the PacifiCorp EIM Entity to: (1) process the settlement statement; (2) pass the sub-allocation on to customers, in accordance with the monthly billing cycle, (3) provide a period for customer review, and (4) raise with the CAISO any disputes identified by customers on their behalf.

Proposed Section 9.1 governs the provision of data, under which PacifiCorp EIM Participating Resources and PacifiCorp EIM Participating Resource Scheduling Coordinators are responsible for complying with information requests they receive directly from the EIM market monitor or regulatory authorities. Transmission Customers also must provide the PacifiCorp EIM Entity with all data necessary to respond to information requests received by the PacifiCorp EIM Entity from the MO, the EIM market monitor, or regulatory authorities concerning EIM activities. These provisions reasonably respond to the needs of those responsible for market oversight to have the information necessary to perform these tasks. Under the EIM, the activities of non-participants can have a material effect on the LMP price based on their need for imbalances or their excess generation. Accordingly, the provision appropriately recognizes the need that non-participants respond to data requests.

Responding to information does not mean the information will be disclosed publicly. In addition, Section 9.1 reiterates PacifiCorp's ongoing obligation to maintain the confidentiality of data and information obtained by the PacifiCorp EIM Entity from Transmission Customers and Interconnection Customers, unless the PacifiCorp EIM Entity is required or otherwise permitted to disclose the information. PacifiCorp shall continue to abide by the Commission's Standards of Conduct and handle customer information accordingly once the EIM is administered.

Proposed Section 9.2 specifies six general rules of conduct which are intended to provide fair notice of expected conduct and facilitate an environment in which all parties may fairly participate in the EIM. Customers must:

- (1) Comply with Dispatch Instructions and PacifiCorp EIM Entity operating orders in accordance with Good Utility Practice. If some limitation prevents the party from fulfilling the action requested by the MO or the PacifiCorp EIM Entity then the party must promptly and directly communicate the nature of any such limitation to the PacifiCorp EIM Entity.
- (2) Submit bids for resources that are reasonably expected to be available and capable of performing at the levels specified in the bid, and to remain available and capable of so performing based on all information that is known or should have been known at the time of submission.
- (3) Notify the MO and the PacifiCorp EIM Entity of outages in accordance with Section 7 of Attachment T.
- (4) Provide complete, accurate, and timely meter data to the PacifiCorp EIM Entity in accordance with the metering and communication requirements of the Tariff, and maintain responsibility to ensure the accuracy of such data communicated by any

customer-owned metering or communications systems. To the extent such information is not accurate when provided to the PacifiCorp EIM Entity, the customer shall be responsible for any consequence on settlement and billing.

- (5) Provide information to the PacifiCorp EIM Entity, including the information requested in Attachment T, by applicable deadlines.
- (6) Utilize commercially-reasonable efforts to ensure that forecasts are accurate and based on all information that is known or should have been known at the time of submission to the PacifiCorp EIM Entity.

Proposed Section 9.3 states that the PacifiCorp EIM Entity may refer a violation of the rules of conduct to the Commission to be enforced by FERC in accordance with Commission's rules and procedures. Nothing in Section 9 of Attachment T is meant to limit any other remedy before FERC or any applicable court or agency.

These rules of conduct are necessary and appropriate. Courts and the Commission have recognized that parties are liable for violations of tariffs.¹²⁰ These provisions are designed to put customers on notice as to expected conduct with regard to data provision, bidding, and forecasts related to the EIM, among other actions. Consistent with this rationale, the Commission stated with respect to the SPP market proposal:

we will direct SPP to immediately notify the Commission should a market participant refuse to follow an SPP order regarding resource commitment, or should a market participant fail to meet its energy obligations through scheduling or offering into the imbalance market. The Commission will invoke appropriate sanctions for such action.¹²¹

The rules are also designed to address concerns raised by the CAISO Market Surveillance Committee as part of its public committee process about the potential for market participants to leverage EIM activities with their participation in other CAISO markets, including virtual bidding.¹²²

¹²⁰ Under Section 309 of the FPA, FERC "shall have power to perform any and all acts, and to prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate to carry out the provisions of this chapter." Courts have interpreted the provision as granting FERC "remedial authority to require that entities violating the FPA pay restitution for profits gained as a result of a statutory or tariff violation." *Pub. Util. Comm'n of the State of Cal. v. FERC*, 462 F.3d 1027, 1047-48 (9th Cir. 2006).

¹²¹ *Southwest Power Pool, Inc.*, 114 FERC ¶ 61,289 at P 40 (2006).

¹²² Available at: <https://www.aiso.com/Documents/MS%204%29%20Discussion%20on%20energy%20imbalance%20market%20>

I. Market Contingencies

Proposed Section 10 of Attachment T of PacifiCorp’s OATT includes several provisions related to corrective actions that may be taken by the PacifiCorp EIM Entity to reflect the occurrence of certain market contingencies related to the EIM. In particular, proposed Section 10 contemplates three potential contingencies: (1) temporary suspension of the EIM by the Market Operator; (2) termination of the PacifiCorp EIM Entity’s participation in the EIM; or (3) occurrence of “temporary contingencies.”

In the event that the MO implements a temporary suspension in accordance with proposed Section 29.1(d) of the CAISO Tariff, the PacifiCorp EIM Entity will utilize “Temporary Schedules 4 and 9” – which are simply the Schedules 4 and 9 currently in PacifiCorp’s OATT (*i.e.*, the schedules employing an HPP method for establishing imbalance charges) – until the temporary suspension is no longer in effect or, if the MO determines to extend the suspension, for a period of time sufficient to process termination of the PacifiCorp EIM Entity’s participation in the EIM in accordance with the MO Tariff.¹²³

If the PacifiCorp EIM Entity submits a notice of termination of its participation in the EIM to the MO, the PacifiCorp EIM Entity may invoke certain corrective actions to mitigate price exposure during the 180-day period between submission of the notice and the termination effective date.¹²⁴ In this case, the PacifiCorp EIM Entity may request that the MO effectuate both of the following actions: (1) prevent EIM Transfers and separate the PacifiCorp EIM Entity’s BAAs from operation of the EIM in the EIM Area; and (2) suspend settlement of EIM charges with respect to the PacifiCorp EIM Entity.¹²⁵ The CAISO Tariff specifies that the MO will implement corrective actions requested by the PacifiCorp EIM Entity.¹²⁶ Once such corrective actions are implemented by the MO, the PacifiCorp EIM Entity shall utilize Temporary Schedules 4 and 9.

[contingency%20measures; http://www.caiso.com/Documents/MSCDraftOpinion-EnergyImbalanceMarketInitiative.pdf](http://www.caiso.com/Documents/MSCDraftOpinion-EnergyImbalanceMarketInitiative.pdf)

¹²³ Attachment T, Section 10.1. The temporary Schedules 4 and 9 are contained in Attachment T, Section 10.4.

¹²⁴ See the CAISO’s pro forma EIM Entity Agreement at Section 3.2.2.

¹²⁵ Attachment T, Section 10.2. This provision is consistent with proposed Section 29.4(b)(5) of the CAISO Tariff in Docket No. ER14-1386.

¹²⁶ See Section 29.4(b)(5) of the CAISO’s proposed CAISO Tariff revisions.

Section 10 also addresses corrective actions that may be invoked by the PacifiCorp EIM Entity when it declares a temporary contingency, in light of any of the following occurring, in its judgment:

- (1) operational circumstances (including a failure of the EIM to produce feasible results in PacifiCorp's BAAs) have caused or are in danger of causing an abnormal system condition in PacifiCorp's BAAs that requires immediate action to prevent loss of load, equipment damage, or tripping system elements that might result in cascading outages, or to restore system operation to meet the applicable Reliability Standards and reliability criteria established by NERC and WECC; or
- (2) communications between the MO and the PacifiCorp EIM Entity are disrupted and prevent the PacifiCorp EIM Entity, the PacifiCorp EIM Entity Scheduling Coordinator, or a PacifiCorp EIM Participating Resource Scheduling Coordinator from accessing MO systems to submit or receive information.
- (3) during the initial 12-month period beginning from the PacifiCorp EIM Entity's participation in the EIM, the PacifiCorp EIM Entity determines, after consultation with the MO and the MO's DMM (or any successor entity responsible for market monitoring of the EIM), there exist market design flaws that could effectively be remedied by rule or tariff changes. In such a circumstance, the PacifiCorp EIM Entity may invoke a corrective action for a period of time not to exceed 180 days to enable the MO, the PacifiCorp EIM Entity, and stakeholders an opportunity to develop a market solution and to obtain Commission approval for any needed tariff change to correct the market design flaw.

The first two categories of contingencies are modeled after temporary contingencies that may be declared by the CAISO in its proposed tariff. The third category is an additional measure that is necessary to protect customers in the event of a market design flaw that requires a tariff change to remedy. If any of the above temporary contingencies occurs, the PacifiCorp EIM Entity may invoke the following corrective actions by requesting that the MO: (1) prevent EIM Transfers and separate the PacifiCorp EIM Entity's BAAs from operation of the EIM in the EIM Area; and/or (2) suspend settlement of EIM charges with respect to the PacifiCorp EIM Entity. When both corrective actions are implemented in conjunction as a response to a temporary contingency, the PacifiCorp EIM Entity shall utilize Temporary Schedules 4 and 9. In addition, the PacifiCorp EIM Entity and the MO shall cooperate to resolve the temporary contingency event and restore full EIM operations as soon as is practicable.

These protections are just and reasonable. The first two categories are reliability based. PacifiCorp must have the ability to take these corrective actions as part of its BA

responsibilities.¹²⁷ With respect to the temporary protection against market design flaws, the Commission has recognized the need to provide additional protections at the start of a new market.¹²⁸ With a market anticipated to start in October 2014, the proposed 12-month period will provide the ability to examine market operations under a variety of conditions.

Under Section 35.28(g)(3)(v)(A) of the Commission's Regulations, 18 C.F.R. § 35.28(g)(3)(v)(A), a Market Monitoring Unit "is to make a referral to the Commission in all instances where the Market Monitoring Unit has reason to believe market design flaws exist that it believes could effectively be remedied by rule or tariff changes." Notably, however, this referral does not implement any immediate corrective action to remedy potential customer risk that can result in exploitation of a market flaw. The CAISO does not have an alternative to running its real-time market despite a design flaw. The EIM, however, presents a different set of circumstances. Because PacifiCorp must be able to perform its BA responsibilities separate and apart from EIM Transfers with the CAISO, PacifiCorp can have an alternative methodology to provide for imbalances, if a market design flaw creates material impacts in either the CAISO or PacifiCorp BAAs. PacifiCorp could temporarily revert to its current Commission-approved methodology while the CAISO prepared the necessary filing to address the problem.

The CAISO, PacifiCorp, stakeholders, and regulators have invested substantial time and effort in developing the EIM. The ability to temporarily suspend the EIM if PacifiCorp, the CAISO, and the CAISO's DMM recognize there is a correctable design flaw, is preferable to PacifiCorp being forced to file a notice of termination to protect customers.

While PacifiCorp recognizes that the CAISO, as the MO, can take certain actions upon the occurrence of certain temporary contingencies, those are insufficient to adequately protect PacifiCorp's customers. For example, the price correction mechanism in the CAISO Tariff is limited to correcting prices under the CAISO Tariff and does not address strategic bidding, uplifts beyond the market participants' expectation, or extremely high LMPs. To that end, the PacifiCorp EIM Entity requires the ability through its OATT to request that it may invoke certain corrective actions under limited circumstances by requesting that the MO take action to either prevent EIM Transfers or suspend settlement of EIM charges with respect to the PacifiCorp EIM

¹²⁷ For example, under TOP-004-2 R.5, "If the Transmission Operator determines that by remaining interconnected, it is in imminent danger of violating IROL or SOL, the Transmission Operator may take such actions, as it deems necessary, to protect its area."

¹²⁸ *New York Indep. Sys. Operator, Inc.*, 97 FERC ¶ 61,095 (2001). PacifiCorp notes that whereas the NYISO could invoke after-the-fact corrective actions with regard to LMPs affected by market design flaws, the remedy proposed in Attachment T, Section 10.3.1 is prospective. See also *Midwest Indep. Transmission Sys. Operator, Inc.*, 108 FERC ¶ 61,163 at P 58 (*TEMT II Order*), *order on reh'g*, 109 FERC at P 427-47 (2004) (*TEMT Rehearing Order*), *order on reh'g and offer of proof*, 111 FERC ¶ 61,448 (2005), *order on reh'g and compliance filing*, 113 FERC ¶ 61,081 (2005).

Entity, which results in the reversion to currently-effective Schedules 4 and 9 for settlement of imbalances.

J. Other Proposed Tariff Changes to the OATT

1. Definitions

Section 1 (Definitions) of PacifiCorp's OATT includes numerous new definitions to reflect roles and operational terms necessary to implement the EIM. Many of the proposed definitions are intended to be consistent with terms included in the CAISO Tariff (approved or proposed definitions) or the North American Electric Reliability Corporation Glossary, as applicable. The reasoning for each of the new definitions is discussed in Attachment C to this filing.

Of note, PacifiCorp replaced the term "CAISO Tariff" with the "Market Operator Tariff" or "MO Tariff" in its OATT, in recognition of the future transition of the EIM to an independent governance structure. In addition, the term "PacifiCorp" (*e.g.*, PacifiCorp EIM Entity, PacifiCorp EIM Entity Scheduling Coordinator) was added to the CAISO terminology in anticipation of the expansion of the EIM beyond PacifiCorp's BAAs. Thus, a PacifiCorp EIM Participating Resource identifies a resource that is participating either as a resource internal to PacifiCorp's BAAs or through a Pseudo-Tie into a PacifiCorp BAA, in contrast to an EIM Participating Resource that, in the future, may be located in the BAA of another EIM Entity. PacifiCorp recognizes that initially the qualifying term "PacifiCorp" will not be necessary as PacifiCorp will be the only EIM Entity and EIM Entity Scheduling Coordinator.¹²⁹

2. Changes to Ensure Applicability of Attachment T

As discussed above, the proper functioning of the EIM requires certain minimum information to be provided on an ongoing basis by Transmission Customers and/or Interconnection Customers subject to PacifiCorp's OATT, even prior to the initial operation of the EIM. To that end, PacifiCorp includes in Section 1 of Attachment T language making Attachment T applicable to all Transmission Customers and Interconnection Customers with new and existing service agreements under Parts II, III, IV, or V of PacifiCorp's OATT. The purpose of these proposed amendments is to ensure that customers will provide the PacifiCorp EIM Entity the necessary information to meet the registration, outage reporting, and forecast requirements included throughout Attachment T.

¹²⁹ PacifiCorp also has deleted the reference to a definition for "Zone" in the Table of Contents as the deletion of the definition and associated provisions in PacifiCorp's OATT was previously accepted by the Commission. *See PacifiCorp*, Letter Order, Docket No. ER12-2587-000 (Nov, 5, 2012).

To further clarify the applicability of the EIM-related OATT modifications, PacifiCorp proposes the following additions to its OATT:

- A new Section 16.1g. that provides “[t]he Transmission Customer must comply with the requirements of Attachment T regarding the EIM;”
- A modification to subsection 29.2(ix) to require the Network Customer to provide information identified in Attachment T; and
- A new Section 37.5 of the Large Generator Interconnection Procedure and new Section 53 of the Small Generator Interconnection Procedure that specify the “Interconnection Customer shall have a continuing duty to comply with Attachment T of this Tariff, as applicable.”

3. Transmission Service Agreement

Under revised Section 18.5 of PacifiCorp’s OATT, a Transmission Customer that elects to utilize Non-Firm PTP Service to participate in the EIM in accordance with Attachment T need only submit a Completed Application for the Umbrella Service Agreement for Non-Firm PTP Service consistent with Section 18.1 and provide the information requested in Section 18.2 (i), (ii), and the Point of Receipt in (iii). This clarification has been added to PacifiCorp’s existing OATT Section 18.5 because of the fact that a Transmission Customer that elects to utilize Non-Firm PTP Service to participate in the EIM will not have access to all of the information identified in Section 18.2 as required for a Completed Application for an Umbrella Service Agreement for Non-Firm PTP Service. Transmission Customers bidding output from EIM Participating Resources will not know in advance of an EIM dispatch instruction several of the other information requirements set forth in Section 18.2, including, for example, the Points of Delivery, the maximum amount of capacity requested at each Point of Receipt and Point of Delivery.

4. Inapplicability of Procedures for Assignment or Transfer of Service

PacifiCorp has added language to Section 23 of its OATT to clarify that Section 23.1(a), Procedures for Assignment or Transfer of Service, does not apply to EIM transactions. Under Section 23.1(a) of the OATT, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). PacifiCorp has added a new Section 23.4 to make it abundantly clear that a PacifiCorp Interchange Rights Holder who has informed the PacifiCorp EIM Entity that it is electing to make its reserved firm transmission capacity available for EIM Transfers is not

performing a reassignment. As further explained in the testimony of Ms. Edmonds, the mechanism proposed for PacifiCorp's EIM implementation does not constitute a sale or reassignment of transmission in the manner contemplated by Section 23 of the OATT.¹³⁰

5. Use of Designated Network Resources

To implement the EIM, PacifiCorp amended the provisions in its OATT that require undesignation of Network Resources to make off-system sales (new Section 28.7, 30.1, and 30.4). PacifiCorp is proposing that Network Customers have the option to participate in the EIM utilizing their NIT Service and that, under such circumstances, output of a designated Network Resource bid into the EIM as an EIM Participating Resource does not have to be undesigned. This proposal is justified for several reasons.

First, it will not be possible to know in advance of any hour if a particular Network Resource will be used only to serve Network Load or will be awarded an EIM dispatch instruction. It will also not be possible in advance of any hour to know if an EIM dispatch instruction will be issued for load within PacifiCorp's BAAs or the CAISO BAA. Notwithstanding this uncertainty, the EIM will be serving load in the broader EIM footprint and, as such, use of NIT Service is justified and reasonable. Second, the purpose of the Commission's undesignation requirements is to ensure non-discriminatory access to available capacity. This purpose is achieved when Network Resources are used to serve EIM load utilizing transmission capacity that is determined to be available based upon real-time information about the transmission system, and that would be otherwise unable to be used on a real-time basis. Third, the Commission has approved provisions in both the SPP and MISO that recognize the need for exemptions from the need to undesignated resources.¹³¹ Finally, PacifiCorp is proposing that Network Customers electing to use PTP Service for EIM participation shall be required to undesignate Network Resources, which is consistent with the Commission's rules and policies regarding appropriate use of NIT Service.

6. Standard of Liability for PacifiCorp's Responsibilities as an EIM Entity

While PacifiCorp proposes to maintain the existing ordinary negligence standard of liability for its responsibilities as the Transmission Provider under the *pro forma* OATT, PacifiCorp requests that its new market responsibilities as an EIM Entity be subject to a higher, gross negligence or intentional wrongdoing, standard. This is reflected in a proposed addition to

¹³⁰ Attachment E, Testimony of Sarah Edmonds at 45.

¹³¹ See Section 28.6 of the MISO Tariff and Section 30.4 of the SPP Tariff.

Section 10.2 of PacifiCorp’s OATT. The higher standard is consistent with PacifiCorp voluntarily assuming the additional responsibilities required of EIM Entities.

This gross negligence or intentional wrongdoing standard is consistent with what the Commission has accepted previously in other organized markets. In particular, the Commission has approved such a standard for the CAISO and its participating transmission owners under the Transmission Control Agreement and the CAISO Tariff.¹³² The Commission recognized that a gross negligence standard is reasonable, as it offers an “equitable balance between lower rates for all market participants and the burden of limited recovery of liability for some.”¹³³

Similarly, the Commission has approved gross negligence standards for transmission providers in all other organized markets.¹³⁴ In particular, in *Southwest Power Pool*, the Commission stated, in relevant part, as follows, in finding the gross negligence and intentional wrongdoing standard to be just and reasonable:

As noted by the United States Court of Appeals for the District of Columbia Circuit, prior to unbundling, many state commissions had approved retail tariff provisions permitting utilities to limit their liability for service interruptions to instances of gross negligence or willful misconduct. Courts found that such provisions balance lower rates for all customers against the burden of limited recovery for some, and that the technological complexity of modern utility systems and resulting potential for service failures unrelated to human errors justify liability limitations. We agree. SPP and its TOs are solely regulated by the Commission for their provision of transmission services under the SPP OATT, so the Commission is the only regulator with the ability to ensure that they are protected from potentially excessive damage awards by adequate limitation of liability provisions. Several state commissions in SPP’s footprint allow utilities to limit their liability to gross negligence. We believe that SPP and its TOs should be afforded similar protection. Otherwise, disparate treatment is a disincentive to participate in SPP.

¹³² *California Indep. Sys. Operator Corp.*, 139 FERC ¶ 61,198 (2012). See also *California Indep. Sys. Operator Corp.*, 123 FERC ¶ 61,285 at P 241 (2008) (accepting gross negligence standard in Section 14.5.1 of the CAISO Tariff).

¹³³ *Id.*

¹³⁴ See *Southwest Power Pool*, 112 FERC ¶ 61,100 at PP 36-44 (2005) (“*Southwest Power Pool*”); *Midwest Indep. Transmission Sys. Operator, Inc.*, 110 FERC ¶ 61,164 at P 29 (2005); *PJM Interconnection LLC*, 112 FERC ¶ 61,264 at PP 9-10 (2005); *ISO New England, Inc.*, 106 FERC ¶ 61,280 at PP 230-231 (2004); *Central Hudson Gas & Elec. Corp.*, 88 FERC ¶ 61,138, at 61,384 (1999).

In addition, as we stated with regard to the Midwest ISO, the risk of potentially excessive damage awards could be reflected in higher insurance premiums and higher cost of capital, which, in turn would be borne by customers and could result in inequities among customers. Strong limited liability provisions can help ensure that excessive damage awards will not be passed through to customers in the form of increased rates.

Furthermore, SPP and its TOs must provide service to all customers, and cannot deny service to particular customers based on the risk of potential damages associated with interruption of service to those customers. It is also difficult for them to quantify the potential risk associated with service to such customers and price such service accordingly. Ultimately, all customers bear the cost associated with the risk of such service, including those customers who do not have special reliability needs.¹³⁵

The reasons that the Commission relied upon to find the gross negligence or intentional wrongdoing standard appropriate for independent system operators and regional transmission organizations are equally compelling for PacifiCorp as the PacifiCorp EIM Entity. As is the case in existing organized markets, excessive damage awards can lead to higher insurance premiums and a higher cost of capital, which are costs that PacifiCorp's customers would bear, along with excessive damage awards. Further, a gross negligence or intentional wrongdoing standard for EIM responsibilities encourages other BAs to take on the similar responsibility of an EIM Entity.

VI. OTHER CONSIDERATIONS RELATED TO EIM IMPLEMENTATION

A. PacifiCorp's EIM Business Practice

Consistent with PacifiCorp's prior practice regarding implementation of its OATT and the prior practice of the CAISO, other regional transmission organizations, and transmission providers, PacifiCorp proposes to include certain detailed implementing procedures in a new PacifiCorp EIM BP.¹³⁶ The Commission has stated that it is appropriate for a non-filed business practice to contain implementation details, such as instructions, guidelines, examples and charts,

¹³⁵ *Southwest Power Pool* at PP 36-38.

¹³⁶ The Commission's policy, as implemented through the "rule of reason", is that only those practices that significantly affect rates, terms and conditions fall within the filing directive of Section 205(c) of the FPA. *Cal. Indep. Sys. Operator Corp.*, 122 FERC ¶ 61,271 at PP 16-18 (2008); *City of Cleveland v. FERC*, 249 U.S. App. D.C. 162, 773 F.2d 1368, 1376 (D.C. Cir. 1985) (finding that utilities must file "only those practices that affect rates and service significantly, that are realistically susceptible of specification, and that are not so generally understood in any contractual arrangement as to render recitation superfluous.").

which guide internal operations and inform market participants of how the transmission provider conducts its operations under the tariff.¹³⁷

The PacifiCorp EIM BP will contain details as to how certain requirements, specified in the OATT, are to be implemented.¹³⁸ Specifically, the PacifiCorp EIM BP will contain guidance regarding the following areas, among others, as set forth clearly in PacifiCorp's revised OATT:

- the application and certification process delineated in Attachment T, Section 3 to become a PacifiCorp EIM Participating Resource;
- the information required for initial registration with the CAISO of PacifiCorp EIM Participating Resources and Non-Participating Resources and the process for providing updates to the information consistent with the requirements in Attachment T, Sections 4.2.2.1 and 4.2.2.2;
- the systems utilized to report outage information required by Attachment T, Section 4.2.3 and Section 7;
- implementation details for customers to provide Forecast Data required under Attachment T, Section 4.2.4;
- the methodology by which PacifiCorp Interchange Rights Holders can notify the PacifiCorp EIM Entity of the EIM Transfer capacity they are making available in accordance with Attachment T, Section 5.2;
- information matching the specific charge code numbers to the EIM cost allocations contained in Attachment T, Section 8; and
- the methodology for distributing penalty proceeds authorized under the allocation in Attachment T, Section 8.4.3.

In Order No. 890, the Commission required that business practices must be available for public inspection¹³⁹ and that the Transmission Provider establish a “transparent process for

¹³⁷ *Cal. Indep. Sys. Operator Corp.* 136 FERC ¶ 61,120 at P 22 (2011).

¹³⁸ *Midwest Indep. Transmission Sys. Operator, Inc.*, 139 FERC ¶ 61,199 at P 237 (2012).

¹³⁹ *See Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 1653, *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g and clarification*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228 (2009), *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

amending rules, standards, and practices previously posted by the transmission provider.”¹⁴⁰ PacifiCorp has developed and posted its Business Practice #13 that specifies the process for developing and amending its business practices.¹⁴¹ PacifiCorp will, at minimum, follow this guidance for the development and modification of the PacifiCorp EIM BP, which will be posted under the “Business Practices – Open for Public Comment” section on PacifiCorp’s OASIS. PacifiCorp anticipates a stakeholder process composed of multiple opportunities for review and comment by stakeholders in advance of the proposed effective date of the PacifiCorp EIM BP.

B. Relation to Order No. 764 Compliance

PacifiCorp made its Order No. 764 compliance filing in Docket No. ER13-2364 on September 10, 2013; such filing is still pending before the Commission. The EIM does not affect this filing. In other words, transmission reservations will continue to be sold on an hourly basis, but schedules may be submitted or adjusted for any of the four 15-minute periods within the operating hour. This proposal applies to bilateral transactions in PacifiCorp’s BAAs and does not include 15-minute market economic bidding at PacifiCorp’s intertie boundaries.

At this time, PacifiCorp does not support allowing external resources outside of PacifiCorp’s BAAs to participate in the CAISO’s 15-minute market at PacifiCorp’s intertie boundaries, because PacifiCorp views this as a market expansion outside of the scope of the EIM. PacifiCorp must have the discretion to decide whether or not it will allow participation in the CAISO’s 15-minute market at its interties. Extension of 15-minute market activity at PacifiCorp’s interties would add operational burdens that are not within the scope of the work that PacifiCorp has undertaken to deliver the EIM by October 1, 2014. While such hurdles may ultimately be resolvable, they add to overall EIM processes and create operational complexity that are not currently planned for. Moreover, any future consideration of this issue would have to balance whether or not such a proposal would serve as an unwarranted disincentive to expansion of the EIM. In any case, PacifiCorp reiterates that CAISO’s 15-minute market at PacifiCorp’s intertie boundaries is a market expansion outside of the scope of the EIM which PacifiCorp has elected not to pursue at this time.

VII. EFFECTIVE DATE AND REQUEST FOR WAIVER

PacifiCorp requests the effective dates identified in the table in Attachment C. As noted in Attachment C, PacifiCorp respectfully requests that the language associated with the applicability of Attachment T and requirements associated with, for example: (1) application and certification requirements for Transmission Customers seeking to have resources become

¹⁴⁰ *Id.* at P 1655.

¹⁴¹ See <http://www.oasis.oati.com/PPW/PPWdocs/BP13.pdf>.

PacifiCorp EIM Participating Resources; and (2) the initial registration data requirements for Transmission Customers, be effective June 20, 2014 to provide greater certainty with respect to the EIM design for PacifiCorp, the CAISO and customers as they participate in market simulation (starting in July 2014) and prepare for the startup of the EIM scheduled for October 1, 2014.

PacifiCorp respectfully requests that numerous provisions related to actual implementation of the EIM, including forecast data and outage submission, be effective September 23, 2014.¹⁴² This requested effective date is consistent with the requested effective date in the CAISO EIM Filing and reflects the need to have information supporting EIM operation in place several business days prior to the first trade date of the new market which will occur on October 1, 2014, at the earliest.

PacifiCorp respectfully requests that the remaining provisions related to settlement of charges associated with the EIM and additional aspects related to implementation of the EIM be made effective the later of October 1, 2014, or the date the CAISO and PacifiCorp mutually agree to commence the EIM.¹⁴³

Because the requested effective date of certain provisions will be more than 120 days after the date this OATT amendment is filed with the Commission, PacifiCorp respectfully requests waiver of Section 35.3(a)(1) of the Commission's regulations, 18 C.F.R. § 35.3(a)(1). Good cause exists for granting this waiver as it will permit PacifiCorp's Tariff amendments to be in place in a timeframe necessary to support final design, testing, and startup of the EIM, thereby providing all parties with necessary regulatory and operational certainty.¹⁴⁴

In addition, consistent with 18 C.F.R. § 35.3(a)(1), PacifiCorp respectfully requests that the Commission issue an order no later than June 20, 2014, to coincide with the date requested by the CAISO in its CAISO EIM Filing. A timely order is necessary to facilitate PacifiCorp's and the CAISO's market simulation, scheduled to begin in July 2014, and PacifiCorp's customers' implementation of system changes necessary to accommodate the EIM.

PacifiCorp respectfully requests waiver of the requirement to submit full Period I and Period II cost-of-service statements under 18 C.F.R. § 35.13, consistent with prior waivers

¹⁴² The Commission has previously recognized the need for earlier effective dates for selected provisions. *See, e.g., Cal. Indep. Sys. Operator Corp.*, 119 FERC ¶ 61,124 at P 32 (2006).

¹⁴³ Because new Attachment T of PacifiCorp's OATT will include three different proposed effective dates, PacifiCorp has requested an effective date for Attachment T of June 20, 2014 in its eTariff software and included language in Section 1 of Attachment T to set forth the subsequent effective dates and applicable sections.

¹⁴⁴ *See, e.g., Midcontinent Indep. Sys. Operator, Inc.*, 145 FERC ¶ 61,208 (2013) at P.13.

granted by the Commission for formula rates.¹⁴⁵ Given that the EIM charges are addressed in the CAISO filing in Docket No. ER14-1386-000 and PacifiCorp has no experience upon which to estimate proposed amounts, good cause exists to grant such waiver. To the extent that any filing requirement in Part 35 of the Commission's regulation is not satisfied by this filing and the materials enclosed herewith, PacifiCorp respectfully requests waiver of such requirements.

VIII. EXPENSES

No expense or cost associated with this filing has been alleged or judged in any judicial proceeding to be illegal, duplicative, unnecessary, or demonstratively the product of discriminatory employment practices.

IX. SERVICE

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, PacifiCorp is providing an electronic copy of this filing to all transmission and interconnection customers pursuant to PacifiCorp's OATT if such customers have provided PacifiCorp with an e-mail contact address. To the extent that any such customers have not provided PacifiCorp a contact e-mail, PacifiCorp has served such customers with a hard copy of this filing to the last customer mailing address on file. In addition, PacifiCorp has served this filing on the state public utility commissions regulating PacifiCorp's retail service operations.

X. NOTICE

Communications regarding this filing should be addressed to the following individuals, whose names should be placed on the official service list established by the Secretary with respect to this submittal:

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¹⁴⁵ See, e.g., *PPL Elec. Utils. Corp.*, 125 FERC ¶ 61,121 at PP 40-41 (2008); *Pub. Serv. Elec. & Gas Co.*, 124 FERC ¶ 61,303 at P 23 (2008); *Oklahoma Gas & Elec. Co.*, 122 FERC ¶ 61,071 (2008); *Commonwealth Edison Co.*, 119 FERC ¶ 61,238 at P 94 (2007), *order on reh'g*, 122 FERC ¶ 61,037, *order on reh'g*, 124 FERC ¶ 61,231 (2008).

XI. ENCLOSURES

The following attachments, in addition to this filing letter, support this submission:

- Attachment A - Clean Tariff Sheets of Relevant OATT sections
- Attachment B - Blacklined Tariff Sheets of Relevant OATT sections
- Attachment C - Chart Containing Proposed Tariff Changes by Provision
- Attachment D - Testimony of Natalie L. Hocken
- Attachment E - Testimony of Sarah E. Edmonds

XII. CONCLUSION

Wherefore, for the reasons stated above, PacifiCorp respectfully requests that the proposed tariff sheets included with this filing be approved without modification, suspension, hearing, or condition to go into effect as requested herein.

Respectfully Submitted,

/s/ Mark M. Rabuano

Mark M. Rabuano

Attorney for PacifiCorp

CERTIFICATE OF SERVICE

I hereby certify that I have on this day caused a copy of the foregoing document to be served via first-class mail or electronic mail upon each of the parties listed in the enclosed Service List.

Dated at Portland, Oregon this 25th day of March, 2014.

/s/ Mark M. Rabuano

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PACIFICORP

FERC ELECTRIC TARIFF

VOLUME NO. 11

PRO FORMA OPEN ACCESS

TRANSMISSION TARIFF

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I. COMMON SERVICE PROVISIONS

1 Definitions

1.1 Affiliate:

With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

1.2 Ancillary Services:

Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

1.3 Annual Transmission Costs:

The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H until amended by the Transmission Provider or modified by the Commission.

1.3A Annual Transmission Revenue Requirement (ATRR):

The transmission revenue requirement calculated annually using the formula rate set forth in Attachment H-1.

1.4 Application:

A request by an Eligible Customer for Transmission Service, Network Integration Transmission Service or Generation Interconnection Service pursuant to the provisions of the Tariff.

1.4A Balancing Authority (BA):

The responsible entity that integrates resource plans ahead of time, maintains load-Interchange-generation

balance within a BAA, and supports interconnection frequency in real time.

1.4B Balancing Authority Area (BAA):

The collection of generation, transmission, and loads within the metered boundaries of the BA. The BA maintains load-resource balance within this area. For purposes of this Tariff, "BAA" shall have the same meaning as "Control Area".

1.4C Bid Cost Recovery (BCR):

The MO EIM settlements process through which PacifiCorp EIM Participating Resources recover their bid costs.

1.4D California Independent System Operator Corporation (CAISO):

A state-chartered, California non-profit public benefit corporation that operates the transmission facilities of all CAISO participating transmission owners and dispatches certain generating units and loads. The CAISO is the MO for the EIM.

1.4E CAISO BAA or CAISO Controlled Grid:

The system of transmission lines and associated facilities of the CAISO participating transmission owners that have been placed under the CAISO's operational control.

1.5 Commission:

The Federal Energy Regulatory Commission.

1.6 Completed Application:

An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.

1.7 Control Area:

An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

1. match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
2. maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
3. maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
4. provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

The term Control Area as used throughout this Tariff shall be understood to be equivalent to a Balancing Authority Area, as defined by the North American Electric Reliability Corporation.

1.8 Curtailment:

A reduction in firm or non-firm transmission service in response to a transfer capability shortage as a result of system reliability conditions (also "Curtailed").

1.9 Delivering Party:

The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.

1.10 Designated Agent:

Any entity that performs actions or functions on behalf of the Transmission Provider, an Eligible Customer, or the Transmission Customer required under the Tariff.

1.11 Direct Assignment Facilities:

Facilities or portions of facilities that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer or Generation Interconnection Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer or the Generation Interconnection Customer and shall be subject to Commission approval.

1.11A Dispatch Instruction:

An instruction by the MO for an action with respect to a specific PacifiCorp EIM Participating Resource for increasing or decreasing its energy supply or demand to a specified Dispatch Operating Point pertaining to real-time operations.

1.11B Dispatch Operating Point:

The expected operating point, in MW, of a PacifiCorp EIM Participating Resource that has received a Dispatch Instruction from the Market Operator. For purposes of Attachment T of this Tariff, the Dispatch Operating Point means the incremental change, in MW output, of a PacifiCorp EIM Participating Resource due to an EIM bid being accepted and the PacifiCorp EIM Participating Resource receiving a Dispatch Instruction, expressed either as (i) a negative MW quantity for the downward movement of generation, or (ii) a positive MW quantity for the upward movement of generation.

1.11C Disturbance Recovery Event:

Any abnormal system condition occurring in a neighboring Balancing Authority that requires automatic or immediate action to prevent or limit the failure of transmission facilities or generation supply that could adversely affect the reliability of the Transmission Provider's Transmission System or other Transmission Systems in the Western Electricity Coordinating Council.

1.11D Dynamic Transfer:

The provision of the real-time monitoring, telemetering, computer software, hardware, communications, engineering, energy accounting (including inadvertent Interchange), and administration required to electronically move all or a portion of the real energy services associated with a generator or load out of one BAA into another. A Dynamic Transfer can be either:

(1) a Dynamic Schedule: a telemetered reading or value that is updated in real time and used as a schedule in the AGC/ACE equation and the integrated value of which is treated as an after-the-fact schedule for Interchange accounting purposes. Dynamic Schedules are commonly used for scheduling jointly-owned generation to or from another BAA; or

(2) a Pseudo-Tie: a functionality by which the output of a generating unit physically interconnected to the electric grid in a native BAA is telemetered to and deemed to be produced in an attaining BAA that provides BA services for and exercises BA jurisdiction over the generating unit. This value is treated as an actual Interchange and validated after the hour in real time with the host BAA.

1.11E Energy Imbalance Market (EIM):

The real-time market to manage transmission congestion and optimize procurement of imbalance energy (positive or negative) to balance supply and demand deviations for the EIM Area through economic bids submitted by EIM Participating Resource Scheduling Coordinators in the fifteen-minute and five-minute markets.

1.11F EIM Area:

The combination of PacifiCorp's BAAs, the CAISO BAA, and the BAAs of any other EIM Entities.

1.11G EIM Entity:

A BA, other than the PacifiCorp EIM Entity, that enters into the MO's *pro forma* EIM Entity Agreement to enable the EIM to occur in its BAA.

1.11H EIM Transfer:

The transfer of real-time energy resulting from an EIM Dispatch Instruction: (1) between PacifiCorp's BAAs; (2) between a PacifiCorp BAA and the CAISO BAA; (3) between a PacifiCorp BAA and an EIM Entity BAA; or (4) between the CAISO BAA and an EIM Entity BAA using transmission capacity available in the EIM.

1.12 Eligible Customer:

(i) Any electric utility (including the Transmission Provider and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider offer the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider.

(ii) Any retail customer taking unbundled transmission service pursuant to a state requirement that the Transmission Provider offer the transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider, is an Eligible Customer under the Tariff.

1.12A e-Tag:

An electronic tag associated with a schedule in accordance with the requirements of the North American Electric Reliability Corporation (NERC), the Western Electricity Coordinating Council (WECC), or the North American Energy Standards Board (NAESB).

1.13 Facilities Study:

An engineering study conducted by the Transmission Provider to determine the required modifications to the Transmission Provider's Transmission System, including the cost and scheduled completion date for

such modifications, that will be required to provide the requested transmission service.

1.14 Firm Point-To-Point Transmission Service:

Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.

1.14A Flexible Ramping Requirement (or Flexible Ramping Constraint):

The costs associated with meeting a requirement, established by the MO, that may be enforced in the MO's EIM optimization to ensure that the unit commitment or dispatch of resources for intervals beyond the applicable commitment or dispatch period provide for the availability of required capacity for dispatch in subsequent real-time dispatch intervals.

1.14B Forecast Data:

Information provided by Transmission Customers regarding expected load (as determined pursuant to Section 4.2.4.3 of Attachment T of this Tariff), generation, Intrachange, and Interchange, as specified in the PacifiCorp EIM BP. Forecast Data comprise the Transmission Customer Base Schedule that is used by the PacifiCorp EIM Entity as the baseline by which to measure Imbalance Energy for purposes of EIM settlement.

1.15 Good Utility Practice:

Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices,

methods, or acts generally accepted in the region, including those practices required by Federal Power Act section 215(a)(4).

1.15A Hourly Pricing Proxy:

The average price for each hour of the delivered energy at California-Oregon Border (COB), Four Corners, Mid-Columbia (Mid-C), and Palo Verde (PV). At the end of each month, the Transmission Provider shall calculate the Hourly Pricing Proxy using pricing information from Platts. The prices for COB, Four Corners, Mid-C, and PV shall be averaged resulting in a spreadsheet showing the Hourly Pricing Proxy for each hour of each day for the previous month. If such data for calculating any Hourly Pricing Proxy is not available from Platts, data from the same time of the previous day shall be used.

1.15B Interconnection Customer:

Any Eligible Customer (or its Designated Agent) that executes an agreement to receive generation interconnection service pursuant to Part IV or Part V of this Tariff.

1.15C Imbalance Energy:

The deviation of supply or demand from the Transmission Customer Base Schedule, positive or negative, as measured by metered generation, metered load, or real-time Interchange schedules.

1.15D Instructed Imbalance Energy (IIE):

There are two categories of IIE which is settled by the PacifiCorp EIM Entity depending on the nature and timing of the energy in either the FMM (Fifteen Minute Market) IIE, or RTD (Real-Time Dispatch) IIE: (1) FMM (15-minute) IIE is the portion of Imbalance Energy resulting from the difference between the resource component of the Transmission Customer Base Schedule and the energy, if any, from the Manual Dispatch or physical changes in the output from resources communicated to the MO prior to the FMM, and (2) RTD (5-minute) IIE is the portion of Imbalance Energy resulting from the difference between the resource

component of the Transmission Customer Base Schedule and the energy, if any, from the Manual Dispatch identified by the EIM Entity Scheduling Coordinator.

1.15E Interchange:

E-Tagged energy transfers from or to any of PacifiCorp's BAAs or other BAAs, not including EIM Transfers.

1.15F Intrachange:

E-Tagged energy transfers within each of PacifiCorp's BAAs, not including real-time actual energy flows associated with EIM Dispatch Instructions.

1.16 Interruption:

A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7 (also "Interrupt").

1.17 Load Aggregation Point (LAP):

A set of Pricing Nodes that is used for the submission of bids and settlement of demand in the EIM.

1.17A Locational Marginal Price (LMP):

The marginal cost (\$/MWh) of serving the next increment of demand at that PNode consistent with existing transmission constraints and the performance characteristics of resources.

1.18 Load Shedding:

The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.

1.19 Long-Term Firm Point-To-Point Transmission Service:

The firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

1.19A Manual Dispatch:

An operating order issued by the PacifiCorp EIM Entity to a Transmission Customer with a PacifiCorp EIM Participating Resource or a Non-Participating Resource in PacifiCorp's BAAs, outside of the EIM optimization, when necessary to address reliability or operational issues in PacifiCorp's BAAs that the EIM is not able to address through economic dispatch and congestion management.

1.19B Market Operator (MO):

The entity responsible for operation, administration, settlement, and oversight of the EIM.

1.19C Measured Demand:

Includes (1) metered load volumes, including losses pursuant to Schedule 10, in PacifiCorp's BAAs, plus (2) e-Tagged export volumes from a PacifiCorp BAA, including losses pursuant to Schedule 10 (excluding Dynamic Schedules that support EIM Transfers).

1.19D Metered Demand:

Metered load volumes, including losses pursuant to Schedule 10, in PacifiCorp's BAAs.

1.19E MO Tariff:

Those portions of the MO's approved tariff, as such tariff may be modified from time to time, that specifically apply to the operation, administration, settlement, and oversight of the EIM.

1.20 Native Load Customers:

The wholesale and retail power customers of the Transmission Provider on whose behalf the Transmission Provider, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate the Transmission Provider's system to meet the reliable electric needs of such customers.

1.21 Network Customer:

An entity receiving transmission service pursuant to the terms of the Transmission Provider's Network Integration Transmission Service under Part III of the Tariff.

1.22 Network Integration Transmission Service:

The transmission service provided under Part III of the Tariff.

1.23 Network Load:

The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.

1.24 Network Operating Agreement:

An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.

1.25 Network Operating Committee:

A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.

1.26 Network Resource:

Any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program or output associated with an EIM Dispatch Instruction.

1.27 Network Upgrades:

Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System.

1.28 Non-Firm Point-To-Point Transmission Service:

Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.

1.29 Non-Firm Sale:

An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or seller.

1.29A Non-Participating Resource:

A resource in PacifiCorp's BAAs that is not a PacifiCorp EIM Participating Resource.

1.30 Open Access Same-Time Information System (OASIS):

The information system and standards of conduct contained in Part 37 of the Commission's regulations

and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

1.30A Operating Hour:

The hour during the day when the EIM runs and energy is supplied to load.

1.30B PacifiCorp COI Segment:

The eastern most portion of the two Pacific AC Intertie lines on the California-Oregon Intertie.

1.30C PacifiCorp's BAAs:

Refers collectively to the two BAAs operated by PacifiCorp which are referred to as PacifiCorp East (PACE) and PacifiCorp West (PACW).

1.30D PacifiCorp BAA Transmission Owner:

A transmission owner, other than the PacifiCorp EIM Entity, who owns transmission facilities in PacifiCorp's BAAs.

1.30E PacifiCorp EIM Business Practice (PacifiCorp EIM BP):

The business practice posted on PacifiCorp's OASIS that contains procedures related to PacifiCorp's implementation of EIM and the rights and obligations of Transmission Customers and Interconnection Customers related to EIM.

1.30F PacifiCorp EIM Entity:

The Transmission Provider in performance of its role as an EIM Entity under the MO Tariff and this Tariff, including, but not limited to, Attachment T. The term "PacifiCorp EIM Entity" refers collectively to the EIM Entities for both PACE and PACW.

1.30G PacifiCorp EIM Entity Scheduling Coordinator:

The Transmission Provider or the entity selected by the Transmission Provider who is certified by the MO and who enters into the MO's *pro forma* EIM Entity Scheduling Coordinator Agreement.

1.30H PacifiCorp EIM Participating Resource:

A resource or a portion of a resource: (1) that has been certified in accordance with Attachment T by the PacifiCorp EIM Entity as eligible to participate in the EIM; and (2) for which the generation owner and/or operator enters into the MO's *pro forma* EIM Participating Resource Agreement.

1.30I PacifiCorp EIM Participating Resource Scheduling Coordinator:

A Transmission Customer with one or more PacifiCorp EIM Participating Resource(s) or a third-party designated by the Transmission Customer with one or more PacifiCorp EIM Participating Resource(s), that is certified by the MO and enters into the MO's *pro forma* EIM Participating Resource Scheduling Coordinator Agreement.

1.30J PacifiCorp Interchange Rights Holder:

A Transmission Customer who has informed the PacifiCorp EIM Entity that it is electing to make reserved firm transmission capacity for an Interchange available for EIM Transfers without compensation.

1.31 Part I:

Tariff definitions and Common Service Provisions contained in Sections 2 through 12.

1.32 Part II:

Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.33 Part III:

Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.34 Part IV:

Tariff Section 36 to Section 48 pertaining to Standard Generation Interconnection Procedures for generation greater than twenty (20) megawatts in conjunction with the applicable Common Service Provisions of Part I and appropriate schedules and attachments.

1.35 Part V:

Tariff Section 49 pertaining to Generation Interconnection Service lesser than or equal to twenty (20) megawatts in conjunction with the applicable Common Service Provisions of Part I and appropriate schedules and attachments.

1.36 Parties:

The Transmission Provider and the Transmission Customer receiving service under the Tariff.

1.37 Point(s) of Delivery:

Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.38 Point(s) of Receipt:

Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.39 Point-To-Point Transmission Service:

The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

1.40 Power Purchaser:

The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

1.41 Pre-Confirmed Application:

An Application that commits the Eligible Customer to execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

1.41A Pricing Node (PNode):

A single network node or subset of network nodes where a physical injection or withdrawal is modeled by the MO and for which the MO calculates an LMP that is used for financial settlements by the MO and the PacifiCorp EIM Entity.

1.42 Real Power Losses:

Electrical losses associated with the use of the Transmission Provider's Transmission System and, where applicable, the use of the Transmission Provider's distribution system. Such losses are provided for in Section 15.7, Section 28.5, Schedule 10 and Attachment S of the Tariff.

1.43 Receiving Party:

The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

1.44 Regional Transmission Group (RTG):

A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

1.45 Reserved Capacity:

The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

1.45A Resource Plan:

The combination of load, resource and Interchange components of the Transmission Customer Base Schedule, ancillary services plans of the PacifiCorp EIM Entity, and bid ranges submitted by PacifiCorp EIM Participating Resources.

1.46 Retail Access:

Unbundled Transmission Service pursuant to a state requirement that the Transmission Provider offer transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider providing Retail End-Users of electricity (or their designated agent) the ability to acquire transmission service directly from the Transmission Provider.

1.47 Retail End-User:

A consumer of electric energy receiving either (i) bundled electric service from the Transmission Provider under a retail service tariff subject to state jurisdiction or (ii) Retail Access from the Transmission Provider in lieu of bundled electric service from the Transmission Provider under a retail service tariff subject to state jurisdiction.

1.48 Secondary Receipt and Delivery Points:

The use of alternate delivery or receipt points in Point-to-Point Transmission Service on a non-firm basis in accordance with Section 22 of the Tariff.

1.49 Service Agreement:

The initial agreement and any amendments or supplements thereto entered into by the Transmission

Customer and the Transmission Provider for service under the Tariff.

1.50 Service Commencement Date:

The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.

1.51 Short-Term Firm Point-To-Point Transmission Service:

Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year. Short-Term Firm Point-To-Point Transmission Service of duration of less than one calendar day is sometimes referred to as Hourly Firm Point-To-Point Transmission Service.

1.52 System Condition:

A specified condition on the Transmission Provider's system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the curtailment priority pursuant to Section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.

1.53 System Impact Study:

An assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.

1.54 Third-Party Sale:

Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service Agreement.

1.55 Transmission Customer:

Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission, a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff.

1.55A Transmission Customer Base Schedule:

An energy schedule that provides Transmission Customer hourly-level load Forecast Data, hourly-level resource Forecast Data, and hourly-level Interchange Forecast Data and other information that is used by the PacifiCorp EIM Entity as the baseline by which to measure Imbalance Energy for purposes of EIM settlement. The term "Transmission Customer Base Schedule" as used in this Tariff may refer collectively to the three components of such schedule (load, resource, and Interchange) or any individual components of such schedule.

1.56 Transmission Provider:

PacifiCorp (or its designated agent), which owns, controls, or operates transmission or distribution facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff.

1.57 Transmission Provider's Monthly Transmission System Peak:

The maximum firm usage of Transmission Provider's Transmission System in a calendar month.

1.58 Transmission Service:

Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.

1.59 Transmission System:

The facilities (for PacifiCorp that are generally operated at a voltage greater than 34.5 kV) that are owned, controlled or operated by the Transmission Provider; that are used to provide Transmission Service under Part II and Part III of the Tariff; and that are included in the Transmission Provider's transmission revenue requirement periodically filed with the Commission.

1.60 Umbrella Service Agreement:

An executed agreement allowing a Transmission Customer to purchase transmission service from the Transmission Provider in amounts and for prices as posted on the Transmission Provider's OASIS for a term up to one year in length.

1.60A Uninstructed Imbalance Energy (UIE):

For Non-Participating Resources in an EIM Entity BAA, the MO shall calculate UIE as either (1) the algebraic difference between the resource's 5-minute meter data and the resource component of the Transmission Customer Base Schedule, or, if applicable, (2) the 5-minute meter data and any Manual Dispatch or FMM schedules. For Transmission Customers with load in the PacifiCorp EIM Entity's BAAs, the PacifiCorp EIM Entity shall calculate UIE as the algebraic difference between the Transmission Customer's actual hourly load and the Transmission Customer Base Schedule.

1.61 Working Day:

Monday through Friday excluding holidays.

I. COMMON SERVICE PROVISIONS

10 Force Majeure and Indemnification

10.1 Force Majeure: An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither the Transmission Provider nor the Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

10.2 Indemnification: The Transmission Customer shall at all times indemnify, defend, and save the Transmission Provider harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Transmission Provider's performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by the Transmission Provider. Provided, however, that the standard of liability for the actions of the PacifiCorp EIM Entity performed consistent with Attachment T of this Tariff shall be gross negligence or intentional wrongdoing.

I. COMMON SERVICE PROVISIONS

12 Dispute Resolution Procedures

12.1 Internal Dispute Resolution Procedures: Any dispute between a Transmission Customer and the Transmission Provider involving transmission service under the Tariff (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of the Transmission Provider and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days [or such other period as the Parties may agree upon] by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

12.2 External Arbitration Procedures: Any arbitration initiated under the Tariff shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations or Regional Transmission Group rules.

12.3 Arbitration Decisions: Unless otherwise agreed, the

arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Tariff and any Service Agreement entered into under the Tariff and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities.

12.4 Costs: Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

- (A) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or
- (B) one half the cost of the single arbitrator jointly chosen by the Parties.

12.4A EIM Disputes

12.4A.1 Disputes between the PacifiCorp EIM Entity and a Transmission Customer or Interconnection Customer Related to Allocation of Charges or Payments from the MO

To the extent a dispute arises between the PacifiCorp EIM Entity and a Transmission Customer or Interconnection Customer regarding the PacifiCorp EIM Entity's implementation of this Tariff's provisions regarding the manner in which the PacifiCorp EIM Entity allocates charges or payments from the MO, the parties shall follow the dispute resolution procedures in Sections 12.1 to 12.4 of this Tariff.

12.4A.2 Disputes between the MO and PacifiCorp EIM Participating Resource Scheduling Coordinators Related to EIM Charges and Payments Directly From the MO

Disputes involving settlement statements between the MO and PacifiCorp EIM Participating Resource Scheduling Coordinators shall be resolved in accordance with the dispute resolution process of the MO Tariff. A Transmission Customer with a PacifiCorp EIM Participating Resource shall provide notice to the PacifiCorp EIM Entity if it raises a dispute with the MO, and such notice shall be provided in accordance with the process set forth in the PacifiCorp EIM BP.

12.4A.3 Disputes between the MO and the PacifiCorp EIM Entity

The PacifiCorp EIM Entity may raise disputes with the MO regarding the settlement statements it receives from the MO in accordance with the process specified in the MO Tariff. If the PacifiCorp EIM Entity submits a dispute it shall provide notice to Transmission Customers in accordance with the PacifiCorp EIM BP.

12.4A.4 Disputes Regarding MO Charges or Payments to the PacifiCorp EIM Entity Raised by Transmission Customers or Interconnection Customers

To the extent a dispute arises regarding a MO charge or a MO payment to the PacifiCorp EIM Entity that is subsequently charged or paid by the PacifiCorp EIM Entity to a Transmission Customer or an Interconnection Customer, and such Transmission Customer or Interconnection Customer wishes to raise a dispute with the MO, the PacifiCorp EIM Entity shall file a dispute on behalf of such Transmission Customer or Interconnection Customer in accordance with the MO Tariff and work with the Transmission Customer or the Interconnection Customer to resolve the dispute pursuant to the process specified in the MO Tariff.

12.5 Rights under the Federal Power Act: Nothing in this section shall restrict the rights of any party to file a complaint with the Commission under relevant provisions of the Federal Power Act.

II. POINT-TO-POINT TRANSMISSION SERVICE

13 Nature of Firm Point-To-Point Transmission Service

13.1 Term: The minimum term of Firm Point-To-Point Transmission Service shall be one hour and the maximum term shall be specified in the Service Agreement. A Purchaser of Short-Term Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 17.8.

13.2 Reservation Priority:

- (i) Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Transmission Customer has requested service.
- (ii) Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction or reservation. However, Pre-Confirmed Applications for Short-Term Point-to-Point Transmission Service will receive priority over earlier-submitted requests that are not Pre-Confirmed and that have equal or shorter duration. Among requests or reservations with the same duration and, as relevant, pre-confirmation status (pre-Confirmed, confirmed, or not confirmed), priority will be given to an Eligible Customer's request or reservation that offers the highest price, followed by the date and time of the request or reservation.
- (iii) If the Transmission System becomes oversubscribed, requests for service may preempt competing reservations up to the following conditional reservation deadlines: at 2:00 p.m., or as soon as practicable thereafter, of the preschedule day for the delivery for the hourly service, one Working Day before the commencement

of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transfer capability is insufficient to satisfy all requests and reservations, an Eligible Customer with a reservation for shorter term service or equal duration service and lower price has the right of first refusal to match any longer term request or equal duration service with a higher price before losing its reservation priority. A longer term competing request for Short-Term Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. When a longer duration request preempts multiple shorter duration reservations, the shorter duration reservations shall have simultaneous opportunities to exercise the right of first refusal. Duration, price and time of response will be used to determine the order by which the multiple shorter duration reservations will be able to exercise the right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff.

- (iv) Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Section 2.2.
- (v) For any requests for Firm Point-to-Point Transmission Service for which this Tariff establishes an earliest time such requests are permitted to be submitted, any requests for such

service submitted within a five (5) minute window following such earliest time shall be deemed to have been submitted simultaneously during such window. If sufficient transmission capacity is not available to meet all such requests submitted within any such five (5) minute window, the otherwise applicable priorities shall apply to allocation of transmission capacity to such requests; provided that, if the otherwise applicable priorities would be to allocate transmission capacity to transmission requests on a first-come, first-served basis (i.e., in the chronological sequence in which each Transmission Customer has requested service), transmission capacity shall instead be allocated to such competing transmission requests with the same position on the basis of a lottery allocation procedure, as described further in Transmission Provider's business practice, provided that no Transmission Customer will be allocated transmission capacity in excess of the requested amount of any request.

13.3 Use of Firm Transmission Service by the Transmission

Provider: The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after July 9, 1996 or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

13.4 Service Agreements: The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Long-Term Firm Point-To-Point Transmission Service. The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed

with the Commission in compliance with applicable Commission regulations. An Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved and that has not executed a Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Service Agreement. The Service Agreement shall, when applicable, specify any conditional curtailment options selected by the Transmission Customer. Where the Service Agreement contains conditional curtailment options and is subject to a biennial reassessment as described in Section 15.4, the Transmission Provider shall provide the Transmission Customer notice of any changes to the curtailment conditions no less than 90 days prior to the date for imposition of new curtailment conditions. Concurrent with such notice, the Transmission Provider shall provide the Transmission Customer with the reassessment study and a narrative description of the study, including the reasons for changes to the number of hours per year or System Conditions under which conditional curtailment may occur.

13.5 Transmission Customer Obligations for Facility

Additions or Redispatch Costs: In cases where the Transmission Provider determines that the Transmission System is not capable of providing Firm Point-To-Point Transmission Service without (1) degrading or impairing the reliability of service to Native Load Customers, Network Customers and other Transmission Customers taking Firm Point-To-Point Transmission Service, or (2) interfering with the Transmission Provider's ability to meet prior firm contractual commitments to others, the Transmission Provider will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 15.4. The Transmission Customer must agree to compensate the Transmission Provider for any necessary transmission facility additions pursuant to the terms of Section 27. To the extent the Transmission Provider can relieve any system constraint by redispatching the Transmission Provider's resources; it shall do so, provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms of Section 27 and agrees to either (i) compensate the Transmission Provider for any necessary

transmission facility additions or (ii) accept the service subject to a biennial reassessment by the Transmission Provider of redispatch requirements as described in Section 15.4. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service.

13.6 Curtailment of Firm Point-To-Point Transmission

Service: In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is required to maintain reliable operation of such system and the system directly and indirectly interconnected with Transmission Provider's Transmission System, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the Transmission Provider will curtail service to Network Customers and Transmission Customers taking Firm Point-To-Point Transmission Service on a basis comparable to the curtailment of service to the Transmission Provider's Native Load Customers. All Curtailments will be made on a non-discriminatory basis; however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. Long-Term Firm Point-to-Point Service subject to conditions described in Section 15.4 shall be curtailed with secondary service in cases where the conditions apply, but otherwise will be curtailed on a pro rata basis with other Firm Transmission Service. With respect to transmission capacity made available to the EIM by a PacifiCorp Interchange Rights Holder, the capacity shall have the same priority as the underlying transmission service reservation. When the Transmission Provider determines that an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the Transmission Provider. However, the Transmission Provider reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in the Transmission Provider's sole discretion, an emergency or other unforeseen condition

impairs or degrades the reliability of its Transmission System. The Transmission Provider will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments. Transmission Provider shall take necessary measures to ensure reliability in PacifiCorp's BAAs in accordance with Section 6 of Attachment T.

13.7 Classification of Firm Transmission Service:

- (a) The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Point(s) to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (2) request a modification of the Point(s) of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.2.
- (b) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the Transmission Provider's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant or unless all or part of such generation from multiple generating units is associated with a NERC-registered Point of Receipt, behind which there are no transmission constraints, in which case the units would be treated as a single Point of Receipt.
- (c) The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transfer capability is reserved by the Transmission Customer shall be set forth in the

Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be mutually agreed upon by the Parties for Short-Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved.

13.8 Scheduling of Firm Point-To-Point Transmission

Service: Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 10:00 a.m. [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. will be accommodated, if practicable. Hour-to-hour and intra-hour (four intervals consisting of fifteen minute schedules) schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour [or a reasonable increment that is generally accepted in the region and is consistently adhered to by the Transmission Provider]. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common Point

of Receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] before the start of the next scheduling interval provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour and intra-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered. For Firm Point-To-Point Transmission Service on the PacifiCorp COI Segment, the scheduling terms and conditions set forth in Attachment S also apply.

II. POINT-TO-POINT TRANSMISSION SERVICE

14 Nature of Non-Firm Point-To-Point Transmission Service

14.1 Term: Non-Firm Point-To-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 18.3.

14.2 Reservation Priority: Non-Firm Point-To-Point Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned first to requests or reservations with a longer duration of service and second to Pre-Confirmed Applications. In the event the Transmission System is constrained, competing requests of the same Pre-Confirmation status and equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term reservation before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the Transmission Provider; and, (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section 14.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by the Transmission Provider. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of

Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

For any requests for Non-Firm Point-to-Point Transmission Service for which this Tariff establishes an earliest time such requests are permitted to be submitted, any requests for such service submitted during the first five (5) minute window following such earliest time that requests may be submitted shall be deemed to have been submitted simultaneously during such window. If sufficient transmission capacity is not available to meet all such requests submitted within such five (5) minute window, the otherwise applicable priorities shall apply to allocation of transmission capacity to such requests; provided that, if the otherwise applicable priorities would be to allocate transmission capacity to transmission requests on a first-come, first-served basis (i.e., in the chronological sequence in which each Transmission Customer has requested service), transmission capacity shall instead be allocated to such competing transmission requests with the same position on the basis of a lottery allocation procedure, as described further in Transmission Provider's business practice, provided that no Transmission Customer will be allocated transmission capacity in excess of the requested amount of any request.

14.3 Use of Non-Firm Point-To-Point Transmission Service by the Transmission Provider: The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after July 9, 1996 or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

14.4 Service Agreements: The Transmission Provider shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment B) to an Eligible Customer when it first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service

Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

14.5 Classification of Non-Firm Point-To-Point Transmission

Service: Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. The Transmission Provider undertakes no obligation under the Tariff to plan its Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its non-firm capacity reservation. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule 8.

14.6 Scheduling of Non-Firm Point-To-Point Transmission

Service: Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 2:00 p.m. [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] of the day prior to commencement of such service. Schedules submitted after 2:00 p.m. will be accommodated, if practicable. Hour-to-hour and intra-hour (four intervals consisting of fifteen minute schedules) schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour [or a reasonable increment that is generally accepted in the region and is consistently adhered to by the Transmission Provider]. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour.

Scheduling changes will be permitted twenty (20) minutes [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] before the start of the next scheduling interval provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour and intra-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered. For Non-Firm Point-To-Point Transmission Service on the PacifiCorp COI Segment, the scheduling terms and conditions set forth in Attachment S apply.

14.7 Curtailment or Interruption of Service: The Transmission Provider reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System or the systems directly and indirectly interconnected with Transmission Provider's Transmission System. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, (4) transmission service for Network Customers from non-designated resources, or (5) transmission service for Firm Point-to-Point Transmission Service during conditional curtailment periods as described in Section 15.4. The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the

Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice. Transmission Provider will take necessary measures to ensure reliability in PacifiCorp's BAAs in accordance with Section 6 of Attachment T.

II. POINT-TO-POINT TRANSMISSION SERVICE

16 Transmission Customer Responsibilities

16.1 Conditions Required of Transmission Customers: Point-To-Point Transmission Service shall be provided by the Transmission Provider only if the following conditions are satisfied by the Transmission Customer:

- a. The Transmission Customer has pending a Completed Application for service;
- b. The Transmission Customer meets the creditworthiness criteria set forth in Section 11;
- c. The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Transmission Provider prior to the time service under Part II of the Tariff commences;
- d. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission Customer takes service for the full term of its reservation;
- e. The Transmission Customer provides the information required by the Transmission Provider's planning process established in Attachment K; and
- f. The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 15.3.
- g. The Transmission Customer must comply with the requirements of Attachment T regarding the EIM.

16.2 Transmission Customer Responsibility for Third-Party Arrangements: Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide,

unless waived by the Transmission Provider, notification to the Transmission Provider identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by the Transmission Provider pursuant to Part II of the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

II. POINT-TO-POINT TRANSMISSION SERVICE

18 Procedures for Arranging Non-Firm Point-To-Point Transmission Service

18.1 Application: Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the Transmission Provider for an Umbrella Service Agreement for Non-Firm Point-To-Point Transmission Service as provided in Attachment B. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS or by submitting a written application to the Transmission Provider at the address shown in Attachment B. Transmission Customers under an Umbrella Service Agreement may request over the OASIS transmission reservations in amounts not exceeding the amounts listed as non-firm Available Transmission Capability on the Transmission Provider's OASIS by providing all OASIS requested information. OASIS registration is required. No other application procedures are necessary.

18.2 Completed Application: A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The Point(s) of Receipt and Point(s) of Delivery;
- (iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
- (v) The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the Transmission Provider also may ask the Transmission Customer to provide the following:

- (vi) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and
- (vii) The electrical location of the ultimate load.

The Transmission Provider will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

- (viii) A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

18.3 Reservation of Non-Firm Point-To-Point Transmission Service: Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than five (5) days before service is to commence, and requests for hourly service shall be submitted no earlier than five (5) days before service is to commence. Requests for service received later than 2:00 p.m. prior to the Working Day service is scheduled to commence will be accommodated if practicable [or such reasonable times that are generally accepted in the region and are consistently adhered to by the Transmission Provider].

18.4 Determination of Available Transfer Capability:

Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transfer capability pursuant to Section 15.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service (i) thirty (30) minutes for hourly service, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly service, and (iv) two (2) days for monthly service. [Or such reasonable times that are generally accepted in the region and are consistently adhered to by the Transmission Provider].

18.5 Completed Application for Participation in EIM Utilizing Non-Firm Point-to-Point Transmission Service:

A Transmission Customer that elects to utilize Non-Firm Point-to-Point Transmission Service to participate in the EIM in accordance with Attachment T shall submit a Completed Application for the Umbrella Service Agreement for Non-Firm Point-To-Point Transmission Service consistent with Section 18.1 and provide the information requested in Section 18.2(i), (ii), and the Point of Receipt in Section 18.2(iii).

II. POINT-TO-POINT TRANSMISSION SERVICE

23 Sale or Assignment of Transmission Service

23.1 Procedures for Assignment or Transfer of Service:

- (a) A Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to Resellers shall be at rates established by agreement between the Reseller and the Assignee.

- (b) The Assignee must execute a service agreement with the Transmission Provider governing reassignments of transmission service prior to the date on which the reassigned service commences. The Transmission Provider shall charge the Reseller, as appropriate, at the rate stated in the Reseller's Service Agreement with the Transmission Provider or the associated OASIS schedule and credit the Reseller with the price reflected in the Assignee's Service Agreement with the Transmission Provider or the associated OASIS schedule; provided that, such credit shall be reversed in the event of non-payment by the Assignee. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. The Assignee will be subject to all terms and conditions of this Tariff. If the Assignee requests a change in service, the reservation priority of service will be determined by the Transmission Provider pursuant to Section 13.2.

23.2 Limitations on Assignment or Transfer of Service: If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, the Transmission Provider will consent to

such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of the Transmission Provider's generation, transmission, or distribution systems. The Assignee shall compensate the Transmission Provider for performing any System Impact Study needed to evaluate the capability of the Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the Transmission Provider and the Reseller through an amendment to the Service Agreement.

23.3 Information on Assignment or Transfer of Service: In accordance with Section 4, all sales or assignments of capacity must be conducted through or otherwise posted on the Transmission Provider's OASIS on or before the date the reassigned service commences and are subject to Section 23.1. Resellers may also use the Transmission Provider's OASIS to post transmission capacity available for resale.

23.4 Use by EIM: The provisions of this Section 23 shall not apply to a PacifiCorp Interchange Rights Holder that voluntarily makes its transmission capacity available to the EIM in accordance with Attachment T.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

28 Nature of Network Integration Transmission Service

28.1 Scope of Service: Network Integration Transmission Service is a transmission service that allows Network Customers to efficiently and economically utilize their Network Resources (as well as other non-designated generation resources) to serve their Network Load located in the Transmission Provider's Control Area and any additional load that may be designated pursuant to Section 31.3 of the Tariff. The Network Customer taking Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 3.

28.2 Transmission Provider Responsibilities: The Transmission Provider will plan, construct, operate and maintain its Transmission System in accordance with Good Utility Practice and its planning obligations in Attachment K in order to provide the Network Customer with Network Integration Transmission Service over the Transmission Provider's Transmission System. The Transmission Provider, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer under Part III of this Tariff. This information must be consistent with the information used by the Transmission Provider to calculate available transfer capability. The Transmission Provider shall include the Network Customer's Network Load in its Transmission System planning and shall, consistent with Good Utility Practice and Attachment K, endeavor to construct and place into service sufficient transfer capability to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to the Transmission Provider's delivery of its own generating and purchased resources to its Native Load Customers.

28.3 Network Integration Transmission Service: The Transmission Provider will provide firm transmission service over its Transmission System to the Network Customer for the delivery of capacity and energy from its designated Network Resources to serve its Network Loads on a basis that is comparable to the Transmission Provider's use of the Transmission System

to reliably serve its Native Load Customers.

28.4 Secondary Service: The Network Customer may use the Transmission Provider's Transmission System to deliver energy to its Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Secondary service shall not require the filing of an Application for Network Integration Transmission Service under the Tariff. However, all other requirements of Part III of the Tariff (except for transmission rates) shall apply to secondary service. Deliveries from resources other than Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under Part II of the Tariff.

28.5 Real Power Losses: Real Power Losses are associated with all Network Integration Transmission Service and may be associated with use of distribution facilities. The Transmission Provider is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing or purchasing Real Power Losses associated with all Network Integration Transmission Service as calculated by the Transmission Provider. The applicable Real Power Loss factors are provided in Schedule 10.

28.6 Restrictions on Use of Service: The Network Customer shall not use Network Integration Transmission Service for (i) sales of capacity and energy to non-designated loads, or (ii) direct or indirect provision of transmission service by the Network Customer to third parties. All Network Customers taking Network Integration Transmission Service shall use Point-To-Point Transmission Service under Part II of the Tariff for any Third-Party Sale which requires use of the Transmission Provider's Transmission System. The Transmission Provider shall specify any appropriate charges and penalties and all related terms and conditions applicable in the event that a Network Customer uses Network Integration Transmission Service or secondary service pursuant to Section 28.4 to facilitate a wholesale sale that does not serve a Network Load.

28.7 Participation in the EIM: Notwithstanding the limitations in Section 28.6, Network Customers may participate in EIM utilizing Network Integration Transmission Service without a requirement to terminate the designation of any Network Resource that is a PacifiCorp EIM Participating Resource consistent with Section 30.3 of this Tariff and without a requirement to reserve additional Point-To-Point Transmission Service for such transactions.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

29 Initiating Service

29.1 Condition Precedent for Receiving Service: Subject to the terms and conditions of Part III of the Tariff, the Transmission Provider will provide Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part III of the Tariff, (ii) the Eligible Customer and the Transmission Provider complete the technical arrangements set forth in Sections 29.3 and 29.4, (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment F for service under Part III of the Tariff or requests in writing that the Transmission Provider file a proposed unexecuted Service Agreement with the Commission, and (iv) the Eligible Customer executes a Network Operating Agreement with the Transmission Provider pursuant to Attachment G, or requests in writing that the Transmission Provider file a proposed unexecuted Network Operating Agreement.

29.2 Application Procedures: An Eligible Customer requesting service under Part III of the Tariff must submit an Application, with a deposit approximating the charge for one month of service, to the Transmission Provider as far as possible in advance of the month in which service is to commence. The Transmission Provider may, on a non-discriminatory basis, waive the deposit requirement for an existing Network Customer submitting an Application requesting a modification of service under Part III of the Tariff, where the Network Customer has maintained its creditworthiness pursuant to Section 11 and Attachment L of this Tariff, and is not in default in its obligations under this Tariff as defined in Section 7.3 of this Tariff at the time of the Application. Unless subject to the procedures in Section 2, Completed Applications for Network Integration Transmission Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation

of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application.

A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the party requesting service;
- (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Transmission Provider substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;
- (iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to (iii) above;

- (v) A description of Network Resources (current and 10-year projection). For each on-system Network Resource, such description shall include:
- Unit size and amount of capacity from that unit to be designated as Network Resource
 - VAR capability (both leading and lagging) of all generators
 - Operating restrictions
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit
 - Any must-run unit designations required for system reliability or contract reasons
 - Approximate variable generating cost (\$/MWH) for redispatch computations
 - Arrangements governing sale and delivery of power to third parties from generating facilities located in the Transmission Provider Control Area, where only a portion of unit output is designated as a Network Resource

For each off-system Network Resource, such description shall include:

- Identification of the Network Resource as an off-system resource
- Amount of power to which the customer has rights
- Identification of the control area from which the power will originate
- Delivery point(s) to the Transmission Provider's Transmission System
- Transmission arrangements on the external transmission system(s)
- Operating restrictions, if any
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit
 - Any must-run unit designations required for system reliability or contract

reasons

- Approximate variable generating cost (\$/MWH) for redispatch computations;
- (vi) Description of Eligible Customer's transmission system:
- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the Transmission Provider
 - Operating restrictions needed for reliability
 - Operating guides employed by system operators
 - Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
 - Location of Network Resources described in subsection (vi) above
 - 10 year projection of system expansions or upgrades
 - Transmission System maps that include any proposed expansions or upgrades
 - Thermal ratings of Eligible Customer's Control Area ties with other Control Areas; and
- (vii) Service Commencement Date and the term of the requested Network Integration Transmission Service. (must be submitted over the OASIS and in writing). Unless mutually agreed to, the minimum term for Network Integration Transmission Service is one year.
- (vii) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 29.2(v) satisfy the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the

availability of transmission service under Part III of the Tariff; and (2) the Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program; and

- (ix) Any additional information required of the Transmission Customer as specified in the Transmission Provider's planning process established in Attachment K or Attachment T.

Unless the Parties agree to a different time frame, the Transmission Provider must acknowledge the request within ten (10) days of receipt. The acknowledgement must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, the Transmission Provider shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the Transmission Provider will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application along with any deposit and interest without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. If a Service Agreement for Network Integration Transmission Service is executed, the deposit, with interest, will be returned to the Network Customer upon commencement of service through a credit against the initial transmission charges until such deposit and interest has been returned to the Network Customer. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

29.3 Technical Arrangements to be Completed Prior to

Commencement of Service: Network Integration Transmission Service shall not commence until the Transmission Provider and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Transmission System. The Transmission Provider shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

29.4 Network Customer Facilities: The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from the Transmission Provider's Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or interconnection.

29.5 Filing of Service Agreement: The Transmission Provider will file Service Agreements with the Commission in compliance with applicable Commission regulations.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

30 Network Resources

30.1 Designation of Network Resources: Network Resources shall include all generation owned, purchased or leased by the Network Customer designated to serve Network Load under the Tariff. For purposes of temporary termination under Section 30.3, all or part of such generation associated with a NERC-registered Point of Receipt, behind which there are no transmission constraints, may be treated as a single network resource. Network Resources may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program, or participating in the EIM in accordance with Attachment T, provided, however, that a designated Network Resource may be used to supply power to a third party on a firm basis to address a Disturbance Recovery Event without a corresponding undesignation of that Network Resource. The supply of such power from the Network Resource may not last for more than two consecutive hours, without undesignation, and, within 24 hours of the last delivery provided in response to the event, the Network Customer shall provide a notice to Transmission Provider containing the details of such supply. Within one Working Day of receipt of such notice from the Network Customer, Transmission Provider will post the notice on its OASIS. Any owned or purchased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Service Commencement Date shall initially be designated as Network Resources until the Network Customer terminates the designation of such resources.

30.2 Designation of New Network Resources: The Network Customer may designate a new Network Resource by providing the Transmission Provider with as much advance notice as practicable. A designation of a new Network Resource must be made through the Transmission Provider's OASIS by a request for modification of service pursuant to an Application under Section 29.

This request must include a statement that the new network resource satisfies the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) The Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. The Network Customer's request will be deemed deficient if it does not include this statement and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

30.3 Termination of Network Resources: The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource by providing notification to the Transmission Provider through OASIS as soon as reasonably practicable but not later than the firm scheduling deadline for the period of termination. Any request for termination of Network Resource status must be submitted on OASIS, and should indicate whether the request is for indefinite or temporary termination. A request for indefinite termination of Network Resource status must indicate the date and time that the termination is to be effective, and the identification and capacity of the resource(s) or portions thereof to be indefinitely terminated. A request for temporary termination of Network Resource status must include the following:

- (i) Effective date and time of temporary termination;
- (ii) Effective date and time of redesignation, following period of temporary termination;
- (iii) Identification and capacity of resource(s) or portions thereof to be temporarily terminated, or, where appropriate, identification of the NERC-registered Point of Receipt to which

Network Resources are assigned and the capacity to be temporarily terminated;

- (iv) Resource description and attestation for redesignating the network resource following the temporary termination, in accordance with Section 30.2; and
- (v) Identification of any related transmission service requests to be evaluated concomitantly with the request for temporary termination, such that the requests for undesignation and the request for these related transmission service requests must be approved or denied as a single request. The evaluation of these related transmission service requests must take into account the termination of the network resources identified in (iii) above, as well as all competing transmission service requests of higher priority.

As part of a temporary termination, a Network Customer may only redesignate the same resource that was originally designated, or a portion thereof. Requests to redesignate a different resource and/or a resource with increased capacity will be deemed deficient and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff. Information provided by a Network Customer necessary to redesignate a Network Resource following a period of temporary termination may incorporate by reference unchanged information provided pursuant to Section 29 when that resource was first designated, provided, however, that a Network Customer must provide an attestation required by Section 29.2 in order to properly redesignate the Network Resource.

30.4 Operation of Network Resources: The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Provider's Control Area such that the output of those facilities exceeds its designated Network Load, plus Non-Firm Sales delivered pursuant to Part II of the Tariff, plus losses, plus power sales under a reserve sharing program, plus sales that permit curtailment without penalty to serve its designated Network Load.

This limitation shall not apply to PacifiCorp EIM Participating Resources responding to Dispatch Instructions or to changes in the operation of a Transmission Customer's Network Resources at the request of the Transmission Provider to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. For all Network Resources not physically connected with the Transmission Provider's Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application pursuant to Section 29, unless the Network Customer supports such delivery within the Transmission Provider's Transmission System by either obtaining Point-to-Point Transmission Service or utilizing secondary service pursuant to Section 28.4. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Network Customer's schedule at the delivery point for a Network Resource not physically interconnected with the Transmission Provider's Transmission System exceeds the Network Resource's designated capacity, excluding energy delivered using secondary service or Point-to-Point Transmission Service.

30.5 Network Customer Redispatch Obligation: As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by the Transmission Provider pursuant to Section 33.2. To the extent practical, the redispatch of resources pursuant to this section shall be on a least cost, non-discriminatory basis between all Network Customers, and the Transmission Provider.

30.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider: The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data

required by such other entity pursuant to Good Utility Practice.

30.7 Limitation on Designation of Network Resources: The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.

30.8 Use of Interface Capacity by the Network Customer: There is no limitation upon a Network Customer's use of the Transmission Provider's Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of the Transmission Provider's total interface capacity with other transmission systems may not exceed the Network Customer's Load.

30.9 Network Customer Owned Transmission Facilities: The Network Customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of the Transmission Provider to serve its power and transmission customers. For facilities added by the Network Customer subsequent to May 14, 2007, the effective date of a Final Rule in RM05-25-000, the Network Customer shall receive credit for such transmission facilities added if such facilities are integrated into the operations of the Transmission Provider's facilities; provided however, the Network Customer's transmission facilities shall be presumed to be integrated if such transmission facilities, if owned by the Transmission Provider, would be eligible for inclusion in the Transmission Provider's ATRR. Calculation of any credit under this subsection shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

34 Rates and Charges

The Network Customer shall pay the Transmission Provider for any Direct Assignment Facilities, Ancillary Services, state specific Retail Access charges as described in Attachment M and applicable study costs, consistent with Commission policy, along with the following:

34.1 Monthly Demand Charge: Charges for Network Integration Transmission Service shall be calculated annually using the ATRR. The Network Customer shall pay a Monthly Demand Charge, which shall be determined by multiplying its Monthly Network Load by the Transmission Provider's monthly transmission rate as established in Attachment H-1.

34.2 Determination of Network Customer's Monthly Network Load: The Network Customer's Monthly Network Load is its hourly load (including losses and its designated Network Load not physically interconnected with the Transmission Provider under Section 31.3) plus any output of designated Network Resources participating in EIM based upon the greatest positive Dispatch Operating Point received during the Operating Hour coincident with the Transmission Provider's Monthly Transmission System Peak (including losses).

34.3 Redispatch Charge: The Network Customer shall pay its portion of any redispatch costs allocated between the Network Customer and the Transmission Provider pursuant to Section 33. To the extent that the Transmission Provider incurs an obligation to the Network Customer for redispatch costs in accordance with Section 33, such amounts shall be credited against the Network Customer's bill for the applicable month.

34.4 Stranded Cost Recovery: The Transmission Provider may seek to recover stranded costs from the Network Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Transmission Provider must separately file any proposal to recover stranded costs under Section 205 of the Federal Power Act.

IV. LARGE GENERATION INTERCONNECTION SERVICE

Standard Large Generator Interconnection Procedures (LGIP) Applicable to Generating Facilities that exceed 20 Megawatts

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IV. LARGE GENERATION INTERCONNECTION SERVICE

36 Definitions

Adverse System Impact shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System shall mean an electric system other than the Transmission Provider's Transmission System that may be affected by the proposed interconnection.

Affected System Operator shall mean the entity that operates an Affected System.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Ancillary Services shall mean those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council shall mean the reliability council applicable to the Transmission System to which the Generating Facility is directly interconnected.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Control Area of the Transmission System to which the Generating Facility is directly interconnected.

Base Case shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies by the Transmission Provider or Interconnection Customer.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Business Day shall mean Monday through Friday, excluding Federal Holidays.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of a unit shall mean the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise.

Control Area shall mean an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by an Applicable Reliability Council.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

Dispute Resolution shall mean the procedure for resolution of a

dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution System shall mean the Transmission Provider's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

Distribution Upgrades shall mean the additions, modifications, and upgrades to the Transmission Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of a Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to Transmission Provider's Transmission System, Transmission Provider's Interconnection Facilities or the electric systems of others to which the Transmission Provider's Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.

Energy Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to connect its Generating Facility to the Transmission Provider's Transmission System to be eligible to deliver the

Generating Facility's electric output using the existing firm or nonfirm capacity of the Transmission Provider's Transmission System on an as available basis. Energy Resource Interconnection Service in and of itself does not convey transmission service.

Engineering & Procurement (E&P) Agreement shall mean an agreement that authorizes the Transmission Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

FERC shall mean the Federal Energy Regulatory Commission (Commission) or its successor.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Generating Facility Capacity shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple energy production devices.

Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business

practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include Interconnection Customer, Transmission Provider, or any Affiliate thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Transmission Provider's Interconnection Facilities to obtain back feed power.

Interconnection Customer shall mean any entity, including the Transmission Provider, Transmission Owner or any of the Affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the Transmission Provider's Transmission System.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the

Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Transmission Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study shall mean a study conducted by the Transmission Provider or a third party consultant for the Interconnection Customer to determine a list of facilities (including Transmission Provider's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Transmission Provider's Transmission System. The scope of the study is defined in Section 43 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Transmission Provider's Transmission System, the scope of which is described in Section 41 of the Standard Large Generator Interconnection Procedures.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the Transmission Provider's Transmission System.

Interconnection Service shall mean the service provided by the Transmission Provider associated with interconnecting the Interconnection Customer's Generating Facility to the Transmission Provider's Transmission System and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement and, if applicable, the Transmission Provider's Tariff.

Interconnection Study shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of Transmission Provider's Transmission System and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study Agreement shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service.

Joint Operating Committee shall be a group made up of representatives from Interconnection Customers and the Transmission Provider to coordinate operating and technical

considerations of Interconnection Service.

Large Generating Facility shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW.

Loss shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnifying Party.

Material Modification shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

NERC shall mean the North American Electric Reliability Corporation or its successor organization.

Network Resource shall mean any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.

Network Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to integrate its Large Generating Facility with the Transmission Provider's Transmission System (1) in a manner comparable to that in which the Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an RTO or ISO with market based congestion management, in the same manner as Network Resources. Network Resource Interconnection Service in and of itself does not convey

transmission service.

Network Upgrades shall mean the additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the point at which the Interconnection Facilities connect to the Transmission Provider's Transmission System to accommodate the interconnection of the Large Generating Facility to the Transmission Provider's Transmission System.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

Party or Parties shall mean Transmission Provider, Transmission Owner, Interconnection Customer or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Transmission Provider's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the Transmission Provider's Transmission System.

Queue Position shall mean the order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Transmission Provider.

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are

otherwise substantially equivalent to those a Party would use to protect its own interests.

Scoping Meeting shall mean the meeting between representatives of the Interconnection Customer and Transmission Provider conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

Small Generating Facility shall mean a Generating Facility that has a Generating Facility Capacity of no more than 20 MW.

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Transmission Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement (LGIA) shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in the Transmission Provider's Tariff.

Standard Large Generator Interconnection Procedures (LGIP) shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in the Transmission Provider's Tariff.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the Transmission Provider's Transmission System from faults or other electrical disturbances occurring at the

Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Transmission Provider's Transmission System or on other delivery systems or other generating systems to which the Transmission Provider's Transmission System is directly connected.

Tariff shall mean the Transmission Provider's Tariff through which open access transmission service and Interconnection Service are offered, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.

Transmission Owner shall mean an entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Standard Large Generator Interconnection Agreement to the extent necessary.

Transmission Provider shall mean the public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission service under the Tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider.

Transmission Provider's Interconnection Facilities shall mean all facilities and equipment owned, controlled, or operated by the Transmission Provider from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Transmission Provider's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Transmission System shall mean the facilities owned, controlled or operated by the Transmission Provider or Transmission Owner that are used to provide transmission service under the Tariff.

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

IV. LARGE GENERATION INTERCONNECTION SERVICE

37 Scope and Application

37.1 Application of Standard Large Generator

Interconnection Procedures: Sections 37 through 48 apply to processing an Interconnection Request pertaining to a Large Generating Facility.

37.2 Comparability: Transmission Provider shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this LGIP. Transmission Provider will use the same Reasonable Efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Generating Facilities are owned by Transmission Provider, its subsidiaries or Affiliates or others.

37.3 Base Case Data: Transmission Provider shall provide base power flow, short circuit and stability databases, including all underlying assumptions, and contingency list upon request subject to confidentiality provisions in LGIP Section 48.1. Transmission Provider is permitted to require that Interconnection Customer sign a confidentiality agreement before the release of commercially sensitive information or Critical Energy Infrastructure Information in the Base Case data. Such databases and lists, hereinafter referred to as Base Cases, shall include all (i) generation projects and (ii) transmission projects, including merchant transmission projects that are proposed for the Transmission System for which a transmission expansion plan has been submitted and approved by the applicable authority.

37.4 No Applicability to Transmission Service: Nothing in this LGIP shall constitute a request for transmission service or confer upon an Interconnection Customer any right to receive transmission service.

37.5 EIM Requirements:

The Interconnection Customer shall have a continuing duty to comply with Attachment T of this Tariff, as applicable.

V. SMALL GENERATION INTERCONNECTION SERVICE

Generator Interconnection Procedures Applicable to Generating Facilities No Larger than 20 MW

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V. SMALL GENERATION INTERCONNECTION SERVICE

53. EIM Requirements:

The Interconnection Customer shall have a continuing duty to comply with Attachment T of this Tariff, as applicable.

SCHEDULE 1

Scheduling, System Control and Dispatch Service

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. Schedule 1 includes a pass-through of the MO administrative costs assigned to the PacifiCorp EIM Entity in accordance with Sections 4.5.1.1.4, 4.5.1.3, 11.22.8, and 29.11(i) of the MO Tariff.

Transmission Customers Obligated to acquire Scheduling, System Control and Dispatch Service: All Transmission Customers purchasing Long-Term Firm Point-to-Point Transmission Service, Short-Term Firm Point-to-Point Transmission Service, Non-Firm Point-to-Point Transmission Service, or Network Integration Transmission Service from the Transmission Provider shall be required to acquire Scheduling, System Control and Dispatch Service from the Transmission Provider.

Charge for Scheduling, System Control and Dispatch Service: All Transmission Customers required to acquire Scheduling, System Control and Dispatch Service shall pay a charge invoiced monthly for Scheduling, System Control and Dispatch Service equal to the amount set forth below. Charges shall be calculated on an annual basis using the annual revenue requirement derived from the populated formula in this Schedule 1. Annual updates to the Schedule 1 rate shall follow the procedures set forth in Attachment H-2.

- 1) For Yearly Service, one-twelfth of the Yearly Rate determined pursuant to this Schedule 1 multiplied by

either: (1) Reserved Capacity for Point-to-Point Transmission Service or (2) Monthly Network Load calculated pursuant to Section 34.2 of the Tariff for Network Integration Transmission Service.

- 2) For Monthly Service, the Monthly Rate determined pursuant to this Schedule 1 multiplied by Reserved Capacity.
- 3) For Weekly Service, the Weekly Rate determined pursuant to this Schedule 1 multiplied by Reserved Capacity.
- 4) For Daily On-Peak Service, the Daily On-Peak determined pursuant to this Schedule 1 multiplied by Reserved Capacity.
- 5) For Daily Off-Peak Service, the Daily Off-Peak determined pursuant to this Schedule 1 multiplied by Reserved Capacity.
- 6) For Hourly On-Peak Service, the Hourly On-Peak determined pursuant to this Schedule 1 multiplied by Reserved Capacity.
- 7) For Hourly Off-Peak Service, the Hourly Off-Peak Rate determined pursuant to this Schedule 1 multiplied by Reserved Capacity.

For purposes of charging the rates set forth in this Schedule 1 to Transmission Customers purchasing Point-to-Point Transmission Service, the billing determinants shall be the amount at system output multiplied by the Transmission System loss factor in Schedule 10 of the Tariff. The total charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the Daily Rate pursuant to this Schedule 1 times the highest amount in megawatts of Reserved Capacity in any hour during such day. In addition, the total charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the Weekly Rate pursuant to this Schedule 1 times the highest amount in megawatts of Reserved Capacity in any hour during such week.

Scheduling, System Control and Dispatch Service to be provided:

The Transmission Provider shall ensure that personnel and equipment are adequate to allow for pre-schedules and real-time schedule changes of power deliveries through, out of, within, or into a Transmission Provider's Transmission System in accordance with Sections 13.8 and 14.6 of the Tariff and any scheduling

arrangements contained in Network Interconnection and Operating Agreements.

Additional Charges for Use of PacifiCorp Facilities in other Control Areas. A Transmission Customer will be responsible for making its own transmission arrangements to the extent a Transmission Customer takes transmission service on a portion of PacifiCorp's transmission system located in another Control Area. The Transmission Customer will be responsible for a proportionate share of any charges assessed to PacifiCorp by the other Control Area operator for scheduling, system control and dispatch service associated with the Transmission Customer's transmission service. PacifiCorp will directly pass-through the costs it incurs from the Control Areas listed above without additional mark-up.

**SCHEDULE 1 FORMULA RATE FOR
SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE**

See Appendix B of Attachment H-1

SCHEDULE 4

Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour (plus real power losses). The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

The Transmission Provider shall establish charges for Energy Imbalance Service as follows:

- (1) A Transmission Customer shall be charged or paid for Energy Imbalance Service measured as the deviation of the Transmission Customer's metered load from the load component of the Transmission Customer Base Schedule (as determined pursuant to Section 4.2.4.3 of Attachment T of this Tariff) settled at the UIE price as determined by the MO under Section 29.11(b) (3) (C) of the MO Tariff for the period of the deviation at the applicable LAP where the load is located, less the price component for marginal losses.
- (2) A Transmission Customer serving load outside of PacifiCorp's BAAs utilizing Point-to-Point Transmission Service shall be subject to Energy Imbalance Service when a difference occurs between the resource component of the Transmission Customer Base Schedule compared to the Interchange component of the Transmission Customer Base Schedule, which has the effect of creating an imbalance within PacifiCorp's BAAs necessitating Energy Imbalance Service. Transmission Customers will be charged or paid for Energy Imbalance Service measured as the deviation of the resource component of the Transmission Customer Base Schedule compared to the Interchange component of the Transmission Customer Base Schedule settled at the UIE price as determined by the MO under Section

29.11(b) (3) (C) of the MO Tariff for the period of the deviation at the applicable LAP, less the price component for marginal losses.

Settlement of Real Power Losses associated with Energy Imbalance Service shall be pursuant to Schedule 10 of this Tariff.

A spreadsheet showing the sub-hourly LAP LMPs of the previous month shall be accessible through the MO's OASIS.

SCHEDULE 9

Generator Imbalance Service

Generator Imbalance Service is provided when a difference occurs between the output of a generator, that is not a PacifiCorp EIM Participating Resource, located in the Transmission Provider's Control Area and the resource component of the Transmission Customer Base Schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour (plus Real Power Losses). The Transmission Provider must offer this service, to the extent it is physically feasible to do so from its resources or from resources available to it, when transmission service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Generator Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

The Transmission Provider shall establish charges for Generator Imbalance Service as follows:

- (1) A Transmission Customer shall be charged or paid for Generator Imbalance Service measured as the deviation of the Transmission Customer's metered generation from the resource component of the Transmission Customer Base Schedule at the UIE price as determined by the MO under Section 29.11(b) (3) (B) of the MO Tariff for the period of the deviation at the applicable PNode where the generator is located, less the price component for marginal losses. This provision does not apply to Transmission Customers which have received a Manual Dispatch or which have communicated physical changes in the output from resources to the MO.

The following provisions shall apply to Transmission Customers which have received a Manual Dispatch or which have communicated physical changes in the output from resources to the MO:

- (1) A Transmission Customer shall be charged or paid for Generator Imbalance Service measured as the deviation of

the Transmission Customer's metered generation from the Manual Dispatch amount or from physical changes in the output from resources communicated to the MO prior to the FMM, settled at the UIE price, as determined by the MO under Section 29.11(b)(3)(B) of the MO Tariff for the period of the deviation at the applicable PNode where the generator is located, less the price component for marginal losses; and

- (2) (a) A Transmission Customer shall be charged or paid for Generator Imbalance Service measured as the deviation of the resource component of the Transmission Customer Base Schedule from the Manual Dispatch amount or from physical changes in the output from resources communicated to the MO prior to the FMM, settled at the FMM IIE price, as determined by the MO under Section 29.11(b)(1)(A)(ii) of the MO Tariff for the period of the deviation at the applicable PNode where the generator is located, less the price component for marginal losses; or

(b) A Transmission Customer shall be charged or paid for Generator Imbalance Service measured as the deviation of the resource component of the Transmission Customer Base Schedule from the Manual Dispatch amount, settled at the RTD IIE price, as determined by the MO under Section 29.11(b)(2)(A)(ii) of the MO Tariff for the period of the deviation at the applicable PNode where the generator is located, less the price component for marginal losses. This provision only applies to Transmission Customers which have received a Manual Dispatch.

Settlement of Real Power Losses associated with Generator Imbalance Service shall be pursuant to Schedule 10 of this Tariff.

A spreadsheet showing the sub-hourly LMPs of the previous month shall be accessible through the MO's OASIS.

Applicability to Interconnection Customers:

To the extent the Interconnection Customer is a different entity than the Transmission Customer and controls the output of a generator located in the Transmission Provider's Control Area, the Interconnection Customer may be subject to charges for Generator Imbalance Service (rather than the Transmission Customer) in accordance with this Schedule 9.

SCHEDULE 10

Real Power Losses

For Service Over the Transmission Provider's Transmission System:

Any use of the Transmission Provider's Transmission System, excluding EIM participation, shall be assessed Real Power Losses in the following amounts:

Use of any portion of the Transmission System at a voltage of 46kV or greater	4.26%
Use of any portion of the Distribution System at a voltage 34.5 kV or less	3.56%
Use of a combination of the Transmission System and the Distribution System	7.82%

For Service on the PacifiCorp COI Segment:

Real Power Losses shall be calculated in accordance with Attachment S for Transmission Service on the PacifiCorp COI Segment.

Service Over PacifiCorp Facilities in Other Control Areas: For Transmission Service provided over PacifiCorp lines located in another control area, any Real Power Losses assessed to PacifiCorp by the adjacent control area associated with the Customer's service will be passed through to the Transmission Customer. In instances where service is provided by PacifiCorp and an adjacent control area, any Real Power Losses assessed by the adjacent control area to PacifiCorp will be passed through to the Transmission Customer in addition to PacifiCorp Real Power Losses identified in this section.

Settlement of Transmission Losses: Unless Transmission Service is subject to Attachment S of the Tariff, a Transmission Customer taking Network Integration Transmission Service, Firm or Non-Firm Point-to-Point Transmission Service shall be responsible for Real Power Losses as provided for in Section 15.7 of the Tariff, this Schedule 10 and the Transmission Provider's business practices posted on OASIS. A Transmission Customer shall have the option to settle Real Power Losses pursuant to section (a) (Financial Settlement) or section (b) (Physical Delivery) subject to the Transmission Provider's business practices posted on OASIS.

(a) **Financial Settlement.**

- (i) **Charges for Transmission Losses.** For each hour where the Transmission Provider provides loss service, the Transmission Customer shall compensate the Transmission Provider at a rate equal to the Hourly Pricing Proxy for energy for such hour based on a Transmission Customer's metered load actual amounts (for a Transmission Customer taking Network Integration Transmission Service) or actual amounts of power scheduled to be delivered at Point(s) of Delivery (for a Transmission Customer taking Point-to-Point Transmission Service).

A spreadsheet showing the Hourly Pricing Proxy for each hour of the previous month shall be accessible through the Transmission Provider's OASIS.

- (b) **Physical Delivery.** Transmission Customers opting for physical delivery shall schedule losses to the Transmission Provider concurrently with transmission schedules. The Transmission Provider shall deliver to the Point(s) of Delivery the amount of power received from a Transmission Customer at Point(s) of Receipt, reduced for losses from the Point(s) of Receipt to the Point(s) of Delivery. The amount delivered to the Point(s) of Delivery shall be determined to be the amount of power received from a Transmission Customer at the Point(s) of Receipt divided by $(1 + \text{Real Power Losses rate})$ and the amount of losses shall be determined to be the amount of power received from a Transmission Customer at Point(s) of Receipt multiplied by $(1 - 1 / (1 + \text{Real Power Losses rate}))$. Any hourly differences between the amounts of power scheduled to be delivered at Point(s) of Delivery (plus applicable Real Power Losses) and the actual amounts of energy received at Point(s) of Receipt shall be accounted for as Energy Imbalance subject to charges pursuant to Schedule 4.

Real Power Losses Updates: PacifiCorp shall update Schedule 10 factors for Real Power Losses following completion of every two Energy Gateway Project segments (or substantially similar transmission segments or combination thereof) which have been placed into commercial operation for at least one full calendar year. PacifiCorp's update to the Transmission System loss factor shall be filed on or before April 1 following the full calendar year of commercial operation for the second of every

two Energy Gateway Project segments (or substantially similar transmission segments or combination thereof) with a request to the Commission that the updated Transmission System loss factor be made effective June 1 of the calendar year in which the filing is made. Such filing shall be based on the most recent FERC Form No. 1 data for the prior calendar year. The update calculation shall be consistent with the methodology agreed upon in ER11-3643 and shall be based on annual sources and uses of energy from FERC Form No. 1, p. 401a, with adjustments to remove any energy source and corresponding energy use (i) which is not scheduled or otherwise transacted using PacifiCorp's transmission system, (ii) which is duplicative of, in part or whole, another energy source or energy use already represented in the data on FERC Form No. 1, p. 401a, and (iii) which represent financially settled losses (i.e., no actual physical losses).

ATTACHMENT T
Energy Imbalance Market

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ATTACHMENT T
EIM

1. General Provision - Purpose and Effective Date of Attachment T

Attachment T provides for Transmission Provider's participation as the PacifiCorp EIM Entity in the EIM administered by the MO. Attachment T shall be in effect upon its acceptance by the Commission for as long as Transmission Provider implements the EIM and until all final settlements are finalized resulting from such implementation. Sections 4.1.2.1, 4.1.3, 4.1.4, 4.2.3, 4.2.4, 5.1, 6 and 7 of this Attachment T take effect no earlier than September 23, 2014. Sections 4.1.1.5, 4.1.5, 4.1.6, 4.2.5, 5.2, 5.3, 8 and 10 of this Attachment T take effect no earlier than October 1, 2014 or the implementation date of the EIM, whichever is later.

This Attachment T shall apply to all Transmission Customers and Interconnection Customers, as applicable, with new and existing service agreements under Parts II, III, IV, and V of this Tariff. To the extent an Interconnection Customer controls the output of a generator located in the PacifiCorp EIM Entity's BAAs, the PacifiCorp EIM Entity may require the Interconnection Customer to comply with a requirement in this Attachment T to the extent that the PacifiCorp EIM Entity makes a determination that such Interconnection Customer is the more appropriate party to satisfy the requirements of Attachment T than any Transmission Customer.

This Attachment T shall work in concert with the provisions of the MO Tariff implementing the EIM to support operation of the EIM. To the extent that this Attachment T is inconsistent with a provision in the remainder of this Tariff with regard to the PacifiCorp EIM Entity's administration of the EIM, this Attachment T shall prevail.

This Attachment T governs the relationship between the PacifiCorp EIM Entity and all Transmission Customers and Interconnection Customers subject to this Tariff. This Attachment T does not establish privity between Transmission Customers and the MO or make a Transmission Customer subject to the MO Tariff. Any Transmission Customer duties and obligations related to the EIM are those identified in this Tariff, unless the Transmission Customer voluntarily elects to participate

directly in the EIM with PacifiCorp EIM Participating Resources, in which case the MO Tariff provisions for EIM Participating Resources and EIM Participating Resource Scheduling Coordinators shall also apply.

2. Election of Transmission Customers to become PacifiCorp EIM Participating Resources

The decision of a Transmission Customer to participate in the EIM with resources as PacifiCorp EIM Participating Resources is voluntary. A Transmission Customer that chooses to have a resource become a PacifiCorp EIM Participating Resource must:

- (1) Meet the requirements specified in Section 3 of this Attachment T;
- (2) Become or retain a MO-certified EIM Participating Resource Scheduling Coordinator; and
- (3) Follow the application and certification process specified in this Attachment T and the PacifiCorp EIM BP posted on the Transmission Provider's OASIS.

Transmission Customers which own or control multiple resources may elect to have any or all of their resources be PacifiCorp EIM Participating Resources, in which case any resources that are not elected by the Transmission Customer to be PacifiCorp EIM Participating Resources shall be treated as Non-Participating Resources for purposes of this Attachment T.

3. Eligibility to be a PacifiCorp EIM Participating Resource

3.1 Internal Resources - Transmission Rights

Resources owned or controlled by Transmission Customers and located within the metered boundaries of PacifiCorp's BAAs are eligible to become PacifiCorp EIM Participating Resources. The Transmission Customer that owns or controls the resource must have associated transmission rights based on one of the following:

- (1) The resource is a designated Network Resource of a Network Customer and the Network Customer elects to participate in the EIM through its Network Integration Transmission Service Agreement; or
- (2) The resource is associated with an Umbrella Service

Agreement for Non-Firm Point-to-Point Transmission Service and such Transmission Customer elects to participate in the EIM.

Network Customers electing to participate in the EIM through a Network Integration Transmission Service Agreement shall be subject to the billing determinants set forth in Section 8.7.2.1 of this Attachment T. Conversely, Network Customers electing to participate in the EIM through a Non-Firm Point to-Point Transmission Service Agreement shall be subject to the billing determinants set forth in Section 8.7.2.2 of this Attachment T.

3.2 Resources External to PacifiCorp's BAAs

3.2.1 Use of Pseudo-Ties

A resource owned or controlled by a Transmission Customer that is not physically located inside the metered boundaries of PacifiCorp's BAAs may participate in the EIM as a PacifiCorp EIM Participating Resource if the Transmission Customer (1) implements a Pseudo-Tie into PacifiCorp's BAA, consistent with PacifiCorp's business practice posted on Transmission Provider's OASIS, (2) has arranged firm transmission over any third-party transmission systems to a PacifiCorp BAA intertie boundary equal to the amount of energy that will be Dynamically Transferred through a Pseudo-Tie into PacifiCorp's BAA, consistent with PacifiCorp's business practice posted on Transmission Provider's OASIS, and (3) has secured transmission service consistent with Section 3.1 of this Attachment T.

3.2.2 Pseudo-Tie Costs

Pseudo-Tie implementation costs shall be allocated in a manner consistent with the treatment of Network Upgrades and Direct Assignment Facilities to facilitate a Pseudo-Tie into PacifiCorp's BAAs.

3.3 Application and Certification of PacifiCorp EIM Participating Resources

3.3.1 Application

To become a PacifiCorp EIM Participating Resource, an applicant must submit a completed application, as set forth in the PacifiCorp EIM BP, and shall provide a deposit of \$1,500 for the PacifiCorp EIM Entity to process the application. Upon completion of processing the completed application, the

PacifiCorp EIM Entity shall charge and the applicant shall pay the actual costs of the application processing. Any difference between the deposit and the actual costs of the application processing shall be paid by or refunded to the PacifiCorp EIM Participating Resource applicant, as appropriate.

At the time of application, any PacifiCorp EIM Participating Resource applicant that is a Network Customer must indicate whether it elects to participate in the EIM using either a Network Integration Transmission Service Agreement or an Umbrella Agreement for Non-Firm Point to-Point Transmission Service.

Also at the time of application, any PacifiCorp EIM Participating Resource applicant must elect to perform the duties of either a CAISO Metered Entity or Scheduling Coordinator Metered Entity, consistent with the MO's requirements and additional technical requirements set forth in the PacifiCorp EIM BP, as applicable.

3.3.2 Processing the Application

The PacifiCorp EIM Entity shall make a determination as to whether to accept or reject the application within 45 days of receipt of the application. At minimum, the PacifiCorp EIM Entity shall validate through the application that the PacifiCorp EIM Participating Resource applicant has satisfied Sections 3.1 and 3.2 of this Attachment T, as applicable, and met minimum telemetry and metering requirements, as set forth in the PacifiCorp EIM BP. Within 45 days of receipt of the application and in accordance with the process outlined in the PacifiCorp EIM BP, the PacifiCorp EIM Entity may request additional information and will attempt to resolve any minor deficiencies in the application with the Transmission Customer. The PacifiCorp EIM Entity may extend the 45-day period to accommodate the resolution of minor deficiencies in the application in order to make a determination on an application.

If the PacifiCorp EIM Entity approves the application, it shall send notification of approval to both the PacifiCorp EIM Participating Resource applicant and the MO. The process by which the PacifiCorp EIM Entity sends notification of approval shall be set forth in the PacifiCorp EIM BP.

If the PacifiCorp EIM Entity rejects the application, the PacifiCorp EIM Entity shall send notification stating the grounds for rejection to the PacifiCorp EIM Participating

Resource applicant. Upon request, the PacifiCorp EIM Entity may provide guidance to the applicant as to how the PacifiCorp EIM Participating Resource applicant may cure the grounds for the rejection. In the event that the PacifiCorp EIM Entity has granted an extension of the 45-day period but the applicant has neither provided the additional requested information nor otherwise resolved identified deficiencies within six (6) months of the PacifiCorp EIM Entity's initial receipt of the application, the application shall be deemed rejected by the PacifiCorp EIM Entity.

If an application is rejected, the PacifiCorp EIM Participating Resource applicant may resubmit its application at any time (including submission of a new processing fee deposit).

3.3.3 Certification Notice

Upon approval of an application and in accordance with the process specified in the PacifiCorp EIM BP, certification by the PacifiCorp EIM Entity of the PacifiCorp EIM Participating Resource to participate in the EIM shall occur once the Transmission Customer has demonstrated and the MO has confirmed that the Transmission Customer has:

- (1) Met the MO's criteria to become an EIM Participating Resource and executed the MO's *pro forma* EIM Participating Resource Agreement;
- (2) Qualified to become or retained the services of a MO-certified EIM Participating Resource Scheduling Coordinator;
- (3) Met the necessary metering requirements of this Tariff and Section 29.10 of the MO Tariff and the EIM Participating Resource Scheduling Coordinator has executed the MO's *pro forma* Meter Service Agreement for Scheduling Coordinators; and
- (4) Met communication and data requirements of this Tariff and Section 29.6 of the MO Tariff; and has the ability to receive and implement Dispatch Instructions every five minutes from the MO.

Upon receiving notice from the MO of the completion of the enumerated requirements by the Transmission Customer, the PacifiCorp EIM Entity shall provide notice to both the Transmission Customer with a PacifiCorp EIM Participating

Resource and the MO that the PacifiCorp EIM Participating Resource is certified and therefore eligible to participate in the EIM. The process by which the PacifiCorp EIM Entity certifies Transmission Customers with a PacifiCorp EIM Participating Resource shall be set forth in the PacifiCorp EIM BP.

3.3.4 Status of Resource Pending Certification

If the Transmission Customer (i) has submitted an application for a resource to be a PacifiCorp EIM Participating Resource but the application has not been approved, or (ii) has not yet been certified by the PacifiCorp EIM Entity consistent with Section 3.3.3 of this Attachment T, the resource shall be deemed to be a Non-Participating Resource.

3.3.5 Notice and Obligation to Report a Change in Information

Each Transmission Customer with a PacifiCorp EIM Participating Resource has an ongoing obligation to inform the PacifiCorp EIM Entity of any changes to any of the information submitted as part of the application process under this Attachment T. The PacifiCorp EIM BP shall set forth the process and timing requirements for notifying the PacifiCorp EIM Entity of such changes.

This information includes, but is not limited to:

- (1) Any change in the PacifiCorp EIM Participating Resource Scheduling Coordinator representing the resource;
- (2) Any change in the ownership or control of the resource;
- (3) Any change to the physical characteristics of the resource required to be reported to the MO in accordance with Section 29.4(c)(4)(C) of the MO Tariff;
- (4) If either the MO terminates the participation of the PacifiCorp EIM Participating Resource in the EIM or the Transmission Customer has terminated the PacifiCorp EIM Participating Resource's participation in the EIM; in either case, that resource shall be considered to be a Non-Participating Resource for

purposes of this Tariff, including Attachment T; or

- (5) Any change in a Network Customer's election of transmission service used to participate in the EIM, with such change in election made no more frequently than on a quarterly basis, consistent with the procedures set forth in the PacifiCorp EIM BP.

4. Roles and Responsibilities

4.1 Transmission Provider as the PacifiCorp EIM Entity and the PacifiCorp EIM Entity Scheduling Coordinator

4.1.1 Responsibilities

4.1.1.1 Identification of EIM Entity Scheduling Coordinator

The PacifiCorp EIM Entity can serve as the PacifiCorp EIM Entity Scheduling Coordinator or retain a third-party to perform such role. If the PacifiCorp EIM Entity is not the PacifiCorp EIM Entity Scheduling Coordinator, the PacifiCorp EIM Entity shall communicate to the PacifiCorp EIM Entity Scheduling Coordinator the information required by the PacifiCorp EIM Entity Scheduling Coordinator to fulfill its responsibilities in the EIM.

The PacifiCorp EIM Entity Scheduling Coordinator shall coordinate and facilitate the EIM in accordance with the requirements of the MO Tariff. The PacifiCorp EIM Entity Scheduling Coordinator must meet the certification requirements of the MO and enter into any necessary MO agreements.

4.1.1.2 Processing PacifiCorp EIM Participating Resource Applications

The PacifiCorp EIM Entity shall be responsible for processing applications of Transmission Customers seeking authorization to participate in the EIM with resources as PacifiCorp EIM Participating Resources in accordance with Section 3.3 of this Attachment T.

4.1.1.3 Determination of EIM Implementation Decisions for PacifiCorp's BAAs

The PacifiCorp EIM Entity is solely responsible for making any decisions with respect to EIM participation that the MO requires of EIM Entities. The PacifiCorp EIM Entity has made the following determinations:

- (1) **Eligibility requirements:** Eligibility requirements are set forth in Section 3 of Attachment T.
- (2) **Load Aggregation Points:** There shall be two LAPs, one for PACE and one for PACW. There shall be a load forecast prepared for each LAP.
- (3) **MO load forecast:** The PacifiCorp EIM Entity shall utilize the MO load forecast but shall retain the right to provide the load forecast to the MO in accordance with the MO Tariff.
- (4) **MO metering agreements:** The PacifiCorp EIM Entity and all Transmission Customers with PacifiCorp EIM Participating Resources shall have the option to elect to be Scheduling Coordinator Metered Entities or CAISO Metered Entities in accordance with Section 29.10 of the MO Tariff. The PacifiCorp EIM Entity shall be a Scheduling Coordinator Metered Entity on behalf of all Transmission Customers with Non-Participating Resources in accordance with Section 29.10 of the MO Tariff.

4.1.1.4 PacifiCorp EIM Business Practice

The PacifiCorp EIM Entity shall establish and revise, as necessary, procedures to facilitate implementation and operation of the EIM through the PacifiCorp EIM BP that shall be posted on the Transmission Provider's OASIS.

4.1.1.5 Determination to Take Contingency Actions or Permanently Terminate Participation in the EIM

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.

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.

4.1.2 Responsibilities of the PacifiCorp EIM Entity to Provide Required Information

4.1.2.1 Provide Modeling Data to the MO

The PacifiCorp EIM Entity shall provide the MO information associated with transmission facilities within PacifiCorp's BAAs, including, but not limited to, network constraints and associated limits that must be observed in PacifiCorp's BAAs' network and interties with other BAAs.

4.1.2.2 Registration

The PacifiCorp EIM Entity shall register all Non-Participating Resources with the MO. The PacifiCorp EIM Entity shall update this information in accordance with the MO's requirements as revised information is received from Transmission Customers with Non-Participating Resources in accordance with Section 4.2.1.2 of this Attachment T.

4.1.3 Day-to-Day EIM Operations

4.1.3.1 Submission of Transmission Customer Base Schedule and Resource Plans

The PacifiCorp EIM Entity is responsible for providing the data required by the MO in accordance with Section 29.34 of the MO Tariff, including but not limited to: (1) hourly Transmission Customer Base Schedules; and (2) Resource Plans.

4.1.3.2 Communication of Manual Dispatch Information

The PacifiCorp EIM Entity shall inform the MO of a Manual Dispatch by providing reliability adjustment information for the affected resources in accordance with Section 29.34 of the MO Tariff.

4.1.3.3 Confirmation

The MO shall calculate, and the PacifiCorp EIM Entity shall confirm, actual values for Dynamic Schedules reflecting EIM Transfers to the MO within 60 minutes after completion of the Operating Hour to ensure the e-Tag author will be able to update these values in accordance with WECC business practices through an update to the e-Tag.

4.1.4 Provision of Meter Data

The PacifiCorp EIM Entity shall submit load, resource, and Interchange meter data to the MO in accordance with the format and timeframes required in the MO Tariff on behalf of Transmission Customers with Non-Participating Resources, loads, and Interchange.

4.1.5 Settlement of MO Charges and Payments

The PacifiCorp EIM Entity shall be responsible for financial settlement of all charges and payments allocated by the MO to the PacifiCorp EIM Entity. The PacifiCorp EIM Entity shall sub-allocate EIM charges and payments in accordance with Schedules 1, 4, and 9 of this Tariff or Section 8 of Attachment T, as applicable.

4.1.6 Dispute Resolution with the MO

The PacifiCorp EIM Entity shall manage dispute resolution with the MO for the PacifiCorp EIM Entity settlement statements consistent with Section 29.13 of the MO Tariff, Section 12 of this Tariff, and the PacifiCorp EIM BP. Transmission Customers with PacifiCorp EIM Participating Resources shall manage dispute resolution with the MO for any settlement statements they receive directly from the MO.

4.2 Transmission Customer Responsibilities

The following must comply with the information requirements of this section: (1) Transmission Customers with a PacifiCorp EIM Participating Resource; (2) Transmission Customers with a Non-Participating Resource; and (3) Transmission Customers with load within PacifiCorp's BAAs.

4.2.1 Initial Registration Data

4.2.1.1 Transmission Customers with a PacifiCorp EIM Participating Resource

A Transmission Customer with a PacifiCorp EIM Participating Resource shall provide the MO and the PacifiCorp EIM Entity with data necessary to meet the requirements established by the MO to register all resources with the MO.

4.2.1.2 Transmission Customers with Non-Participating Resources

A Transmission Customer with Non-Participating Resources shall provide the PacifiCorp EIM Entity with data necessary to meet the requirements established by the MO.

4.2.2 Responsibility to Update Required Data

4.2.2.1 Transmission Customers with a PacifiCorp EIM Participating Resource

Each Transmission Customer with a PacifiCorp EIM Participating Resource has an ongoing obligation to inform the MO and PacifiCorp EIM Entity of any changes to any of the information submitted by the Transmission Customer provided under Section 4.2.1 of this Attachment T that reflects changes in operating characteristics as defined in Section 29.4(e)(4)(D) of the MO Tariff. The PacifiCorp EIM BP shall set forth the process and timing requirements of notifying the PacifiCorp EIM Entity of such changes.

4.2.2.2 Transmission Customers with Non-Participating Resources

Each Transmission Customer with a Non-Participating Resource has an ongoing obligation to inform the PacifiCorp EIM Entity of any changes to any of the information submitted by the Transmission Customer with a Non-Participating Resource provided under Section 4.2.1 of this Attachment T. The PacifiCorp EIM BP shall set forth the process and timing requirements of notifying the PacifiCorp EIM Entity of such changes.

4.2.3 Outages

Transmission Customers with PacifiCorp EIM Participating Resources and Transmission Customers with Non-Participating Resources shall be required to provide planned and unplanned outage information for their resources in accordance with Section 7 of this Attachment T. The PacifiCorp EIM BP shall set

forth the outage information requirements for PacifiCorp EIM Participating Resources and Non-Participating Resources.

4.2.4 Submission of Forecast Data

4.2.4.1 Transmission Customers with a PacifiCorp EIM Participating Resource

A Transmission Customer with a PacifiCorp EIM Participating Resource shall submit Forecast Data to the PacifiCorp EIM Entity. This submission must include data on all resources, Interchange, and Intrachange which balance to the Transmission Customer's anticipated load, as applicable. If the Transmission Customer does not serve load within PacifiCorp's BAAs, submission of Forecast Data shall include data on all resources, Interchange, and Intrachange which shall balance to the Transmission Customer's anticipated actual generation. Transmission Customers opting for physical delivery of Real Power Losses shall supply Interchange Forecast Data for amounts of power to be delivered at the Point(s) of Delivery and the amounts of energy expected to be received at the Point(s) of Receipt. These submissions shall be subject to the following additional requirements:

- (1) For resources located in PacifiCorp's BAAs, the Transmission Customer shall provide Forecast Data from any resource greater than or equal to three MW;
- (2) Only behind-the-meter generation which is contained in the MO's network model shall be required to submit EIM Forecast Data unless explicitly contradicted by contract terms; and
- (3) The submissions must be in the format and within the timing requirements established by the MO and the PacifiCorp EIM Entity as required in the PacifiCorp EIM BP.

If the MO does not provide information on bid ranges for PacifiCorp EIM Participating Resources, each PacifiCorp EIM Participating Resource Scheduling Coordinator shall provide to the PacifiCorp EIM Entity the energy bid range data (without price information) of the respective resources it represents that are participating in the EIM.

If the MO does not provide Dispatch Operating Point data for PacifiCorp EIM Participating Resources, each PacifiCorp EIM Participating Resource Scheduling Coordinator shall provide the PacifiCorp EIM Entity with Dispatch Operating Point data of the respective resources it represents that are participating in the EIM.

4.2.4.2 Transmission Customers with Non-Participating Resources

A Transmission Customer with a Non-Participating Resource shall submit Forecast Data to the PacifiCorp EIM Entity. This submission must include data on all resources, Interchange, and Intrachange which balance to the Transmission Customer's anticipated load, as applicable. If the Transmission Customer does not serve load within PacifiCorp's BAAs, submission of Forecast Data shall include data on all resources, Interchange, and Intrachange which shall balance to the Transmission Customer's anticipated actual generation. Transmission Customers opting for physical delivery of Real Power Losses shall supply Interchange Forecast Data for amounts of power to be delivered at the Point(s) of Delivery and the amounts of energy expected to be received at the Point(s) of Receipt. These submissions shall be subject to the following additional requirements:

- (1) For resources located in PacifiCorp's BAAs, the Transmission Customer with Non-Participating Resources shall provide Forecast Data from any resource greater than or equal to three MW;
- (2) Only behind-the-meter generation which is contained in the MO's network model shall be required to submit EIM Forecast Data unless explicitly contradicted by contract terms; and
- (3) The submissions must be in the format and within the timing requirements established by the PacifiCorp EIM Entity as required in the PacifiCorp EIM BP.

4.2.4.3 Transmission Customers with Load

As set forth in Sections 4.2.4.1 and 4.2.4.2 of Attachment T, a Transmission Customer is required to submit Forecast Data on all resources, Interchange, and Intrachange which balance to the Transmission Customer's anticipated load, as applicable. Transmission Customers opting for physical delivery of Real Power Losses shall supply Interchange Forecast Data for amounts

of power to be delivered at Point(s) of Delivery and the amounts of energy expected to be received at the Point(s) of Receipt. The submissions shall be in the format and within the timing requirements established by the PacifiCorp EIM Entity as required in the PacifiCorp EIM BP.

For purposes of settling Energy Imbalance Service pursuant to Schedule 4 of this Tariff, the PacifiCorp EIM Entity shall calculate the load component of the Transmission Customer Base Schedule as the product of its resource Forecast Data net of its Interchange Forecast Data and net of its Intrachange Forecast Data, as applicable.

4.2.4.4 Transmission Customers Wheeling Through PacifiCorp's BAAs

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 the PacifiCorp EIM Entity. This submission shall include data on import Interchange which balances to the Transmission Customer's export Interchange. Transmission Customers electing physical delivery of Real Power Losses shall supply Interchange Forecast Data for amounts of energy expected to be received at the Point(s) of Receipt.

4.2.5 Metering for Transmission Customers with Non-Participating Resources

To assess imbalance, the MO shall disaggregate meter data into 5-minute intervals if the meter intervals are not programmed to 5-minute intervals pursuant to a Transmission Customer's applicable interconnection requirements associated with any agreement pursuant to Parts IV or V of this Tariff. To the extent that a Transmission Customer owns the meter or communication to the meter, the Transmission Customer shall be responsible to maintain accurate and timely data accessible for the PacifiCorp EIM Entity to comply with Section 4.1.4 of this Attachment T.

5. Transmission Operations

5.1 Provision of Information Regarding Real-Time Status of the Transmission Provider's Transmission System

The PacifiCorp EIM Entity shall provide the MO information on:

- (1) real time data for the Transmission System and interties; and
- (2) any changes to transmission capacity and the Transmission System due to operational circumstances.

5.2 Provision of EIM Transfer Capacity by a PacifiCorp Interchange Rights Holder

The PacifiCorp EIM Entity shall facilitate the provision of transmission capacity for EIM Transfers offered by a PacifiCorp Interchange Rights Holder by ensuring that the MO is provided with the amounts made available by the PacifiCorp Interchange Rights Holder for EIM Transfers. The amount made available for EIM Transfers shall never exceed the PacifiCorp Interchange Rights Holder's transmission rights.

The requirements for scheduling and using transmission rights held by a PacifiCorp Interchange Rights Holder shall be set forth in the PacifiCorp EIM BP.

5.3 Charges for EIM Transmission

Charges related to EIM transmission are set forth in Section 8.7 of this Attachment T.

6. System Operations Under Normal and Emergency Conditions

6.1 Compliance with Reliability Standards

Participation in the EIM shall not modify, change, or otherwise alter the manner in which the Transmission Provider operates its Transmission System consistent with applicable reliability standards, including reliability adjustments.

Participation in the EIM shall not modify, change, or otherwise alter the obligations of the PacifiCorp EIM Entity, Transmission Customers with PacifiCorp EIM Participating Resources, or Transmission Customers with Non-Participating Resources to comply with applicable reliability standards.

The PacifiCorp EIM Entity shall remain responsible for:

- (1) maintaining appropriate operating reserves and for its obligations pursuant to any reserve sharing group agreements;

- (2) NERC and WECC responsibilities including, but not limited to, informing the Reliability Coordinator of issues within PacifiCorp's BAAs;
- (3) processing e-Tags and managing schedule curtailments at the interties; and
- (4) monitoring and managing real-time flows within system operating limits on all transmission facilities within PacifiCorp's BAAs, including facilities of PacifiCorp BAA Transmission Owners. If requested by a Transmission Customer that is also a PacifiCorp BAA Transmission Owner, the PacifiCorp EIM Entity will provide additional information or data related to EIM operation as it may relate to facilities of a PacifiCorp BAA Transmission Owner.

6.2 Good Utility Practice

The PacifiCorp EIM Entity, Transmission Customers with Non-Participating Resources, and Transmission Customers with PacifiCorp EIM Participating Resources shall comply with Good Utility Practice with respect to this Attachment T.

6.3 Management of Contingencies and Emergencies

6.3.1 EIM Disruption

If the MO declares an EIM disruption in accordance with Section 29.7(j) of the MO Tariff, the PacifiCorp EIM Entity shall, in accordance with Section 29.7(j) (4) of the MO Tariff, promptly inform the MO of actions taken in response to the EIM disruption by providing reliability adjustment information, updates to e-Tags, transmission limit adjustments, or outage and de-rate information, as applicable.

6.3.2 Manual Dispatch

The PacifiCorp EIM Entity may issue a Manual Dispatch order to a Transmission Customer with a PacifiCorp EIM Participating Resource or a Non-Participating Resource in PacifiCorp's BAAs, to address reliability or operational issues in PacifiCorp's BAAs that the EIM is not able to address through normal economic dispatch and congestion management.

The PacifiCorp EIM Entity shall inform the MO of a Manual Dispatch as soon as possible.

7. Outages

7.1. PacifiCorp EIM Entity Transmission Outages

7.1.1 Planned Transmission Outages

The PacifiCorp EIM Entity shall submit information regarding planned transmission outages to the MO's outage management system in accordance with Section 29.9(b) of the MO Tariff. The PacifiCorp EIM Entity shall update the submittal if there are changes to the transmission outage plan.

7.1.2 Unplanned Transmission Outages

The PacifiCorp EIM Entity shall submit information as soon as possible regarding unplanned transmission outages to the MO's outage management system in accordance with Section 29.9(e) of the MO Tariff.

7.2 PacifiCorp BAA Transmission Owner Outages

Transmission Customers that are also PacifiCorp BAA Transmission Owners shall provide the PacifiCorp EIM Entity with planned and unplanned transmission outage data. Planned outages shall be reported to the PacifiCorp EIM Entity 7 or more days in advance and preferably at least 30 days in advance of the outage. Unplanned outages shall be reported to the PacifiCorp EIM Entity as soon as possible but no later than 30 minutes after the outage commences.

The PacifiCorp EIM Entity shall communicate information regarding planned and unplanned outages of PacifiCorp BAA Transmission Owner facilities to the MO as soon as practicable upon receipt of the information from the PacifiCorp BAA Transmission Owner.

7.3 PacifiCorp EIM Participating Resource Outages

7.3.1 Planned PacifiCorp EIM Participating Resource Outages

PacifiCorp EIM Participating Resource Scheduling Coordinators shall submit information regarding planned resource outages to the PacifiCorp EIM Entity. Planned outages shall be reported to the PacifiCorp EIM Entity 7 or more days in advance and preferably at least 30 days in advance of the outage. The

PacifiCorp EIM Entity shall then submit this outage information to the MO's outage management system in accordance with Section 29.9(c) of the MO Tariff. PacifiCorp EIM Participating Resource Scheduling Coordinators shall update the submittal if there are changes to the resource outage plan.

7.3.2 Unplanned PacifiCorp EIM Participating Resource Outages

In the event of an unplanned outage required to be reported under Section 29.9(e) of the MO Tariff, the PacifiCorp EIM Participating Resource Schedule Coordinator is responsible for notifying the PacifiCorp EIM Entity of required changes. Unplanned outages shall be reported to the PacifiCorp EIM Entity as soon as possible but no later than 30 minutes after the outage commences. The PacifiCorp EIM Entity shall then submit this information to the MO's outage management system.

7.4 Outages of Transmission Customers with Non-Participating Resources

7.4.1 Planned Outages of Transmission Customers with Non-Participating Resources

Transmission Customers with Non-Participating Resources shall report information regarding planned outages of resources to the PacifiCorp EIM Entity 7 or more days in advance and preferably at least 30 days in advance of the outage. The Transmission Customer with a Non-Participating Resource shall update the submittal if there are changes to the resource's outage plan.

The PacifiCorp EIM Entity shall submit planned resource outages of Non-Participating Resources to the MO's outage management system in accordance Section 29.9(c) of the MO Tariff.

7.4.2 Unplanned Outages of Resources of Transmission Customers with Non-Participating Resources

Unplanned outages of resources of a Transmission Customer with Non-Participating Resources shall be reported to the PacifiCorp EIM Entity as soon as possible but no later than 30 minutes after the outage commences. De-rates of 50 MW or greater shall be reported to the PacifiCorp EIM Entity; reporting of de-rates less than 50 MW to the PacifiCorp EIM Entity is not required, but is encouraged.

In the event of a forced outage required to be reported under Section 29.9(e) of the MO Tariff, the PacifiCorp EIM Entity is responsible for notifying the MO of required changes through the MO's outage management system.

8. EIM Settlements and Billing

The PacifiCorp EIM BP shall include information on the specific charge codes applicable to EIM settlement.

8.1 Instructed Imbalance Energy (IIE)

The PacifiCorp EIM Entity shall be required to sub-allocate IIE based on the operational adjustments of any affected Interchange or based on resource imbalances created by Manual Dispatch or an adjustment to resource imbalances created by adjustments to resource forecasts pursuant to Section 11.5 of the MO Tariff. Any allocations to the PacifiCorp EIM Entity pursuant to Section 29.11(b) of the MO Tariff for IIE shall be sub-allocated directly to Transmission Customers in accordance with Schedule 9.

8.2 Uninstructed Imbalance Energy (UIE)

Any charges or payments to the PacifiCorp EIM Entity pursuant to Section 29.11(b) (3) (B) and (C) of the MO Tariff for UIE not otherwise recovered under Schedule 4 or Schedule 9 shall not be sub-allocated to Transmission Customers.

8.3 Unaccounted for Energy (UFE)

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(c) of the MO Tariff for UFE shall not be sub-allocated to Transmission Customers.

8.4 Charges for Under-Scheduling or Over-Scheduling Load

8.4.1 Under-Scheduling Load

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(d) (1) of the MO Tariff for under-scheduling load shall be assigned to the Transmission Customers subject to Schedule 4 in the offending BAA that contributed to the imbalance based on their respective under-scheduling imbalance ratio share.

8.4.2 Over-Scheduling Load

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(d) (2) of the MO Tariff for over-scheduling load shall be assigned to the Transmission Customers subject to Schedule 4 in the offending BAA that contributed to the imbalance based on their respective over-scheduling imbalance ratio share.

8.4.3 Distribution of Under-Scheduling or Over-Scheduling Proceeds

Any payment to the PacifiCorp EIM Entity pursuant to Section 29.11(d) (3) of the MO Tariff shall be distributed to Transmission Customers in non-offending BAAs on the basis of Metered Demand and in accordance with the procedures outlined in the PacifiCorp EIM BP.

8.5 EIM Uplifts

8.5.1. EIM BAA Real-Time Market Neutrality (Real-Time Imbalance Energy Offset - BAA)

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(e) (3) of the MO Tariff for EIM BAA real-time market neutrality shall be sub-allocated to Transmission Customers on the basis of Measured Demand.

8.5.2 EIM Entity BAA Real-Time Congestion Offset

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(e) (2) of the MO Tariff for the EIM real-time congestion offset shall be allocated to Transmission Customers on the basis of Measured Demand.

8.5.3 EIM Entity Real-Time Marginal Cost of Losses Offset

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(e) (4) of the MO Tariff for real-time marginal cost of losses offset shall not be sub-allocated to Transmission Customers.

8.5.4 EIM Neutrality Settlement

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(e) (5) of the MO Tariff for EIM neutrality settlement shall be sub-allocated as follows:

Description	Allocation
Neutrality Adjustment (monthly and daily)	Measured Demand
Rounding Adjustment (monthly and daily)	Measured Demand

8.5.5 Real-Time Bid Cost Recovery

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(f) of the MO Tariff for EIM real-time bid cost recovery shall be sub-allocated to Transmission Customers on the basis of Measured Demand.

8.5.6 Flexible Ramping Constraint

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(g) of the MO Tariff for the Flexible Ramping Constraint shall be sub-allocated to Transmission Customers on the basis of Measured Demand.

8.5.7 Inaccurate or Late Actual Settlement Quality Meter Data Penalty

To the extent the PacifiCorp EIM Entity incurs a penalty for inaccurate or late actual settlement quality meter data, pursuant to Section 37.11.1 of the MO Tariff, the PacifiCorp EIM Entity shall directly assign the penalty to the offending Transmission Customer.

8.5.8 Other EIM Settlement Provisions

Any charges to the PacifiCorp EIM Entity pursuant to the MO Tariff for the EIM settlement provisions shown in the following table shall be sub-allocated as follows:

Description	Allocation
Invoice Deviation (distribution and allocation)	PacifiCorp EIM Entity
Generator Interconnection Process Forfeited Deposit Allocation	PacifiCorp EIM Entity
Default Invoice Interest Payment	PacifiCorp EIM Entity
Default Invoice Interest Charge	PacifiCorp EIM Entity

Description	Allocation
Invoice Late Payment Penalty	PacifiCorp EIM Entity
Financial Security Posting (Collateral) Late Payment Penalty	PacifiCorp EIM Entity
Shortfall Receipt Distribution	PacifiCorp EIM Entity
Shortfall Reversal	PacifiCorp EIM Entity
Shortfall Allocation	PacifiCorp EIM Entity
Default Loss Allocation	PacifiCorp EIM Entity

8.6 MO Tax liabilities

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.22(a) of the MO Tariff for MO tax liability as a result of the EIM shall be sub-allocated to those Transmission Customers triggering the tax liability.

8.7 EIM Transmission Service Charges

8.7.1 Transmission Service Charges for EIM Transfers

There shall be no incremental transmission charge assessed for transmission use related to EIM Transfers for Transmission Customers with PacifiCorp EIM Participating Resources, except as otherwise provided by this Attachment T. Transmission Customers shall be subject to the appropriate charges for transmission service consistent with Section 8.7.2 of this Attachment T.

8.7.2 EIM Transmission over Transmission Provider's System

8.7.2.1 Participation in EIM Utilizing Network Integration Transmission Service

Transmission Provider shall continue to assess charges to Network Customers with PacifiCorp EIM Participating Resources based on the Monthly Demand Charge, including output of Designated Network Resources related to EIM Dispatch Instructions.

8.7.2.2 Participation in EIM Utilizing Point-to-Point Transmission Service

Transmission Provider shall not assess an incremental transmission charge for transmission use related to the EIM where the Transmission Customer with PacifiCorp EIM Participating Resources has existing Point-to-Point Transmission Service associated with the PacifiCorp EIM Participating Resource and any Dispatch Instruction does not exceed the Transmission Customer's Reserved Capacity.

To the extent a Transmission Customer participating in EIM that utilizes Point-to-Point Transmission Service receives a Dispatch Instruction and the Dispatch Operating Point exceeds the Transmission Customer's Reserved Capacity, the Transmission Customer shall be charged on an after-the-fact basis, at the hourly Non-Firm Point-to-Point Transmission Service rate in accordance with Schedule 8 of this Tariff for any amount of the Dispatch Operating Point in excess of the Transmission Customer's Reserved Capacity. Transmission charges for a Transmission Customer participating in EIM utilizing Point-to-Point Transmission Service shall be based upon the greatest positive Dispatch Operating Point for the PacifiCorp EIM Participating Resource received during the Operating Hour. Schedule 11 of this Tariff shall apply to any amount of actual metered generation which is in excess of the greater of: (1) the output associated with a Dispatch Operating Point or a Manual Dispatch, or (2) the Transmission Customer's Reserved Capacity.

8.8 Variable Energy Resource Forecast Charge

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(j) of the MO Tariff for variable energy resource forecast charges shall be sub-allocated to the Transmission Customer with a Non-Participating Resource requesting such forecast.

8.9 EIM Payment Calendar

Pursuant to Section 29.11(1) of the MO Tariff, the PacifiCorp EIM Entity shall be subject to the MO's payment calendar for issuing settlement statements, exchanging invoice funds, submitting meter data, and submitting settlement disputes to the MO. The PacifiCorp EIM Entity shall follow Section 7 of this Tariff for issuing invoices regarding the EIM.

8.10 EIM Residual Balancing Account

To the extent that MO EIM-related charges or payments to the PacifiCorp EIM Entity are not captured elsewhere in Attachment

H-1, Schedules 1, 4, and 9 of this Tariff, or this Section 8, those charges or payments shall be placed in a balancing account, with interest accruing at the rate established in 18 C.F.R. § 35.19(a)(2)(iii), until PacifiCorp makes a filing with the Commission pursuant to Section 205 of the Federal Power Act proposing an allocation methodology.

8.11 Market Validation and Price Correction

If the MO modifies the PacifiCorp EIM Entity settlement statement in accordance with the MO's market validation and price correction procedures in the MO Tariff, the PacifiCorp EIM Entity reserves the right to make corresponding or similar changes to the charges and payments sub-allocated under this Attachment T.

9. Compliance

9.1 Provision of Data

Transmission Customers with PacifiCorp EIM Participating Resources and PacifiCorp EIM Participating Resource Scheduling Coordinators are responsible for complying with information requests they receive directly from the EIM market monitor or regulatory authorities concerning EIM activities.

A Transmission Customer with PacifiCorp EIM Participating Resources or a Transmission Customer with Non-Participating Resources must provide the PacifiCorp EIM Entity with all data necessary to respond to information requests received by the PacifiCorp EIM Entity from the MO, the EIM market monitor, or regulatory authorities concerning EIM activities.

If the PacifiCorp EIM Entity is required by applicable laws or regulations, or in the course of administrative or judicial proceedings, to disclose information that is otherwise required to be maintained in confidence, the PacifiCorp EIM Entity may disclose such information; provided, however, that upon the PacifiCorp EIM Entity learning of the disclosure requirement and, if possible, prior to making such disclosure, the PacifiCorp EIM Entity shall notify any affected party of the requirement and the terms thereof. The party can, at its sole discretion and own cost, direct any challenge to or defense against the disclosure requirement. The PacifiCorp EIM Entity shall cooperate with the affected party to obtain proprietary or confidential treatment of confidential information by the person

to whom such information is disclosed prior to any such disclosure.

The PacifiCorp EIM Entity shall treat all Transmission Customer and Interconnection Customer data and information provided to it as market-sensitive and confidential, unless the PacifiCorp EIM Entity is otherwise allowed or required to disclose. The PacifiCorp EIM Entity shall continue to abide by the Commission's Standards of Conduct and handle customer information accordingly.

9.2 Rules of Conduct

These rules of conduct are intended to provide fair notice of the conduct expected and to provide an environment in which all parties may participate in the EIM on a fair and equal basis. Parties should:

- (1) Comply with Dispatch Instructions and PacifiCorp EIM Entity operating orders in accordance with Good Utility Practice. If some limitation prevents the Transmission Customer from fulfilling the action requested by the MO or the PacifiCorp EIM Entity, the Transmission Customer must immediately and directly communicate the nature of any such limitation to the PacifiCorp EIM Entity;
- (2) Submit bids for resources that are reasonably expected to be available and capable of performing at the levels specified in the bid, and to remain available and capable of so performing based on all information that is known or should have been known at the time of submission;
- (3) Notify the MO and the PacifiCorp EIM Entity of outages in accordance with Section 7 of this Attachment T;
- (4) Provide complete, accurate, and timely meter data to the PacifiCorp EIM Entity in accordance with the metering and communication requirements of this Tariff, and maintain responsibility to ensure the accuracy of such data communicated by any customer-owned metering or communications systems. To the extent such information is not accurate or timely when provided to the PacifiCorp EIM Entity, the Transmission Customer shall be responsible for any consequence on settlement and billing;

- (5) Provide information to the PacifiCorp EIM Entity, including the information requested in Sections 4.2.1, 4.2.2, 4.2.3, and 9.1 of this Attachment T, by the applicable deadlines; and
- (6) Utilize commercially-reasonable efforts to ensure that forecasts are accurate and based on all information that is known or should have been known at the time of submission to the PacifiCorp EIM Entity.

9.3 Enforcement

The PacifiCorp EIM Entity may refer a violation of Section 9.2 of this Attachment T to FERC. Violations of these rules of conduct may be enforced by FERC in accordance with FERC's rules and procedures. Nothing in this Section 9 is meant to limit any other remedy before FERC or any applicable judicial, governmental, or administrative body.

10. Market Contingencies

10.1 Temporary Suspension by the MO

In the event that the MO implements a temporary suspension in accordance with Section 29.1(d)(1) of the MO Tariff, including the actions identified in Section 29.1(d)(5), the PacifiCorp EIM Entity shall utilize Temporary Schedules 4 and 9 in accordance with Sections 10.4.1 and 10.4.2 of this Attachment T until the temporary suspension is no longer in effect or, if the MO determines to extend the suspension, for a period of time sufficient to process termination of the PacifiCorp EIM Entity's participation in the EIM in accordance with Section 29.1(d)(2) of the MO Tariff.

10.2 Termination of Participation in EIM by the PacifiCorp EIM Entity

If the PacifiCorp EIM Entity submits a notice of termination of its participation in the EIM to the MO in accordance with the applicable agreements and Section 4.1.1.5 of this Attachment T, in order to mitigate price exposure during the 180-day period between submission of the notice and the termination effective date, the PacifiCorp EIM Entity may invoke the following corrective actions by requesting that the MO:

- (1) prevent EIM Transfers and separate the PacifiCorp EIM Entity's BAAs from operation of the EIM in the EIM Area; and
- (2) suspend settlement of EIM charges with respect to the PacifiCorp EIM Entity.

Once such corrective actions are implemented by the MO, the PacifiCorp EIM Entity shall utilize Temporary Schedules 4 and 9 in accordance with Sections 10.4.1 and 10.4.2 of this Attachment T.

If the PacifiCorp EIM Entity takes action under this Section 10.2, the PacifiCorp EIM Entity shall notify the MO and Transmission Customers.

10.3 Corrective Actions Taken by the PacifiCorp EIM Entity for Temporary Contingencies

The PacifiCorp EIM Entity may declare a temporary contingency and invoke corrective actions for the EIM when in its judgment –

- (1) operational circumstances (including a failure of the EIM to produce feasible results in PacifiCorp's BAAs) have caused or are in danger of causing an abnormal system condition in PacifiCorp's BAAs that requires immediate action to prevent loss of load, equipment damage, or tripping system elements that might result in cascading outages, or to restore system operation to meet the applicable Reliability Standards and reliability criteria established by NERC and WECC;
- (2) communications between the MO and the PacifiCorp EIM Entity are disrupted and prevent the PacifiCorp EIM Entity, the PacifiCorp EIM Entity Scheduling Coordinator, or a PacifiCorp EIM Participating Resource Scheduling Coordinator from accessing MO systems to submit or receive information; or
- (3) during the initial 12-month period beginning from the PacifiCorp EIM Entity's participation in the EIM, the PacifiCorp EIM Entity determines, after consultation with the MO and the MO's Department of Market Monitoring ("DMM") (or any successor entity responsible for market monitoring of the EIM), there exist market design flaws that could effectively be remedied by rule or tariff changes. In such a

circumstance, the PacifiCorp EIM Entity may invoke a corrective action for a period of time not to exceed 180 days to enable the MO, the PacifiCorp EIM Entity, and stakeholders an opportunity to develop a market solution and to obtain Commission approval for any needed tariff change to correct the market design flaw.

10.3.1 Corrective Actions for Temporary Contingencies

If any of the above temporary contingencies occurs, the PacifiCorp EIM Entity may invoke the following corrective actions by requesting that the MO:

- (1) prevent EIM Transfers and separate the PacifiCorp EIM Entity's BAAs from operation of the EIM in the EIM Area; and/or
- (2) suspend settlement of EIM charges with respect to the PacifiCorp EIM Entity.

When corrective actions 10.3.1(1) and (2) are implemented in conjunction, the PacifiCorp EIM Entity shall utilize Temporary Schedules 4 and 9 in accordance with Sections 10.4.1 and 10.4.2 of this Attachment T.

If the PacifiCorp EIM Entity takes action under this Section 10.3, the PacifiCorp EIM Entity shall notify the MO and Transmission Customers. The PacifiCorp EIM Entity and the MO shall cooperate to resolve the temporary contingency event and restore full EIM operations as soon as is practicable.

10.4 Temporary Schedules 4 and 9

10.4.1 Temporary Schedule 4

Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour (plus real power losses). The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation

resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly energy imbalances under this Schedule or a penalty for hourly generator imbalances under Schedule 9 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish charges for energy imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, using the Hourly Pricing Proxy, (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of the Hourly Pricing Proxy for under-scheduling or 90 percent of the Hourly Pricing Proxy for over-scheduling, and (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of the Hourly Pricing Proxy for under-scheduling or 75 percent of the Hourly Pricing Proxy for over-scheduling.

A spreadsheet showing the Hourly Pricing Proxy for each hour of the previous month shall be accessible through the Transmission Provider's OASIS.

10.4.2 Temporary Schedule 9

Generator Imbalance Service

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider's Control Area and a delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour (plus

real power losses). The Transmission Provider must offer this service, to the extent it is physically feasible to do so from its resources or from resources available to it, when transmission service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Generator Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly generator imbalances under this Schedule or a penalty for hourly energy imbalances under Schedule 4 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish charges for generator imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of each month, at the Hourly Pricing Proxy, (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of the Hourly Pricing Proxy for under-scheduling or 90 percent of the Hourly Pricing Proxy for over-scheduling, and (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled at 125 percent of the Hourly Pricing Proxy for under-scheduling or 75 percent of the Hourly Pricing Proxy for over-scheduling, except that an intermittent resource will be exempt from this deviation band and will pay the deviation band charges for all deviations greater than the larger of 1.5 percent or 2 MW. An intermittent resource, for the limited purpose of this Schedule is an electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand or respond to transmission security constraints.

Notwithstanding the foregoing, deviations from scheduled transactions in order to respond to directives by the Transmission Provider, a balancing authority, or a reliability coordinator shall not be subject to the deviation bands identified above and, instead, shall be settled financially, at the end of the month, at 100 percent of the Hourly Pricing Proxy. Such directives may include instructions to correct frequency decay, respond to a reserve sharing event, or change output to relieve congestion.

A spreadsheet showing the Hourly Pricing Proxy for each hour of the previous month shall be accessible through the Transmission Provider's OASIS.

Applicability to Interconnection Customers:

To the extent the Interconnection Customer is a different entity than the Transmission Customer and controls the output of a generator located in the Transmission Provider's Control Area, the Interconnection Customer may be subject to charges for Generator Imbalance Service (rather than the Transmission Customer) in accordance with this Schedule 9.

PACIFICORP

FERC ELECTRIC TARIFF

VOLUME NO. 11

PRO FORMA OPEN ACCESS

TRANSMISSION TARIFF

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II. POINT-TO-POINT TRANSMISSION SERVICE

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I. COMMON SERVICE PROVISIONS

1 Definitions

1.1 ~~1.1~~ Affiliate:

With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

1.2 Ancillary Services:

Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

1.3 Annual Transmission Costs:

The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H until amended by the Transmission Provider or modified by the Commission.

1.3A Annual Transmission Revenue Requirement (ATRR):

The transmission revenue requirement calculated annually using the formula rate set forth in Attachment H-1.

1.4 Application:

A request by an Eligible Customer for Transmission Service, Network Integration Transmission Service or Generation Interconnection Service pursuant to the provisions of the Tariff.

1.4A Balancing Authority (BA):

The responsible entity that integrates resource plans ahead of time, maintains load-Interchange-generation

balance within a BAA, and supports interconnection frequency in real time.

1.4B Balancing Authority Area (BAA):

The collection of generation, transmission, and loads within the metered boundaries of the BA. The BA maintains load-resource balance within this area. For purposes of this Tariff, "BAA" shall have the same meaning as "Control Area".

1.4C Bid Cost Recovery (BCR):

The MO EIM settlements process through which PacifiCorp EIM Participating Resources recover their bid costs.

1.4D California Independent System Operator Corporation (CAISO):

A state-chartered, California non-profit public benefit corporation that operates the transmission facilities of all CAISO participating transmission owners and dispatches certain generating units and loads. The CAISO is the MO for the EIM.

1.4E CAISO BAA or CAISO Controlled Grid:

The system of transmission lines and associated facilities of the CAISO participating transmission owners that have been placed under the CAISO's operational control.

1.5 Commission:

The Federal Energy Regulatory Commission.

1.6 Completed Application:

An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.

1.7 Control Area:

An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

1. match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
2. maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
3. maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
4. provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

The term Control Area as used throughout this Tariff shall be understood to be equivalent to a Balancing Authority Area, as defined by the North American Electric Reliability Corporation.

1.8 Curtailment:

A reduction in firm or non-firm transmission service in response to a transfer capability shortage as a result of system reliability conditions (also "Curtailed").

1.9 Delivering Party:

The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.

1.10 Designated Agent:

Any entity that performs actions or functions on behalf of the Transmission Provider, an Eligible Customer, or the Transmission Customer required under the Tariff.

1.11 Direct Assignment Facilities:

Facilities or portions of facilities that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer or Generation Interconnection Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer or the Generation Interconnection Customer and shall be subject to Commission approval.

1.11A Dispatch Instruction:

An instruction by the MO for an action with respect to a specific PacifiCorp EIM Participating Resource for increasing or decreasing its energy supply or demand to a specified Dispatch Operating Point pertaining to real-time operations.

1.11B Dispatch Operating Point:

The expected operating point, in MW, of a PacifiCorp EIM Participating Resource that has received a Dispatch Instruction from the Market Operator. For purposes of Attachment T of this Tariff, the Dispatch Operating Point means the incremental change, in MW output, of a PacifiCorp EIM Participating Resource due to an EIM bid being accepted and the PacifiCorp EIM Participating Resource receiving a Dispatch Instruction, expressed either as (i) a negative MW quantity for the downward movement of generation, or (ii) a positive MW quantity for the upward movement of generation.

1.11C Disturbance Recovery Event:

Any abnormal system condition occurring in a neighboring Balancing Authority that requires automatic or immediate action to prevent or limit the failure of transmission facilities or generation supply that could adversely affect the reliability of the Transmission Provider's Transmission System or other Transmission Systems in the Western Electricity Coordinating Council.

1.11D Dynamic Transfer:

The provision of the real-time monitoring, telemetering, computer software, hardware, communications, engineering, energy accounting (including inadvertent Interchange), and administration required to electronically move all or a portion of the real energy services associated with a generator or load out of one BAA into another. A Dynamic Transfer can be either:

(1) a Dynamic Schedule: a telemetered reading or value that is updated in real time and used as a schedule in the AGC/ACE equation and the integrated value of which is treated as an after-the-fact schedule for Interchange accounting purposes. Dynamic Schedules are commonly used for scheduling jointly-owned generation to or from another BAA; or

(2) a Pseudo-Tie: a functionality by which the output of a generating unit physically interconnected to the electric grid in a native BAA is telemetered to and deemed to be produced in an attaining BAA that provides BA services for and exercises BA jurisdiction over the generating unit. This value is treated as an actual Interchange and validated after the hour in real time with the host BAA.

1.11E Energy Imbalance Market (EIM):

The real-time market to manage transmission congestion and optimize procurement of imbalance energy (positive or negative) to balance supply and demand deviations for the EIM Area through economic bids submitted by EIM Participating Resource Scheduling Coordinators in the fifteen-minute and five-minute markets.

1.11F EIM Area:

The combination of PacifiCorp's BAAs, the CAISO BAA, and the BAAs of any other EIM Entities.

1.11G EIM Entity:

A BA, other than the PacifiCorp EIM Entity, that enters into the MO's *pro forma* EIM Entity Agreement to enable the EIM to occur in its BAA.

1.11H EIM Transfer:

The transfer of real-time energy resulting from an EIM Dispatch Instruction: (1) between PacifiCorp's BAAs; (2) between a PacifiCorp BAA and the CAISO BAA; (3) between a PacifiCorp BAA and an EIM Entity BAA; or (4) between the CAISO BAA and an EIM Entity BAA using transmission capacity available in the EIM.

1.12 Eligible Customer:

(i) Any electric utility (including the Transmission Provider and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider offer the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider.

(ii) Any retail customer taking unbundled transmission service pursuant to a state requirement that the Transmission Provider offer the transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider, is an Eligible Customer under the Tariff.

1.12A e-Tag:

An electronic tag associated with a schedule in accordance with the requirements of the North American Electric Reliability Corporation (NERC), the Western Electricity Coordinating Council (WECC), or the North American Energy Standards Board (NAESB).

1.13 Facilities Study:

An engineering study conducted by the Transmission Provider to determine the required modifications to the Transmission Provider's Transmission System, including the cost and scheduled completion date for

such modifications, that will be required to provide the requested transmission service.

1.14 Firm Point-To-Point Transmission Service:

Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.

1.14A Flexible Ramping Requirement (or Flexible Ramping Constraint):

The costs associated with meeting a requirement, established by the MO, that may be enforced in the MO's EIM optimization to ensure that the unit commitment or dispatch of resources for intervals beyond the applicable commitment or dispatch period provide for the availability of required capacity for dispatch in subsequent real-time dispatch intervals.

1.14B Forecast Data:

Information provided by Transmission Customers regarding expected load (as determined pursuant to Section 4.2.4.3 of Attachment T of this Tariff), generation, Intrachange, and Interchange, as specified in the PacifiCorp EIM BP. Forecast Data comprise the Transmission Customer Base Schedule that is used by the PacifiCorp EIM Entity as the baseline by which to measure Imbalance Energy for purposes of EIM settlement.

1.15 Good Utility Practice:

Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices,

methods, or acts generally accepted in the region, including those practices required by Federal Power Act section 215(a)(4).

1.15A Hourly Pricing Proxy:

The average price for each hour of the delivered energy at California-Oregon Border (COB), Four Corners, Mid-Columbia (Mid-C), and Palo Verde (PV). At the end of each month, the Transmission Provider shall calculate the Hourly Pricing Proxy using pricing information from Platts. The prices for COB, Four Corners, Mid-C, and PV shall be averaged resulting in a spreadsheet showing the Hourly Pricing Proxy for each hour of each day for the previous month. If such data for calculating any Hourly Pricing Proxy is not available from Platts, data from the same time of the previous day shall be used.

1.15B Interconnection Customer:

Any Eligible Customer (or its Designated Agent) that executes an agreement to receive generation interconnection service pursuant to Part IV or Part V of this Tariff.

1.15C Imbalance Energy:

The deviation of supply or demand from the Transmission Customer Base Schedule, positive or negative, as measured by metered generation, metered load, or real-time Interchange schedules.

1.15D Instructed Imbalance Energy (IIE):

There are two categories of IIE which is settled by the PacifiCorp EIM Entity depending on the nature and timing of the energy in either the FMM (Fifteen Minute Market) IIE, or RTD (Real-Time Dispatch) IIE: (1) FMM (15-minute) IIE is the portion of Imbalance Energy resulting from the difference between the resource component of the Transmission Customer Base Schedule and the energy, if any, from the Manual Dispatch or physical changes in the output from resources communicated to the MO prior to the FMM, and (2) RTD (5-minute) IIE is the portion of Imbalance Energy resulting from the difference between the resource

component of the Transmission Customer Base Schedule and the energy, if any, from the Manual Dispatch identified by the EIM Entity Scheduling Coordinator.

1.15E Interchange:

E-Tagged energy transfers from or to any of PacifiCorp's BAAs or other BAAs, not including EIM Transfers.

1.15F Intrachange:

E-Tagged energy transfers within each of PacifiCorp's BAAs, not including real-time actual energy flows associated with EIM Dispatch Instructions.

1.16 Interruption:

A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7 (also "Interrupt").

1.17 Load Aggregation Point (LAP):

A set of Pricing Nodes that is used for the submission of bids and settlement of demand in the EIM.

1.17A Locational Marginal Price (LMP):

~~1.17~~ [RESERVED]

The marginal cost (\$/MWh) of serving the next increment of demand at that PNode consistent with existing transmission constraints and the performance characteristics of resources.

1.18 Load Shedding:

The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.

1.19 Long-Term Firm Point-To-Point Transmission Service:

The firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

1.19A Manual Dispatch:

An operating order issued by the PacifiCorp EIM Entity to a Transmission Customer with a PacifiCorp EIM Participating Resource or a Non-Participating Resource in PacifiCorp's BAAs, outside of the EIM optimization, when necessary to address reliability or operational issues in PacifiCorp's BAAs that the EIM is not able to address through economic dispatch and congestion management.

1.19B Market Operator (MO):

The entity responsible for operation, administration, settlement, and oversight of the EIM.

1.19C Measured Demand:

Includes (1) metered load volumes, including losses pursuant to Schedule 10, in PacifiCorp's BAAs, plus (2) e-Tagged export volumes from a PacifiCorp BAA, including losses pursuant to Schedule 10 (excluding Dynamic Schedules that support EIM Transfers).

1.19D Metered Demand:

Metered load volumes, including losses pursuant to Schedule 10, in PacifiCorp's BAAs.

1.19E MO Tariff:

Those portions of the MO's approved tariff, as such tariff may be modified from time to time, that specifically apply to the operation, administration, settlement, and oversight of the EIM.

1.20 Native Load Customers:

The wholesale and retail power customers of the Transmission Provider on whose behalf the Transmission Provider, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate the Transmission Provider's system to meet the reliable electric needs of such customers.

1.21 Network Customer:

An entity receiving transmission service pursuant to the terms of the Transmission Provider's Network Integration Transmission Service under Part III of the Tariff.

1.22 Network Integration Transmission Service:

The transmission service provided under Part III of the Tariff.

1.23 Network Load:

The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.

1.24 Network Operating Agreement:

An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.

1.25 Network Operating Committee:

A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.

1.26 Network Resource:

Any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program [or output associated with an EIM Dispatch Instruction.](#)

1.27 Network Upgrades:

Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System.

1.28 Non-Firm Point-To-Point Transmission Service:

Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.

1.29 Non-Firm Sale:

An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or seller.

[1.29A Non-Participating Resource:](#)

[A resource in PacifiCorp's BAAs that is not a PacifiCorp EIM Participating Resource.](#)

1.30 Open Access Same-Time Information System (OASIS):

The information system and standards of conduct contained in Part 37 of the Commission's regulations

and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

1.30A Operating Hour:

The hour during the day when the EIM runs and energy is supplied to load.

1.30B PacifiCorp COI Segment:

The eastern most portion of the two Pacific AC Intertie lines on the California-Oregon Intertie.

1.30C PacifiCorp's BAAs:

Refers collectively to the two BAAs operated by PacifiCorp which are referred to as PacifiCorp East (PACE) and PacifiCorp West (PACW).

1.30D PacifiCorp BAA Transmission Owner:

A transmission owner, other than the PacifiCorp EIM Entity, who owns transmission facilities in PacifiCorp's BAAs.

1.30E PacifiCorp EIM Business Practice (PacifiCorp EIM BP):

The business practice posted on PacifiCorp's OASIS that contains procedures related to PacifiCorp's implementation of EIM and the rights and obligations of Transmission Customers and Interconnection Customers related to EIM.

1.30F PacifiCorp EIM Entity:

The Transmission Provider in performance of its role as an EIM Entity under the MO Tariff and this Tariff, including, but not limited to, Attachment T. The term "PacifiCorp EIM Entity" refers collectively to the EIM Entities for both PACE and PACW.

1.30G PacifiCorp EIM Entity Scheduling Coordinator:

The Transmission Provider or the entity selected by the Transmission Provider who is certified by the MO and who enters into the MO's *pro forma* EIM Entity Scheduling Coordinator Agreement.

1.30H PacifiCorp EIM Participating Resource:

A resource or a portion of a resource: (1) that has been certified in accordance with Attachment T by the PacifiCorp EIM Entity as eligible to participate in the EIM; and (2) for which the generation owner and/or operator enters into the MO's *pro forma* EIM Participating Resource Agreement.

1.30I PacifiCorp EIM Participating Resource Scheduling Coordinator:

A Transmission Customer with one or more PacifiCorp EIM Participating Resource(s) or a third-party designated by the Transmission Customer with one or more PacifiCorp EIM Participating Resource(s), that is certified by the MO and enters into the MO's *pro forma* EIM Participating Resource Scheduling Coordinator Agreement.

1.30J PacifiCorp Interchange Rights Holder:

A Transmission Customer who has informed the PacifiCorp EIM Entity that it is electing to make reserved firm transmission capacity for an Interchange available for EIM Transfers without compensation.

1.31 Part I:

Tariff definitions and Common Service Provisions contained in Sections 2 through 12.

1.32 Part II:

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1.33 Part III:

Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.34 Part IV:

Tariff Section 36 to Section 48 pertaining to Standard Generation Interconnection Procedures for generation greater than twenty (20) megawatts in conjunction with the applicable Common Service Provisions of Part I and appropriate schedules and attachments.

1.35 Part V:

Tariff Section 49 pertaining to Generation Interconnection Service lesser than or equal to twenty (20) megawatts in conjunction with the applicable Common Service Provisions of Part I and appropriate schedules and attachments.

1.36 Parties:

The Transmission Provider and the Transmission Customer receiving service under the Tariff.

1.37 Point(s) of Delivery:

Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.38 Point(s) of Receipt:

Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.39 Point-To-Point Transmission Service:

The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

1.40 Power Purchaser:

The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

1.41 Pre-Confirmed Application:

An Application that commits the Eligible Customer to execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

1.41A Pricing Node (PNode):

A single network node or subset of network nodes where a physical injection or withdrawal is modeled by the MO and for which the MO calculates an LMP that is used for financial settlements by the MO and the PacifiCorp EIM Entity.

1.42 Real Power Losses:

Electrical losses associated with the use of the Transmission Provider's Transmission System and, where applicable, the use of the Transmission Provider's distribution system. Such losses are provided for in Section 15.7, Section 28.5, Schedule 10 and Attachment S of the Tariff.

1.43 Receiving Party:

The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

1.44 Regional Transmission Group (RTG):

A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

1.45 Reserved Capacity:

The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

1.45A Resource Plan:

The combination of load, resource and Interchange components of the Transmission Customer Base Schedule, ancillary services plans of the PacifiCorp EIM Entity, and bid ranges submitted by PacifiCorp EIM Participating Resources.

1.46 Retail Access:

Unbundled Transmission Service pursuant to a state requirement that the Transmission Provider offer transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider providing Retail End-Users of electricity (or their designated agent) the ability to acquire transmission service directly from the Transmission Provider.

1.47 Retail End-User:

A consumer of electric energy receiving either (i) bundled electric service from the Transmission Provider under a retail service tariff subject to state jurisdiction or (ii) Retail Access from the Transmission Provider in lieu of bundled electric service from the Transmission Provider under a retail service tariff subject to state jurisdiction.

1.48 Secondary Receipt and Delivery Points:

The use of alternate delivery or receipt points in Point-to-Point Transmission Service on a non-firm basis in accordance with Section 22 of the Tariff.

1.49 Service Agreement:

The initial agreement and any amendments or supplements thereto entered into by the Transmission

Customer and the Transmission Provider for service under the Tariff.

1.50 Service Commencement Date:

The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.

1.51 Short-Term Firm Point-To-Point Transmission Service:

Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year. Short-Term Firm Point-To-Point Transmission Service of duration of less than one calendar day is sometimes referred to as Hourly Firm Point-To-Point Transmission Service.

1.52 System Condition:

A specified condition on the Transmission Provider's system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the curtailment priority pursuant to Section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.

1.53 System Impact Study:

An assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.

1.54 Third-Party Sale:

Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service Agreement.

1.55 Transmission Customer:

Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission, a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff.

1.55A Transmission Customer Base Schedule:

An energy schedule that provides Transmission Customer hourly-level load Forecast Data, hourly-level resource Forecast Data, and hourly-level Interchange Forecast Data and other information that is used by the PacifiCorp EIM Entity as the baseline by which to measure Imbalance Energy for purposes of EIM settlement. The term "Transmission Customer Base Schedule" as used in this Tariff may refer collectively to the three components of such schedule (load, resource, and Interchange) or any individual components of such schedule.

1.56 Transmission Provider:

PacifiCorp (or its designated agent), which owns, controls, or operates transmission or distribution facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff.

1.57 Transmission Provider's Monthly Transmission System Peak:

The maximum firm usage of Transmission Provider's Transmission System in a calendar month.

1.58 Transmission Service:

Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.

1.59 Transmission System:

The facilities (for PacifiCorp that are generally operated at a voltage greater than 34.5 kV) that are owned, controlled or operated by the Transmission Provider; that are used to provide Transmission Service under Part II and Part III of the Tariff; and that are included in the Transmission Provider's transmission revenue requirement periodically filed with the Commission.

1.60 Umbrella Service Agreement:

An executed agreement allowing a Transmission Customer to purchase transmission service from the Transmission Provider in amounts and for prices as posted on the Transmission Provider's OASIS for a term up to one year in length.

1.60A Uninstructed Imbalance Energy (UIE):

For Non-Participating Resources in an EIM Entity BAA, the MO shall calculate UIE as either (1) the algebraic difference between the resource's 5-minute meter data and the resource component of the Transmission Customer Base Schedule, or, if applicable, (2) the 5-minute meter data and any Manual Dispatch or FMM schedules. For Transmission Customers with load in the PacifiCorp EIM Entity's BAAs, the PacifiCorp EIM Entity shall calculate UIE as the algebraic difference between the Transmission Customer's actual hourly load and the Transmission Customer Base Schedule.

1.61 Working Day:

Monday through Friday excluding holidays.

I. COMMON SERVICE PROVISIONS

10 Force Majeure and Indemnification

10.1 Force Majeure: An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither the Transmission Provider nor the Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

10.2 Indemnification: The Transmission Customer shall at all times indemnify, defend, and save the Transmission Provider harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Transmission Provider's performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by the Transmission Provider. Provided, however, that the standard of liability for the actions of the PacifiCorp EIM Entity performed consistent with Attachment T of this Tariff shall be gross negligence or intentional wrongdoing.

I. COMMON SERVICE PROVISIONS
12 Dispute Resolution Procedures

12.1 Internal Dispute Resolution Procedures: Any dispute between a Transmission Customer and the Transmission Provider involving transmission service under the Tariff (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of the Transmission Provider and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days [or such other period as the Parties may agree upon] by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

12.2 External Arbitration Procedures: Any arbitration initiated under the Tariff shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations or Regional Transmission Group rules.

12.3 Arbitration Decisions: Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety

(90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Tariff and any Service Agreement entered into under the Tariff and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities.

12.4 Costs: Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

- (A) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or
- (B) one half the cost of the single arbitrator jointly chosen by the Parties.

12.4A EIM Disputes

12.4A.1 Disputes between the PacifiCorp EIM Entity and a Transmission Customer or Interconnection Customer Related to Allocation of Charges or Payments from the MO

To the extent a dispute arises between the PacifiCorp EIM Entity and a Transmission Customer or Interconnection Customer regarding the PacifiCorp EIM Entity's implementation of this Tariff's provisions regarding the manner in which the PacifiCorp EIM Entity allocates charges or payments from the MO, the parties shall follow the dispute resolution procedures in Sections 12.1 to 12.4 of this Tariff.

12.4A.2 Disputes between the MO and PacifiCorp EIM Participating Resource Scheduling Coordinators

Related to EIM Charges and Payments Directly From the MO

Disputes involving settlement statements between the MO and PacifiCorp EIM Participating Resource Scheduling Coordinators shall be resolved in accordance with the dispute resolution process of the MO Tariff. A Transmission Customer with a PacifiCorp EIM Participating Resource shall provide notice to the PacifiCorp EIM Entity if it raises a dispute with the MO, and such notice shall be provided in accordance with the process set forth in the PacifiCorp EIM BP.

12.4A.3 Disputes between the MO and the PacifiCorp EIM Entity

The PacifiCorp EIM Entity may raise disputes with the MO regarding the settlement statements it receives from the MO in accordance with the process specified in the MO Tariff. If the PacifiCorp EIM Entity submits a dispute it shall provide notice to Transmission Customers in accordance with the PacifiCorp EIM BP.

12.4A.4 Disputes Regarding MO Charges or Payments to the PacifiCorp EIM Entity Raised by Transmission Customers or Interconnection Customers

To the extent a dispute arises regarding a MO charge or a MO payment to the PacifiCorp EIM Entity that is subsequently charged or paid by the PacifiCorp EIM Entity to a Transmission Customer or an Interconnection Customer, and such Transmission Customer or Interconnection Customer wishes to raise a dispute with the MO, the PacifiCorp EIM Entity shall file a dispute on behalf of such Transmission Customer or Interconnection Customer in accordance with the MO Tariff and work with the Transmission Customer or the Interconnection Customer to resolve the dispute pursuant to the process specified in the MO Tariff.

12.5 Rights under the Federal Power Act: Nothing in this section shall restrict the rights of any party to file a complaint with the Commission under relevant provisions of the Federal Power Act.

II. POINT-TO-POINT TRANSMISSION SERVICE

13 Nature of Firm Point-To-Point Transmission Service

13.1 Term: The minimum term of Firm Point-To-Point Transmission Service shall be one hour and the maximum term shall be specified in the Service Agreement. A Purchaser of Short-Term Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 17.8.

~~13.2~~ 13.2 Reservation Priority:

~~(i)~~ (i) Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Transmission Customer has requested service.

~~(ii)~~ (ii) Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction or reservation. However, Pre-Confirmed Applications for Short-Term Point-to-Point Transmission Service will receive priority over earlier-submitted requests that are not Pre-Confirmed and that have equal or shorter duration. Among requests or reservations with the same duration and, as relevant, pre-confirmation status (pre-Confirmed, confirmed, or not confirmed), priority will be given to an Eligible Customer's request or reservation that offers the highest price, followed by the date and time of the request or reservation.

~~(iii)~~ (iii) If the Transmission System becomes oversubscribed, requests for service may preempt competing reservations up to the following conditional reservation deadlines: at 2:00 p.m., or as soon as practicable thereafter, of the preschedule day for the delivery for the hourly service, one Working Day before the commencement

of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transfer capability is insufficient to satisfy all requests and reservations, an Eligible Customer with a reservation for shorter term service or equal duration service and lower price has the right of first refusal to match any longer term request or equal duration service with a higher price before losing its reservation priority. A longer term competing request for Short-Term Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. When a longer duration request preempts multiple shorter duration reservations, the shorter duration reservations shall have simultaneous opportunities to exercise the right of first refusal. Duration, price and time of response will be used to determine the order by which the multiple shorter duration reservations will be able to exercise the right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff.

~~(iv)~~ (iv) Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Section 2.2.

~~(v)~~ (v) For any requests for Firm Point-to-Point Transmission Service for which this Tariff establishes an earliest time such requests are permitted to be submitted, any requests for such

service submitted within a five (5) minute window following such earliest time shall be deemed to have been submitted simultaneously during such window. If sufficient transmission capacity is not available to meet all such requests submitted within any such five (5) minute window, the otherwise applicable priorities shall apply to allocation of transmission capacity to such requests; provided that, if the otherwise applicable priorities would be to allocate transmission capacity to transmission requests on a first-come, first-served basis (i.e., in the chronological sequence in which each Transmission Customer has requested service), transmission capacity shall instead be allocated to such competing transmission requests with the same position on the basis of a lottery allocation procedure, as described further in Transmission Provider's business practice, provided that no Transmission Customer will be allocated transmission capacity in excess of the requested amount of any request.

13.3 Use of Firm Transmission Service by the Transmission Provider: The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after July 9, 1996 or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

13.4 Service Agreements: The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Long-Term Firm Point-To-Point Transmission Service. The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed

with the Commission in compliance with applicable Commission regulations. An Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved and that has not executed a Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Service Agreement. The Service Agreement shall, when applicable, specify any conditional curtailment options selected by the Transmission Customer. Where the Service Agreement contains conditional curtailment options and is subject to a biennial reassessment as described in Section 15.4, the Transmission Provider shall provide the Transmission Customer notice of any changes to the curtailment conditions no less than 90 days prior to the date for imposition of new curtailment conditions. Concurrent with such notice, the Transmission Provider shall provide the Transmission Customer with the reassessment study and a narrative description of the study, including the reasons for changes to the number of hours per year or System Conditions under which conditional curtailment may occur.

13.5 Transmission Customer Obligations for Facility

Additions or Redispatch Costs: In cases where the Transmission Provider determines that the Transmission System is not capable of providing Firm Point-To-Point Transmission Service without (1) degrading or impairing the reliability of service to Native Load Customers, Network Customers and other Transmission Customers taking Firm Point-To-Point Transmission Service, or (2) interfering with the Transmission Provider's ability to meet prior firm contractual commitments to others, the Transmission Provider will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 15.4. The Transmission Customer must agree to compensate the Transmission Provider for any necessary transmission facility additions pursuant to the terms of Section 27. To the extent the Transmission Provider can relieve any system constraint by redispatching the Transmission Provider's resources; it shall do so, provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms of Section 27 and agrees to either (i) compensate the Transmission Provider for any necessary

transmission facility additions or (ii) accept the service subject to a biennial reassessment by the Transmission Provider of redispatch requirements as described in Section 15.4. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service.

13.6 Curtailment of Firm Point-To-Point Transmission

Service: In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is required to maintain reliable operation of such system and the system directly and indirectly interconnected with Transmission Provider's Transmission System, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the Transmission Provider will curtail service to Network Customers and Transmission Customers taking Firm Point-To-Point Transmission Service on a basis comparable to the curtailment of service to the Transmission Provider's Native Load Customers. All Curtailments will be made on a non-discriminatory basis; however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. Long-Term Firm Point-to-Point Service subject to conditions described in Section 15.4 shall be curtailed with secondary service in cases where the conditions apply, but otherwise will be curtailed on a pro rata basis with other Firm Transmission Service. With respect to transmission capacity made available to the EIM by a PacifiCorp Interchange Rights Holder, the capacity shall have the same priority as the underlying transmission service reservation. When the Transmission Provider determines that an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the Transmission Provider. However, the Transmission Provider reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in the Transmission Provider's sole discretion, an emergency or other unforeseen condition

impairs or degrades the reliability of its Transmission System. The Transmission Provider will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments. Transmission Provider shall take necessary measures to ensure reliability in PacifiCorp's BAAs in accordance with Section 6 of Attachment T.

13.7 Classification of Firm Transmission Service:

- (a) The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Point(s) to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (2) request a modification of the Point(s) of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.2.
- (b) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the Transmission Provider's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant or unless all or part of such generation from multiple generating units is associated with a NERC-registered Point of Receipt, behind which there are no transmission constraints, in which case the units would be treated as a single Point of Receipt.
- (c) The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transfer capability is reserved by the Transmission Customer shall be set forth in the

Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be mutually agreed upon by the Parties for Short-Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved.

13.8 Scheduling of Firm Point-To-Point Transmission

Service: Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 10:00 a.m. [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. will be accommodated, if practicable. Hour-to-hour and intra-hour (four intervals consisting of fifteen minute schedules) schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour [or a reasonable increment that is generally accepted in the region and is consistently adhered to by the Transmission Provider]. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common Point

of Receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] before the start of the next scheduling interval provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour and intra-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered. For Firm Point-To-Point Transmission Service on the PacifiCorp COI Segment, the scheduling terms and conditions set forth in Attachment S also apply.

II. POINT-TO-POINT TRANSMISSION SERVICE

14 Nature of Non-Firm Point-To-Point Transmission Service

14.1 Term: Non-Firm Point-To-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 18.3.

14.2 Reservation Priority: Non-Firm Point-To-Point Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned first to requests or reservations with a longer duration of service and second to Pre-Confirmed Applications. In the event the Transmission System is constrained, competing requests of the same Pre-Confirmation status and equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term reservation before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the Transmission Provider; and, (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section 14.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by the Transmission Provider. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of

Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

For any requests for Non-Firm Point-to-Point Transmission Service for which this Tariff establishes an earliest time such requests are permitted to be submitted, any requests for such service submitted during the first five (5) minute window following such earliest time that requests may be submitted shall be deemed to have been submitted simultaneously during such window. If sufficient transmission capacity is not available to meet all such requests submitted within such five (5) minute window, the otherwise applicable priorities shall apply to allocation of transmission capacity to such requests; provided that, if the otherwise applicable priorities would be to allocate transmission capacity to transmission requests on a first-come, first-served basis (i.e., in the chronological sequence in which each Transmission Customer has requested service), transmission capacity shall instead be allocated to such competing transmission requests with the same position on the basis of a lottery allocation procedure, as described further in Transmission Provider's business practice, provided that no Transmission Customer will be allocated transmission capacity in excess of the requested amount of any request.

14.3 Use of Non-Firm Point-To-Point Transmission Service by the Transmission Provider: The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after July 9, 1996 or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

14.4 Service Agreements: The Transmission Provider shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment B) to an Eligible Customer when it first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service

Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

14.5 Classification of Non-Firm Point-To-Point Transmission

Service: Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. The Transmission Provider undertakes no obligation under the Tariff to plan its Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its non-firm capacity reservation. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule 8.

14.6 Scheduling of Non-Firm Point-To-Point Transmission

Service: Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 2:00 p.m. [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] of the day prior to commencement of such service. Schedules submitted after 2:00 p.m. will be accommodated, if practicable. Hour-to-hour and intra-hour (four intervals consisting of fifteen minute schedules) schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour [or a reasonable increment that is generally accepted in the region and is consistently adhered to by the Transmission Provider]. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour.

Scheduling changes will be permitted twenty (20) minutes [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] before the start of the next scheduling interval provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour and intra-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered. For Non-Firm Point-To-Point Transmission Service on the PacifiCorp COI Segment, the scheduling terms and conditions set forth in Attachment S apply.

14.7 Curtailment or Interruption of Service: The Transmission Provider reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System or the systems directly and indirectly interconnected with Transmission Provider's Transmission System. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, (4) transmission service for Network Customers from non-designated resources, or (5) transmission service for Firm Point-to-Point Transmission Service during conditional curtailment periods as described in Section 15.4. The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the

Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice. [Transmission Provider will take necessary measures to ensure reliability in PacifiCorp's BAAs in accordance with Section 6 of Attachment T.](#)

II. POINT-TO-POINT TRANSMISSION SERVICE

16 Transmission Customer Responsibilities

16.1 Conditions Required of Transmission Customers: Point-To-Point Transmission Service shall be provided by the Transmission Provider only if the following conditions are satisfied by the Transmission Customer:

- a. The Transmission Customer has pending a Completed Application for service;
- b. The Transmission Customer meets the creditworthiness criteria set forth in Section 11;
- c. The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Transmission Provider prior to the time service under Part II of the Tariff commences;
- d. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission Customer takes service for the full term of its reservation;
- e. The Transmission Customer provides the information required by the Transmission Provider's planning process established in Attachment K; and
- f. The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 15.3.
- g. The Transmission Customer must comply with the requirements of Attachment T regarding the EIM.

16.2 Transmission Customer Responsibility for Third-Party Arrangements: Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide,

unless waived by the Transmission Provider, notification to the Transmission Provider identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by the Transmission Provider pursuant to Part II of the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

II. POINT-TO-POINT TRANSMISSION SERVICE

18 Procedures for Arranging Non-Firm Point-To-Point Transmission Service

18.1 Application: Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the Transmission Provider for an Umbrella Service Agreement for Non-Firm Point-To-Point Transmission Service as provided in Attachment B. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS or by submitting a written application to the Transmission Provider at the address shown in Attachment B. Transmission Customers under an Umbrella Service Agreement may request over the OASIS transmission reservations in amounts not exceeding the amounts listed as non-firm Available Transmission Capability on the Transmission Provider's OASIS by providing all OASIS requested information. OASIS registration is required. No other application procedures are necessary.

18.2 Completed Application: A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

~~(i)~~ (i) The identity, address, telephone number and facsimile number of the entity requesting service;

~~(ii)~~ (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;

~~(iii)~~ (iii) The Point(s) of Receipt and Point(s) of Delivery;

~~(iv)~~ (iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and

~~(v)~~ (v) The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the Transmission Provider also may ask the Transmission Customer to provide the following:

~~(vi)~~ (vi) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and

~~(vii)~~ (vii) The electrical location of the ultimate load.

The Transmission Provider will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

~~(viii)~~ (viii) A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

18.3 Reservation of Non-Firm Point-To-Point Transmission Service: Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than five (5) days before service is to commence, and requests for hourly service shall be submitted no earlier than five (5) days before service is to commence. Requests for service received later than 2:00 p.m. prior to the Working Day service is scheduled to commence will be accommodated if practicable [or such reasonable times that are generally accepted in the region and are consistently adhered to by the Transmission Provider].

18.4 Determination of Available Transfer Capability:

Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transfer capability pursuant to Section 15.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service (i) thirty (30) minutes for hourly service, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly service, and (iv) two (2) days for monthly service. [Or such reasonable times that are generally accepted in the region and are consistently adhered to by the Transmission Provider].

18.5 Completed Application for Participation in EIM

Utilizing Non-Firm Point-to-Point Transmission

Service: A Transmission Customer that elects to utilize Non-Firm Point-to-Point Transmission Service to participate in the EIM in accordance with Attachment T shall submit a Completed Application for the Umbrella Service Agreement for Non-Firm Point-To-Point Transmission Service consistent with Section 18.1 and provide the information requested in Section 18.2(i), (ii), and the Point of Receipt in Section 18.2(iii).

II. POINT-TO-POINT TRANSMISSION SERVICE

23 Sale or Assignment of Transmission Service

23.1 Procedures for Assignment or Transfer of Service:

- (a) A Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to Resellers shall be at rates established by agreement between the Reseller and the Assignee.

- (b) The Assignee must execute a service agreement with the Transmission Provider governing reassignments of transmission service prior to the date on which the reassigned service commences. The Transmission Provider shall charge the Reseller, as appropriate, at the rate stated in the Reseller's Service Agreement with the Transmission Provider or the associated OASIS schedule and credit the Reseller with the price reflected in the Assignee's Service Agreement with the Transmission Provider or the associated OASIS schedule; provided that, such credit shall be reversed in the event of non-payment by the Assignee. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. The Assignee will be subject to all terms and conditions of this Tariff. If the Assignee requests a change in service, the reservation priority of service will be determined by the Transmission Provider pursuant to Section 13.2.

23.2 Limitations on Assignment or Transfer of Service: If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, the Transmission Provider will consent to

such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of the Transmission Provider's generation, transmission, or distribution systems. The Assignee shall compensate the Transmission Provider for performing any System Impact Study needed to evaluate the capability of the Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the Transmission Provider and the Reseller through an amendment to the Service Agreement.

23.3 Information on Assignment or Transfer of Service: In accordance with Section 4, all sales or assignments of capacity must be conducted through or otherwise posted on the Transmission Provider's OASIS on or before the date the reassigned service commences and are subject to Section 23.1. Resellers may also use the Transmission Provider's OASIS to post transmission capacity available for resale.

23.4 Use by EIM: The provisions of this Section 23 shall not apply to a PacifiCorp Interchange Rights Holder that voluntarily makes its transmission capacity available to the EIM in accordance with Attachment T.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

28 Nature of Network Integration Transmission Service

28.1 Scope of Service: Network Integration Transmission Service is a transmission service that allows Network Customers to efficiently and economically utilize their Network Resources (as well as other non-designated generation resources) to serve their Network Load located in the Transmission Provider's Control Area and any additional load that may be designated pursuant to Section 31.3 of the Tariff. The Network Customer taking Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 3.

28.2 Transmission Provider Responsibilities: The Transmission Provider will plan, construct, operate and maintain its Transmission System in accordance with Good Utility Practice and its planning obligations in Attachment K in order to provide the Network Customer with Network Integration Transmission Service over the Transmission Provider's Transmission System. The Transmission Provider, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer under Part III of this Tariff. This information must be consistent with the information used by the Transmission Provider to calculate available transfer capability. The Transmission Provider shall include the Network Customer's Network Load in its Transmission System planning and shall, consistent with Good Utility Practice and Attachment K, endeavor to construct and place into service sufficient transfer capability to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to the Transmission Provider's delivery of its own generating and purchased resources to its Native Load Customers.

28.3 Network Integration Transmission Service: The Transmission Provider will provide firm transmission service over its Transmission System to the Network Customer for the delivery of capacity and energy from its designated Network Resources to serve its Network Loads on a basis that is comparable to the Transmission Provider's use of the Transmission System

to reliably serve its Native Load Customers.

- 28.4 Secondary Service:** The Network Customer may use the Transmission Provider's Transmission System to deliver energy to its Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Secondary service shall not require the filing of an Application for Network Integration Transmission Service under the Tariff. However, all other requirements of Part III of the Tariff (except for transmission rates) shall apply to secondary service. Deliveries from resources other than Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under Part II of the Tariff.
- 28.5 Real Power Losses:** Real Power Losses are associated with all Network Integration Transmission Service and may be associated with use of distribution facilities. The Transmission Provider is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing or purchasing Real Power Losses associated with all Network Integration Transmission Service as calculated by the Transmission Provider. The applicable Real Power Loss factors are provided in Schedule 10.
- 28.6 Restrictions on Use of Service:** The Network Customer shall not use Network Integration Transmission Service for (i) sales of capacity and energy to non-designated loads, or (ii) direct or indirect provision of transmission service by the Network Customer to third parties. All Network Customers taking Network Integration Transmission Service shall use Point-To-Point Transmission Service under Part II of the Tariff for any Third-Party Sale which requires use of the Transmission Provider's Transmission System. The Transmission Provider shall specify any appropriate charges and penalties and all related terms and conditions applicable in the event that a Network Customer uses Network Integration Transmission Service or secondary service pursuant to Section 28.4 to facilitate a wholesale sale that does not serve a Network Load.

28.7 Participation in the EIM: Notwithstanding the limitations in Section 28.6, Network Customers may participate in EIM utilizing Network Integration Transmission Service without a requirement to terminate the designation of any Network Resource that is a PacifiCorp EIM Participating Resource consistent with Section 30.3 of this Tariff and without a requirement to reserve additional Point-To-Point Transmission Service for such transactions.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

29 Initiating Service

29.1 Condition Precedent for Receiving Service: Subject to the terms and conditions of Part III of the Tariff, the Transmission Provider will provide Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part III of the Tariff, (ii) the Eligible Customer and the Transmission Provider complete the technical arrangements set forth in Sections 29.3 and 29.4, (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment F for service under Part III of the Tariff or requests in writing that the Transmission Provider file a proposed unexecuted Service Agreement with the Commission, and (iv) the Eligible Customer executes a Network Operating Agreement with the Transmission Provider pursuant to Attachment G, or requests in writing that the Transmission Provider file a proposed unexecuted Network Operating Agreement.

29.2 Application Procedures: An Eligible Customer requesting service under Part III of the Tariff must submit an Application, with a deposit approximating the charge for one month of service, to the Transmission Provider as far as possible in advance of the month in which service is to commence. The Transmission Provider may, on a non-discriminatory basis, waive the deposit requirement for an existing Network Customer submitting an Application requesting a modification of service under Part III of the Tariff, where the Network Customer has maintained its creditworthiness pursuant to Section 11 and Attachment L of this Tariff, and is not in default in its obligations under this Tariff as defined in Section 7.3 of this Tariff at the time of the Application. Unless subject to the procedures in Section 2, Completed Applications for Network Integration Transmission Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation

of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application.

A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- ~~(i)~~ (i) The identity, address, telephone number and facsimile number of the party requesting service;
- ~~(ii)~~ (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- ~~(iii)~~ (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Transmission Provider substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;
- ~~(iv)~~ (iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to (iii) above;

~~(v)~~ (v) A description of Network Resources (current and 10-year projection). For each on-system Network Resource, such description shall include:

- Unit size and amount of capacity from that unit to be designated as Network Resource
- VAR capability (both leading and lagging) of all generators
- Operating restrictions
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit
 - Any must-run unit designations required for system reliability or contract reasons
- Approximate variable generating cost (\$/MWH) for redispatch computations
- Arrangements governing sale and delivery of power to third parties from generating facilities located in the Transmission Provider Control Area, where only a portion of unit output is designated as a Network Resource

For each off-system Network Resource, such description shall include:

- Identification of the Network Resource as an off-system resource
- Amount of power to which the customer has rights
- Identification of the control area from which the power will originate
- Delivery point(s) to the Transmission Provider's Transmission System
- Transmission arrangements on the external transmission system(s)
- Operating restrictions, if any
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit
 - Any must-run unit designations required

for system reliability or contract reasons

- Approximate variable generating cost (\$/MWH) for redispatch computations;

- (vi) Description of Eligible Customer's transmission system:
- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the Transmission Provider
 - Operating restrictions needed for reliability
 - Operating guides employed by system operators
 - Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
 - Location of Network Resources described in subsection (vi) above
 - 10 year projection of system expansions or upgrades
 - Transmission System maps that include any proposed expansions or upgrades
 - Thermal ratings of Eligible Customer's Control Area ties with other Control Areas; and
- (vii) Service Commencement Date and the term of the requested Network Integration Transmission Service. (must be submitted over the OASIS and in writing). Unless mutually agreed to, the minimum term for Network Integration Transmission Service is one year.
- (vii) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 29.2(v) satisfy the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution

of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) the Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program; and

- (ix) Any additional information required of the Transmission Customer as specified in the Transmission Provider's planning process established in Attachment K or Attachment T.

Unless the Parties agree to a different time frame, the Transmission Provider must acknowledge the request within ten (10) days of receipt. The acknowledgement must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, the Transmission Provider shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the Transmission Provider will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application along with any deposit and interest without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. If a Service Agreement for Network Integration Transmission Service is executed, the deposit, with interest, will be returned to the Network Customer upon commencement of service through a credit against the initial transmission charges until such deposit and interest has been returned to the Network Customer. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

- 29.3 Technical Arrangements to be Completed Prior to Commencement of Service:** Network Integration Transmission Service shall not commence until the Transmission Provider and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Transmission System. The Transmission Provider shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.
- 29.4 Network Customer Facilities:** The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from the Transmission Provider's Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or interconnection.
- 29.5 Filing of Service Agreement:** The Transmission Provider will file Service Agreements with the Commission in compliance with applicable Commission regulations.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

30 Network Resources

30.1 Designation of Network Resources: Network Resources shall include all generation owned, purchased or leased by the Network Customer designated to serve Network Load under the Tariff. For purposes of temporary termination under Section 30.3, all or part of such generation associated with a NERC-registered Point of Receipt, behind which there are no transmission constraints, may be treated as a single network resource. Network Resources may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program, or participating in the EIM in accordance with Attachment T, provided, however, that a designated Network Resource may be used to supply power to a third party on a firm basis to address a Disturbance Recovery Event without a corresponding undesignation of that Network Resource. The supply of such power from the Network Resource may not last for more than two consecutive hours, without undesignation, and, within 24 hours of the last delivery provided in response to the event, the Network Customer shall provide a notice to Transmission Provider containing the details of such supply. Within one Working Day of receipt of such notice from the Network Customer, Transmission Provider will post the notice on its OASIS. Any owned or purchased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Service Commencement Date shall initially be designated as Network Resources until the Network Customer terminates the designation of such resources.

30.2 Designation of New Network Resources: The Network Customer may designate a new Network Resource by providing the Transmission Provider with as much advance notice as practicable. A designation of a new Network Resource must be made through the Transmission Provider's OASIS by a request for modification of service pursuant to an Application under Section 29.

This request must include a statement that the new network resource satisfies the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) The Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. The Network Customer's request will be deemed deficient if it does not include this statement and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

30.3 Termination of Network Resources: The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource by providing notification to the Transmission Provider through OASIS as soon as reasonably practicable but not later than the firm scheduling deadline for the period of termination. Any request for termination of Network Resource status must be submitted on OASIS, and should indicate whether the request is for indefinite or temporary termination. A request for indefinite termination of Network Resource status must indicate the date and time that the termination is to be effective, and the identification and capacity of the resource(s) or portions thereof to be indefinitely terminated. A request for temporary termination of Network Resource status must include the following:

~~(i)~~ (i) Effective date and time of temporary termination;

~~(ii)~~ (ii) Effective date and time of redesignation, following period of temporary termination;

~~(iii)~~ (iii) Identification and capacity of resource(s) or portions thereof to be temporarily terminated, or, where appropriate, identification of the NERC-registered Point of

Receipt to which Network Resources are assigned and the capacity to be temporarily terminated;

~~(iv)~~ (iv) Resource description and attestation for redesignating the network resource following the temporary termination, in accordance with Section 30.2; and

~~(v)~~ (v) Identification of any related transmission service requests to be evaluated concomitantly with the request for temporary termination, such that the requests for undesignation and the request for these related transmission service requests must be approved or denied as a single request. The evaluation of these related transmission service requests must take into account the termination of the network resources identified in (iii) above, as well as all competing transmission service requests of higher priority.

As part of a temporary termination, a Network Customer may only redesignate the same resource that was originally designated, or a portion thereof. Requests to redesignate a different resource and/or a resource with increased capacity will be deemed deficient and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff. Information provided by a Network Customer necessary to redesignate a Network Resource following a period of temporary termination may incorporate by reference unchanged information provided pursuant to Section 29 when that resource was first designated, provided, however, that a Network Customer must provide an attestation required by Section 29.2 in order to properly redesignate the Network Resource.

30.4 Operation of Network Resources: The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Provider's Control Area such that the output of those facilities exceeds its designated Network Load, plus Non-Firm Sales delivered pursuant to Part II of the Tariff, plus losses, plus power sales under a reserve sharing program, plus sales that permit curtailment without penalty to serve its designated Network Load.

This limitation shall not apply to PacifiCorp EIM Participating Resources responding to Dispatch Instructions or to changes in the operation of a Transmission Customer's Network Resources at the request of the Transmission Provider to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. For all Network Resources not physically connected with the Transmission Provider's Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application pursuant to Section 29, unless the Network Customer supports such delivery within the Transmission Provider's Transmission System by either obtaining Point-to-Point Transmission Service or utilizing secondary service pursuant to Section 28.4. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Network Customer's schedule at the delivery point for a Network Resource not physically interconnected with the Transmission Provider's Transmission System exceeds the Network Resource's designated capacity, excluding energy delivered using secondary service or Point-to-Point Transmission Service.

30.5 Network Customer Redispatch Obligation: As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by the Transmission Provider pursuant to Section 33.2. To the extent practical, the redispatch of resources pursuant to this section shall be on a least cost, non-discriminatory basis between all Network Customers, and the Transmission Provider.

30.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider: The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data

required by such other entity pursuant to Good Utility Practice.

30.7 Limitation on Designation of Network Resources: The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.

30.8 Use of Interface Capacity by the Network Customer: There is no limitation upon a Network Customer's use of the Transmission Provider's Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of the Transmission Provider's total interface capacity with other transmission systems may not exceed the Network Customer's Load.

30.9 Network Customer Owned Transmission Facilities: The Network Customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of the Transmission Provider to serve its power and transmission customers. For facilities added by the Network Customer subsequent to May 14, 2007, the effective date of a Final Rule in RM05-25-000, the Network Customer shall receive credit for such transmission facilities added if such facilities are integrated into the operations of the Transmission Provider's facilities; provided however, the Network Customer's transmission facilities shall be presumed to be integrated if such transmission facilities, if owned by the Transmission Provider, would be eligible for inclusion in the Transmission Provider's ATRR. Calculation of any credit under this subsection shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

34 Rates and Charges

The Network Customer shall pay the Transmission Provider for any Direct Assignment Facilities, Ancillary Services, state specific Retail Access charges as described in Attachment M and applicable study costs, consistent with Commission policy, along with the following:

- 34.1 Monthly Demand Charge:** Charges for Network Integration Transmission Service shall be calculated annually using the ATRR. The Network Customer shall pay a Monthly Demand Charge, which shall be determined by multiplying its Monthly Network Load by the Transmission Provider's monthly transmission rate as established in Attachment H-1.
- 34.2 Determination of Network Customer's Monthly Network Load:** The Network Customer's Monthly Network Load is its hourly load (including losses and its designated Network Load not physically interconnected with the Transmission Provider under Section 31.3) plus any output of designated Network Resources participating in EIM based upon the greatest positive Dispatch Operating Point received during the Operating Hour coincident with the Transmission Provider's Monthly Transmission System Peak (including losses).
- 34.3 Redispatch Charge:** The Network Customer shall pay its portion of any redispatch costs allocated between the Network Customer and the Transmission Provider pursuant to Section 33. To the extent that the Transmission Provider incurs an obligation to the Network Customer for redispatch costs in accordance with Section 33, such amounts shall be credited against the Network Customer's bill for the applicable month.
- 34.4 Stranded Cost Recovery:** The Transmission Provider may seek to recover stranded costs from the Network Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Transmission Provider must separately file any proposal to recover stranded costs under Section 205 of the Federal Power Act.

IV. LARGE GENERATION INTERCONNECTION SERVICE

Standard Large Generator Interconnection Procedures (LGIP) Applicable to Generating Facilities that exceed 20 Megawatts

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IV. LARGE GENERATION INTERCONNECTION SERVICE

36 Definitions

Adverse System Impact shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System shall mean an electric system other than the Transmission Provider's Transmission System that may be affected by the proposed interconnection.

Affected System Operator shall mean the entity that operates an Affected System.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Ancillary Services shall mean those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council shall mean the reliability council applicable to the Transmission System to which the Generating Facility is directly interconnected.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Control Area of the Transmission System to which the Generating Facility is directly interconnected.

Base Case shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies by the Transmission Provider or Interconnection Customer.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Business Day shall mean Monday through Friday, excluding Federal Holidays.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of a unit shall mean the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise.

Control Area shall mean an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by an Applicable Reliability Council.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

Dispute Resolution shall mean the procedure for resolution of a

dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution System shall mean the Transmission Provider's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

Distribution Upgrades shall mean the additions, modifications, and upgrades to the Transmission Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of a Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to Transmission Provider's Transmission System, Transmission Provider's Interconnection Facilities or the electric systems of others to which the Transmission Provider's Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.

Energy Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to connect its Generating Facility to the Transmission Provider's Transmission System to be eligible to deliver the

Generating Facility's electric output using the existing firm or nonfirm capacity of the Transmission Provider's Transmission System on an as available basis. Energy Resource Interconnection Service in and of itself does not convey transmission service.

Engineering & Procurement (E&P) Agreement shall mean an agreement that authorizes the Transmission Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

FERC shall mean the Federal Energy Regulatory Commission (Commission) or its successor.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Generating Facility Capacity shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple energy production devices.

Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business

practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include Interconnection Customer, Transmission Provider, or any Affiliate thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Transmission Provider's Interconnection Facilities to obtain back feed power.

Interconnection Customer shall mean any entity, including the Transmission Provider, Transmission Owner or any of the Affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the Transmission Provider's Transmission System.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the

Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Transmission Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study shall mean a study conducted by the Transmission Provider or a third party consultant for the Interconnection Customer to determine a list of facilities (including Transmission Provider's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Transmission Provider's Transmission System. The scope of the study is defined in Section 43 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Transmission Provider's Transmission System, the scope of which is described in Section 41 of the Standard Large Generator Interconnection Procedures.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the Transmission Provider's Transmission System.

Interconnection Service shall mean the service provided by the Transmission Provider associated with interconnecting the Interconnection Customer's Generating Facility to the Transmission Provider's Transmission System and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement and, if applicable, the Transmission Provider's Tariff.

Interconnection Study shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of Transmission Provider's Transmission System and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study Agreement shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service.

Joint Operating Committee shall be a group made up of representatives from Interconnection Customers and the Transmission Provider to coordinate operating and technical

considerations of Interconnection Service.

Large Generating Facility shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW.

Loss shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnifying Party.

Material Modification shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

NERC shall mean the North American Electric Reliability ~~Council~~[Corporation](#) or its successor organization.

Network Resource shall mean any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.

Network Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to integrate its Large Generating Facility with the Transmission Provider's Transmission System (1) in a manner comparable to that in which the Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an RTO or ISO with market based congestion management, in the same manner as Network Resources. Network Resource Interconnection Service in and of itself does not convey

transmission service.

Network Upgrades shall mean the additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the point at which the Interconnection Facilities connect to the Transmission Provider's Transmission System to accommodate the interconnection of the Large Generating Facility to the Transmission Provider's Transmission System.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

Party or Parties shall mean Transmission Provider, Transmission Owner, Interconnection Customer or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Transmission Provider's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the Transmission Provider's Transmission System.

Queue Position shall mean the order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Transmission Provider.

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are

otherwise substantially equivalent to those a Party would use to protect its own interests.

Scoping Meeting shall mean the meeting between representatives of the Interconnection Customer and Transmission Provider conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

Small Generating Facility shall mean a Generating Facility that has a Generating Facility Capacity of no more than 20 MW.

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Transmission Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement (LGIA) shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in the Transmission Provider's Tariff.

Standard Large Generator Interconnection Procedures (LGIP) shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in the Transmission Provider's Tariff.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the Transmission Provider's Transmission System from faults or other electrical disturbances occurring at the

Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Transmission Provider's Transmission System or on other delivery systems or other generating systems to which the Transmission Provider's Transmission System is directly connected.

Tariff shall mean the Transmission Provider's Tariff through which open access transmission service and Interconnection Service are offered, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.

Transmission Owner shall mean an entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Standard Large Generator Interconnection Agreement to the extent necessary.

Transmission Provider shall mean the public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission service under the Tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider.

Transmission Provider's Interconnection Facilities shall mean all facilities and equipment owned, controlled, or operated by the Transmission Provider from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Transmission Provider's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Transmission System shall mean the facilities owned, controlled or operated by the Transmission Provider or Transmission Owner that are used to provide transmission service under the Tariff.

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

IV. LARGE GENERATION INTERCONNECTION SERVICE

37 Scope and Application

37.1 Application of Standard Large Generator

Interconnection Procedures: Sections 37 through 48 apply to processing an Interconnection Request pertaining to a Large Generating Facility.

37.2 Comparability: Transmission Provider shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this LGIP. Transmission Provider will use the same Reasonable Efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Generating Facilities are owned by Transmission Provider, its subsidiaries or Affiliates or others.

37.3 Base Case Data: Transmission Provider shall provide base power flow, short circuit and stability databases, including all underlying assumptions, and contingency list upon request subject to confidentiality provisions in LGIP Section 48.1. Transmission Provider is permitted to require that Interconnection Customer sign a confidentiality agreement before the release of commercially sensitive information or Critical Energy Infrastructure Information in the Base Case data. Such databases and lists, hereinafter referred to as Base Cases, shall include all (i) generation projects and (ii) transmission projects, including merchant transmission projects that are proposed for the Transmission System for which a transmission expansion plan has been submitted and approved by the applicable authority.

37.4 No Applicability to Transmission Service: Nothing in this LGIP shall constitute a request for transmission service or confer upon an Interconnection Customer any right to receive transmission service.

37.5 EIM Requirements:

The Interconnection Customer shall have a continuing duty to comply with Attachment T of this Tariff, as applicable.

V. SMALL GENERATION INTERCONNECTION SERVICE

Generator Interconnection Procedures Applicable to Generating Facilities No Larger than 20 MW

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Section 53. EIM Requirements

Appendix 1 - Glossary of Terms (Attachment O of the Tariff)

Appendix 2 ~~-~~ = Small Generator Interconnection Request
(Attachment 0 of the Tariff)

Appendix 3 ~~-~~ = Certification Codes and Standards (Attachment 0 of
the Tariff)

Appendix 4 ~~-~~ = Certification of Small Generator Equipment
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Appendix 5 ~~-~~ = Application, Procedures, and Terms and Conditions
for Interconnecting a Certified Inverter-Based Small Generating
Facility No Larger than 10 kW ("10 kW Inverter Process")
(Attachment 0 of the Tariff)

Appendix 6 ~~-~~ = Feasibility Study Agreement (Attachment 0 of the
Tariff)

Appendix 7 ~~-~~ = System Impact Study Agreement (Attachment 0 of the
Tariff)

Appendix 8 ~~-~~ = Facilities Study Agreement (Attachment 0 of the
Tariff)

V. SMALL GENERATION INTERCONNECTION SERVICE

53. EIM Requirements:

The Interconnection Customer shall have a continuing duty to comply with Attachment T of this Tariff, as applicable.

SCHEDULE 1

Scheduling, System Control and Dispatch Service

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. [Schedule 1 includes a pass-through of the MO administrative costs assigned to the PacifiCorp EIM Entity in accordance with Sections 4.5.1.1.4, 4.5.1.3, 11.22.8, and 29.11\(i\) of the MO Tariff.](#)

Transmission Customers Obligated to acquire Scheduling, System Control and Dispatch Service: All Transmission Customers purchasing Long-Term Firm Point-to-Point Transmission Service, Short-Term Firm Point-to-Point Transmission Service, Non-Firm Point-to-Point Transmission Service, or Network Integration Transmission Service from the Transmission Provider shall be required to acquire Scheduling, System Control and Dispatch Service from the Transmission Provider.

Charge for Scheduling, System Control and Dispatch Service: All Transmission Customers required to acquire Scheduling, System Control and Dispatch Service shall pay a charge invoiced monthly for Scheduling, System Control and Dispatch Service equal to the amount set forth below. Charges shall be calculated on an annual basis using the annual revenue requirement derived from the populated formula in this Schedule 1. Annual updates to the Schedule 1 rate shall follow the procedures set forth in Attachment H-2.

- 1) For Yearly Service, one-twelfth of the Yearly Rate determined pursuant to this Schedule 1 multiplied by

either: (1) Reserved Capacity for Point-to-Point Transmission Service or (2) Monthly Network Load calculated pursuant to Section 34.2 of the Tariff for Network Integration Transmission Service.

- 2) For Monthly Service, the Monthly Rate determined pursuant to this Schedule 1 multiplied by Reserved Capacity.
- 3) For Weekly Service, the Weekly Rate determined pursuant to this Schedule 1 multiplied by Reserved Capacity.
- 4) For Daily On-Peak Service, the Daily On-Peak determined pursuant to this Schedule 1 multiplied by Reserved Capacity.
- 5) For Daily Off-Peak Service, the Daily Off-Peak determined pursuant to this Schedule 1 multiplied by Reserved Capacity.
- 6) For Hourly On-Peak Service, the Hourly On-Peak determined pursuant to this Schedule 1 multiplied by Reserved Capacity.
- 7) For Hourly Off-Peak Service, the Hourly Off-Peak Rate determined pursuant to this Schedule 1 multiplied by Reserved Capacity.

For purposes of charging the rates set forth in this Schedule 1 to Transmission Customers purchasing Point-to-Point Transmission Service, the billing determinants shall be the amount at system output multiplied by the Transmission System loss factor in Schedule 10 of the Tariff. The total charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the Daily Rate pursuant to this Schedule 1 times the highest amount in megawatts of Reserved Capacity in any hour during such day. In addition, the total charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the Weekly Rate pursuant to this Schedule 1 times the highest amount in megawatts of Reserved Capacity in any hour during such week.

Scheduling, System Control and Dispatch Service to be provided:

The Transmission Provider shall ensure that personnel and equipment are adequate to allow for pre-schedules and real-time schedule changes of power deliveries through, out of, within, or into a Transmission Provider's Transmission System in accordance with Sections 13.8 and 14.6 of the Tariff and any scheduling

arrangements contained in Network Interconnection and Operating Agreements.

Additional Charges for Use of PacifiCorp Facilities in other Control Areas. A Transmission Customer will be responsible for making its own transmission arrangements to the extent a Transmission Customer takes transmission service on a portion of PacifiCorp's transmission system located in another Control Area. The Transmission Customer will be responsible for a proportionate share of any charges assessed to PacifiCorp by the other Control Area operator for scheduling, system control and dispatch service associated with the Transmission Customer's transmission service. PacifiCorp will directly pass-through the costs it incurs from the Control Areas listed above without additional mark-up.

**SCHEDULE 1 FORMULA RATE FOR
SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE**

See Appendix B of Attachment H-~~1~~.1

SCHEDULE 4

Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour (plus real power losses). The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. ~~The Transmission Provider may charge a Transmission Customer a penalty for either hourly energy imbalances under this Schedule or a penalty for hourly generator imbalances under Schedule 9 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.~~

~~The Transmission Provider shall establish charges for energy imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, using the Hourly Pricing Proxy, (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of the Hourly Pricing Proxy for under scheduling or 90 percent of the Hourly Pricing Proxy for over scheduling, and (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of the Hourly Pricing Proxy for under scheduling or 75 percent of the Hourly Pricing Proxy for over scheduling.~~

The Transmission Provider shall establish charges for Energy Imbalance Service as follows:

- (1) A Transmission Customer shall be charged or paid for Energy Imbalance Service measured as the deviation of the Transmission Customer's metered load from the load component of the Transmission Customer Base Schedule (as determined pursuant to Section 4.2.4.3 of Attachment T of this Tariff) settled at the UIE price as determined by the MO under Section 29.11(b)(3)(C) of the MO Tariff for the period of the deviation at the applicable LAP where the load is located, less the price component for marginal losses.
- (2) A Transmission Customer serving load outside of PacifiCorp's BAAs utilizing Point-to-Point Transmission Service shall be subject to Energy Imbalance Service when a difference occurs between the resource component of the Transmission Customer Base Schedule compared to the Interchange component of the Transmission Customer Base Schedule, which has the effect of creating an imbalance within PacifiCorp's BAAs necessitating Energy Imbalance Service. Transmission Customers will be charged or paid for Energy Imbalance Service measured as the deviation of the resource component of the Transmission Customer Base Schedule compared to the Interchange component of the Transmission Customer Base Schedule settled at the UIE price as determined by the MO under Section 29.11(b)(3)(C) of the MO Tariff for the period of the deviation at the applicable LAP, less the price component for marginal losses.

Hourly Pricing Proxy:

Settlement of Real Power Losses associated with Energy Imbalance Service shall be pursuant to Schedule 10 of this Tariff.

~~For purposes of this Schedule 4, "Hourly Pricing Proxy" is defined as the average price for each hour of the delivered energy price at California-Oregon Border ("COB"), Four Corners, Mid-Columbia ("Mid-C"), and Palo Verde ("PV"). At the end of each month, the Transmission Provider shall calculate the Hourly Pricing Proxy using pricing information from Platts. The prices for COB, Four Corners, Mid-C, and PV shall be averaged resulting in a spreadsheet showing the Hourly Pricing Proxy for each hour of each day for the previous month. If such data for calculating any Hourly Pricing Proxy is not available from Platts, data from the same time of the previous day shall be used. A spreadsheet showing the "Hourly Pricing Proxy" for each hour~~sub-hourly LAP

LMPs of the previous month shall be accessible through the ~~Transmission Provider~~MO's OASIS.

SCHEDULE 9

Generator Imbalance Service

Generator Imbalance Service is provided when a difference occurs between the output of a generator, that is not a PacifiCorp EIM Participating Resource, located in the Transmission Provider's Control Area and ~~a delivery schedule~~ the resource component of the Transmission Customer Base Schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour (plus real power losses). The Transmission Provider must offer this service, to the extent it is physically feasible to do so from its resources or from resources available to it, when transmission service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Generator Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. ~~The Transmission Provider may charge a Transmission Customer a penalty for either hourly generator imbalances under this Schedule or a penalty for hourly energy imbalances under Schedule 4 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.~~

The Transmission Provider shall establish charges for Generator Imbalance Service as follows:

- (1) A Transmission Customer shall be charged or paid for Generator Imbalance Service measured as the deviation of the Transmission Customer's metered generation from the resource component of the Transmission Customer Base Schedule at the UIE price as determined by the MO under Section 29.11(b)(3)(B) of the MO Tariff for the period of the deviation at the applicable PNode where the generator is located, less the price component for marginal losses. This provision does not apply to Transmission Customers which have received a Manual Dispatch or which have communicated physical changes in the output from resources to the MO.

The following provisions shall apply to Transmission Customers which have received a Manual Dispatch or which have communicated physical changes in the output from resources to the MO:

- (1) A Transmission Customer shall be charged or paid for Generator Imbalance Service measured as the deviation of the Transmission Customer's metered generation from the Manual Dispatch amount or from physical changes in the output from resources communicated to the MO prior to the FMM, settled at the UIE price, as determined by the MO under Section 29.11(b)(3)(B) of the MO Tariff for the period of the deviation at the applicable PNode where the generator is located, less the price component for marginal losses; and

~~The Transmission Provider shall establish charges for generator imbalance based on the deviation bands as follows:~~
~~(i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of each month, at the Hourly Pricing Proxy, (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of the Hourly Pricing Proxy for under scheduling or 90 percent of the Hourly Pricing Proxy for over scheduling, and (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled at 125 percent of the Hourly Pricing Proxy for under scheduling or 75 percent of the Hourly Pricing Proxy for over scheduling, except that an intermittent resource will be exempt from this deviation band and will pay the deviation band charges for all deviations greater than the larger of 1.5 percent or 2 MW. An intermittent resource, for the limited purpose of this Schedule is an electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand or respond to transmission security constraints.~~

- (2) (a) A Transmission Customer shall be charged or paid for Generator Imbalance Service measured as the deviation of the resource component of the Transmission Customer Base Schedule from the Manual Dispatch amount or from physical changes in the output from resources communicated to the

MO prior to the FMM, settled at the FMM IIE price, as determined by the MO under Section 29.11(b)(1)(A)(ii) of the MO Tariff for the period of the deviation at the applicable PNode where the generator is located, less the price component for marginal losses; or

~~Notwithstanding the foregoing, deviations from scheduled transactions in order to respond to directives by the Transmission Provider, a balancing authority, or a reliability coordinator shall not be subject to the deviation bands identified above and, instead, shall be settled financially, at the end of the month, at 100 percent of the Hourly Pricing Proxy. Such directives may include instructions to correct frequency decay, respond to a reserve sharing event, or change output to relieve congestion.~~

(b) A Transmission Customer shall be charged or paid for Generator Imbalance Service measured as the deviation of the resource component of the Transmission Customer Base Schedule from the Manual Dispatch amount, settled at the RTD IIE price, as determined by the MO under Section 29.11(b)(2)(A)(ii) of the MO Tariff for the period of the deviation at the applicable PNode where the generator is located, less the price component for marginal losses. This provision only applies to Transmission Customers which have received a Manual Dispatch.

Hourly Pricing Proxy:

Settlement of Real Power Losses associated with Generator Imbalance Service shall be pursuant to Schedule 10 of this Tariff.

~~For purposes of this Schedule 9, "Hourly Pricing Proxy" is defined as the average price for each hour of the delivered energy price at California Oregon Border ("COB"), Four Corners, Mid Columbia ("Mid C"), and Palo Verde ("PV"). At the end of each month, the Transmission Provider shall calculate the Hourly Pricing Proxy using pricing information from Platts. The prices for COB, Four Corners, Mid C, and PV shall be averaged resulting in a spreadsheet showing the Hourly Pricing Proxy for each hour of each day for the previous month. If such data for calculating any Hourly Pricing Proxy is not available from Platts, data from the same time of the previous day shall be used. A spreadsheet showing the "Hourly Pricing Proxy" for each hour_{sub-hourly LMPs} of the previous month shall be accessible through the ~~Transmission Provider~~MO's OASIS.~~

Applicability to Interconnection Customers:

To the extent the Interconnection Customer is a different entity than the Transmission Customer and controls the output of a generator located in the Transmission Provider's Control Area, the Interconnection Customer may be subject to charges for Generator Imbalance Service (rather than the Transmission Customer) in accordance with this Schedule 9.

~~Schedule~~SCHEDULE 10

Real Power Losses

For Service Over the Transmission Provider's Transmission System:

Any use of the Transmission Provider's Transmission System, excluding EIM participation, shall be assessed Real Power Losses in the following amounts:

Use of any portion of the Transmission System at a voltage of 46kV or greater	4.26%
Use of any portion of the Distribution System at a voltage 34.5 kV or less	3.56%
Use of a combination of the Transmission System and the Distribution System	7.82%

For Service on the PacifiCorp COI Segment:

Real Power Losses shall be calculated in accordance with Attachment S for Transmission Service on the PacifiCorp COI Segment.

Service Over PacifiCorp Facilities in Other Control Areas: For Transmission Service provided over PacifiCorp lines located in another control area, any Real Power Losses assessed to PacifiCorp by the adjacent control area associated with the Customer's service will be passed through to the Transmission Customer. In instances where service is provided by PacifiCorp and an adjacent control area, any Real Power Losses assessed by the adjacent control area to PacifiCorp will be passed through to the Transmission Customer in addition to PacifiCorp Real Power Losses identified in this section.

Settlement of Transmission Losses: Unless Transmission Service is subject to Attachment S of the Tariff, a Transmission Customer taking Network Integration Transmission Service, Firm or Non-Firm Point-to-Point Transmission Service shall be responsible for Real Power Losses as provided for in Section 15.7 of the Tariff, this Schedule 10 and the Transmission Provider's business practices posted on OASIS. A Transmission Customer shall have the option to settle Real Power Losses pursuant to section (a) (Financial Settlement) or section (b) (Physical Delivery) subject to the Transmission Provider's business practices posted on OASIS.

(a) **Financial Settlement.**

- (i) **Charges for Transmission Losses.** For each hour where the Transmission Provider provides loss service, the Transmission Customer shall compensate the Transmission Provider at a rate equal to the "Hourly Pricing Proxy" for energy for such hour based on a Transmission Customer's metered load actual amounts (for a Transmission Customer taking Network Integration Transmission Service) or actual amounts of power scheduled to be delivered at Point(s) of Delivery (for a Transmission Customer taking Point-to-Point Transmission Service). "

A spreadsheet showing the Hourly Pricing Proxy" ~~is defined in Schedules 4 and 9.~~ for each hour of the previous month shall be accessible through the Transmission Provider's OASIS.

- (b) **Physical Delivery.** Transmission Customers opting for physical delivery shall schedule losses to the Transmission Provider concurrently with transmission schedules. The Transmission Provider shall deliver to the Point(s) of Delivery the amount of power received from a Transmission Customer at Point(s) of Receipt, reduced for losses from the Point(s) of Receipt to the Point(s) of Delivery. The amount delivered to the Point(s) of Delivery shall be determined to be the amount of power received from a Transmission Customer at the Point(s) of Receipt divided by $(1 + \text{Real Power Losses rate})$ and the amount of losses shall be determined to be the amount of power received from a Transmission Customer at Point(s) of Receipt multiplied by $(1 - \frac{1}{1 + \text{Real Power Losses rate}})$. Any hourly differences between the amounts of power scheduled to be delivered at Point(s) of Delivery (plus applicable Real Power Losses) and the actual amounts of energy received at Point(s) of Receipt shall be accounted for as Energy Imbalance subject to charges pursuant to Schedule 4.

Real Power Losses Updates: PacifiCorp shall update Schedule 10 factors for Real Power Losses following completion of every two Energy Gateway Project segments (or substantially similar transmission segments or combination thereof) which have been placed into commercial operation for at least one full calendar year. PacifiCorp's update to the Transmission System loss factor shall be filed on or before April 1 following the full

calendar year of commercial operation for the second of every two Energy Gateway Project segments (or substantially similar transmission segments or combination thereof) with a request to the Commission that the updated Transmission System loss factor be made effective June 1 of the calendar year in which the filing is made. Such filing shall be based on the most recent FERC Form No. 1 data for the prior calendar year. The update calculation shall be consistent with the methodology agreed upon in ER11-3643 and shall be based on annual sources and uses of energy from FERC Form No. 1, p. 401a, with adjustments to remove any energy source and corresponding energy use (i) which is not scheduled or otherwise transacted using PacifiCorp's transmission system, (ii) which is duplicative of, in part or whole, another energy source or energy use already represented in the data on FERC Form No. 1, p. 401a, and (iii) which represent financially settled losses (i.e., no actual physical losses).

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Energy Imbalance Market

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ATTACHMENT T
EIM

1. General Provision - Purpose and Effective Date of Attachment T

Attachment T provides for Transmission Provider's participation as the PacifiCorp EIM Entity in the EIM administered by the MO. Attachment T shall be in effect upon its acceptance by the Commission for as long as Transmission Provider implements the EIM and until all final settlements are finalized resulting from such implementation. Sections 4.1.2.1, 4.1.3, 4.1.4, 4.2.3, 4.2.4, 5.1, 6 and 7 of this Attachment T take effect no earlier than September 23, 2014. Sections 4.1.1.5, 4.1.5, 4.1.6, 4.2.5, 5.2, 5.3, 8 and 10 of this Attachment T take effect no earlier than October 1, 2014 or the implementation date of the EIM, whichever is later.

This Attachment T shall apply to all Transmission Customers and Interconnection Customers, as applicable, with new and existing service agreements under Parts II, III, IV, and V of this Tariff. To the extent an Interconnection Customer controls the output of a generator located in the PacifiCorp EIM Entity's BAAs, the PacifiCorp EIM Entity may require the Interconnection Customer to comply with a requirement in this Attachment T to the extent that the PacifiCorp EIM Entity makes a determination that such Interconnection Customer is the more appropriate party to satisfy the requirements of Attachment T than any Transmission Customer.

This Attachment T shall work in concert with the provisions of the MO Tariff implementing the EIM to support operation of the EIM. To the extent that this Attachment T is inconsistent with a provision in the remainder of this Tariff with regard to the PacifiCorp EIM Entity's administration of the EIM, this Attachment T shall prevail.

This Attachment T governs the relationship between the PacifiCorp EIM Entity and all Transmission Customers and Interconnection Customers subject to this Tariff. This Attachment T does not establish privity between Transmission Customers and the MO or make a Transmission Customer subject to the MO Tariff. Any Transmission Customer duties and obligations related to the EIM are those identified in this Tariff, unless the Transmission Customer voluntarily elects to participate directly in the EIM with PacifiCorp EIM Participating Resources, in which case the MO Tariff provisions for EIM Participating Resources and EIM Participating Resource Scheduling Coordinators shall also apply.

2. Election of Transmission Customers to become PacifiCorp EIM Participating Resources

The decision of a Transmission Customer to participate in the EIM with resources as PacifiCorp EIM Participating Resources is voluntary. A Transmission Customer that chooses to have a resource become a PacifiCorp EIM Participating Resource must:

- (1) Meet the requirements specified in Section 3 of this Attachment T;
- (2) Become or retain a MO-certified EIM Participating Resource Scheduling Coordinator; and
- (3) Follow the application and certification process specified in this Attachment T and the PacifiCorp EIM BP posted on the Transmission Provider's OASIS.

Transmission Customers which own or control multiple resources may elect to have any or all of their resources be PacifiCorp EIM Participating Resources, in which case any resources that are not elected by the Transmission Customer to be PacifiCorp EIM Participating Resources shall be treated as Non-Participating Resources for purposes of this Attachment T.

3. Eligibility to be a PacifiCorp EIM Participating Resource

3.1 Internal Resources - Transmission Rights

Resources owned or controlled by Transmission Customers and located within the metered boundaries of PacifiCorp's BAAs are eligible to become PacifiCorp EIM Participating Resources. The Transmission Customer that owns or controls the resource must have associated transmission rights based on one of the following:

- (1) The resource is a designated Network Resource of a Network Customer and the Network Customer elects to participate in the EIM through its Network Integration Transmission Service Agreement; or
- (2) The resource is associated with an Umbrella Service Agreement for Non-Firm Point-to-Point Transmission Service and such Transmission Customer elects to participate in the EIM.

Network Customers electing to participate in the EIM through a Network Integration Transmission Service Agreement shall be subject

to the billing determinants set forth in Section 8.7.2.1 of this Attachment T. Conversely, Network Customers electing to participate in the EIM through a Non-Firm Point to-Point Transmission Service Agreement shall be subject to the billing determinants set forth in Section 8.7.2.2 of this Attachment T.

3.2 Resources External to PacifiCorp's BAAs

3.2.1 Use of Pseudo-Ties

A resource owned or controlled by a Transmission Customer that is not physically located inside the metered boundaries of PacifiCorp's BAAs may participate in the EIM as a PacifiCorp EIM Participating Resource if the Transmission Customer (1) implements a Pseudo-Tie into PacifiCorp's BAA, consistent with PacifiCorp's business practice posted on Transmission Provider's OASIS, (2) has arranged firm transmission over any third-party transmission systems to a PacifiCorp BAA intertie boundary equal to the amount of energy that will be Dynamically Transferred through a Pseudo-Tie into PacifiCorp's BAA, consistent with PacifiCorp's business practice posted on Transmission Provider's OASIS, and (3) has secured transmission service consistent with Section 3.1 of this Attachment T.

3.2.2 Pseudo-Tie Costs

Pseudo-Tie implementation costs shall be allocated in a manner consistent with the treatment of Network Upgrades and Direct Assignment Facilities to facilitate a Pseudo-Tie into PacifiCorp's BAAs.

3.3 Application and Certification of PacifiCorp EIM Participating Resources

3.3.1 Application

To become a PacifiCorp EIM Participating Resource, an applicant must submit a completed application, as set forth in the PacifiCorp EIM BP, and shall provide a deposit of \$1,500 for the PacifiCorp EIM Entity to process the application. Upon completion of processing the completed application, the PacifiCorp EIM Entity shall charge and the applicant shall pay the actual costs of the application processing. Any difference between the deposit and the actual costs of the application processing shall be paid by or refunded to the PacifiCorp EIM Participating Resource applicant, as appropriate.

At the time of application, any PacifiCorp EIM Participating Resource applicant that is a Network Customer must indicate whether it elects to participate in the EIM using either a Network Integration Transmission Service Agreement or an Umbrella Agreement for Non-Firm Point to-Point Transmission Service.

Also at the time of application, any PacifiCorp EIM Participating Resource applicant must elect to perform the duties of either a CAISO Metered Entity or Scheduling Coordinator Metered Entity, consistent with the MO's requirements and additional technical requirements set forth in the PacifiCorp EIM BP, as applicable.

3.3.2 Processing the Application

The PacifiCorp EIM Entity shall make a determination as to whether to accept or reject the application within 45 days of receipt of the application. At minimum, the PacifiCorp EIM Entity shall validate through the application that the PacifiCorp EIM Participating Resource applicant has satisfied Sections 3.1 and 3.2 of this Attachment T, as applicable, and met minimum telemetry and metering requirements, as set forth in the PacifiCorp EIM BP. Within 45 days of receipt of the application and in accordance with the process outlined in the PacifiCorp EIM BP, the PacifiCorp EIM Entity may request additional information and will attempt to resolve any minor deficiencies in the application with the Transmission Customer. The PacifiCorp EIM Entity may extend the 45-day period to accommodate the resolution of minor deficiencies in the application in order to make a determination on an application.

If the PacifiCorp EIM Entity approves the application, it shall send notification of approval to both the PacifiCorp EIM Participating Resource applicant and the MO. The process by which the PacifiCorp EIM Entity sends notification of approval shall be set forth in the PacifiCorp EIM BP.

If the PacifiCorp EIM Entity rejects the application, the PacifiCorp EIM Entity shall send notification stating the grounds for rejection to the PacifiCorp EIM Participating Resource applicant. Upon request, the PacifiCorp EIM Entity may provide guidance to the applicant as to how the PacifiCorp EIM Participating Resource applicant may cure the grounds for the rejection. In the event that the PacifiCorp EIM Entity has granted an extension of the 45-day period but the applicant has neither provided the additional requested information nor otherwise resolved identified deficiencies within six (6) months of the PacifiCorp EIM Entity's initial receipt of the application, the application shall be deemed rejected by the PacifiCorp EIM Entity.

If an application is rejected, the PacifiCorp EIM Participating Resource applicant may resubmit its application at any time (including submission of a new processing fee deposit).

3.3.3 Certification Notice

Upon approval of an application and in accordance with the process specified in the PacifiCorp EIM BP, certification by the PacifiCorp EIM Entity of the PacifiCorp EIM Participating Resource to participate in the EIM shall occur once the Transmission Customer has demonstrated and the MO has confirmed that the Transmission Customer has:

- (1) Met the MO's criteria to become an EIM Participating Resource and executed the MO's *pro forma* EIM Participating Resource Agreement;
- (2) Qualified to become or retained the services of a MO-certified EIM Participating Resource Scheduling Coordinator;
- (3) Met the necessary metering requirements of this Tariff and Section 29.10 of the MO Tariff and the EIM Participating Resource Scheduling Coordinator has executed the MO's *pro forma* Meter Service Agreement for Scheduling Coordinators; and
- (4) Met communication and data requirements of this Tariff and Section 29.6 of the MO Tariff; and has the ability to receive and implement Dispatch Instructions every five minutes from the MO.

Upon receiving notice from the MO of the completion of the enumerated requirements by the Transmission Customer, the PacifiCorp EIM Entity shall provide notice to both the Transmission Customer with a PacifiCorp EIM Participating Resource and the MO that the PacifiCorp EIM Participating Resource is certified and therefore eligible to participate in the EIM. The process by which the PacifiCorp EIM Entity certifies Transmission Customers with a PacifiCorp EIM Participating Resource shall be set forth in the PacifiCorp EIM BP.

3.3.4 Status of Resource Pending Certification

If the Transmission Customer (i) has submitted an application for a resource to be a PacifiCorp EIM Participating Resource but the application has not been approved, or (ii) has not yet been certified

by the PacifiCorp EIM Entity consistent with Section 3.3.3 of this Attachment T, the resource shall be deemed to be a Non-Participating Resource.

3.3.5 Notice and Obligation to Report a Change in Information

Each Transmission Customer with a PacifiCorp EIM Participating Resource has an ongoing obligation to inform the PacifiCorp EIM Entity of any changes to any of the information submitted as part of the application process under this Attachment T. The PacifiCorp EIM BP shall set forth the process and timing requirements for notifying the PacifiCorp EIM Entity of such changes.

This information includes, but is not limited to:

- (1) Any change in the PacifiCorp EIM Participating Resource Scheduling Coordinator representing the resource;
- (2) Any change in the ownership or control of the resource;
- (3) Any change to the physical characteristics of the resource required to be reported to the MO in accordance with Section 29.4(c)(4)(C) of the MO Tariff;
- (4) If either the MO terminates the participation of the PacifiCorp EIM Participating Resource in the EIM or the Transmission Customer has terminated the PacifiCorp EIM Participating Resource's participation in the EIM; in either case, that resource shall be considered to be a Non-Participating Resource for purposes of this Tariff, including Attachment T; or
- (5) Any change in a Network Customer's election of transmission service used to participate in the EIM, with such change in election made no more frequently than on a quarterly basis, consistent with the procedures set forth in the PacifiCorp EIM BP.

4. Roles and Responsibilities

4.1 Transmission Provider as the PacifiCorp EIM Entity and the PacifiCorp EIM Entity Scheduling Coordinator

4.1.1 Responsibilities

4.1.1.1 Identification of EIM Entity Scheduling Coordinator

The PacifiCorp EIM Entity can serve as the PacifiCorp EIM Entity Scheduling Coordinator or retain a third-party to perform such role. If the PacifiCorp EIM Entity is not the PacifiCorp EIM Entity Scheduling Coordinator, the PacifiCorp EIM Entity shall communicate to the PacifiCorp EIM Entity Scheduling Coordinator the information required by the PacifiCorp EIM Entity Scheduling Coordinator to fulfill its responsibilities in the EIM.

The PacifiCorp EIM Entity Scheduling Coordinator shall coordinate and facilitate the EIM in accordance with the requirements of the MO Tariff. The PacifiCorp EIM Entity Scheduling Coordinator must meet the certification requirements of the MO and enter into any necessary MO agreements.

4.1.1.2 Processing PacifiCorp EIM Participating Resource Applications

The PacifiCorp EIM Entity shall be responsible for processing applications of Transmission Customers seeking authorization to participate in the EIM with resources as PacifiCorp EIM Participating Resources in accordance with Section 3.3 of this Attachment T.

4.1.1.3 Determination of EIM Implementation Decisions for PacifiCorp's BAAs

The PacifiCorp EIM Entity is solely responsible for making any decisions with respect to EIM participation that the MO requires of EIM Entities. The PacifiCorp EIM Entity has made the following determinations:

- (1) **Eligibility requirements:** Eligibility requirements are set forth in Section 3 of Attachment T.
- (2) **Load Aggregation Points:** There shall be two LAPs, one for PACE and one for PACW. There shall be a load forecast prepared for each LAP.
- (3) **MO load forecast:** The PacifiCorp EIM Entity shall utilize the MO load forecast but shall retain the right to provide the load forecast to the MO in accordance with the MO Tariff.
- (4) **MO metering agreements:** The PacifiCorp EIM Entity and all Transmission Customers with PacifiCorp EIM Participating

Resources shall have the option to elect to be Scheduling Coordinator Metered Entities or CAISO Metered Entities in accordance with Section 29.10 of the MO Tariff. The PacifiCorp EIM Entity shall be a Scheduling Coordinator Metered Entity on behalf of all Transmission Customers with Non-Participating Resources in accordance with Section 29.10 of the MO Tariff.

4.1.1.4 PacifiCorp EIM Business Practice

The PacifiCorp EIM Entity shall establish and revise, as necessary, procedures to facilitate implementation and operation of the EIM through the PacifiCorp EIM BP that shall be posted on the Transmission Provider's OASIS.

4.1.1.5 Determination to Take Contingency Actions or Permanently Terminate Participation in the EIM

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.

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.

4.1.2 Responsibilities of the PacifiCorp EIM Entity to Provide Required Information

4.1.2.1 Provide Modeling Data to the MO

The PacifiCorp EIM Entity shall provide the MO information associated with transmission facilities within PacifiCorp's BAAs, including, but not limited to, network constraints and associated limits that must be observed in PacifiCorp's BAAs' network and interties with other BAAs.

4.1.2.2 Registration

The PacifiCorp EIM Entity shall register all Non-Participating Resources with the MO. The PacifiCorp EIM Entity shall update this

information in accordance with the MO's requirements as revised information is received from Transmission Customers with Non-Participating Resources in accordance with Section 4.2.1.2 of this Attachment T.

4.1.3 Day-to-Day EIM Operations

4.1.3.1 Submission of Transmission Customer Base Schedule and Resource Plans

The PacifiCorp EIM Entity is responsible for providing the data required by the MO in accordance with Section 29.34 of the MO Tariff, including but not limited to: (1) hourly Transmission Customer Base Schedules; and (2) Resource Plans.

4.1.3.2 Communication of Manual Dispatch Information

The PacifiCorp EIM Entity shall inform the MO of a Manual Dispatch by providing reliability adjustment information for the affected resources in accordance with Section 29.34 of the MO Tariff.

4.1.3.3 Confirmation

The MO shall calculate, and the PacifiCorp EIM Entity shall confirm, actual values for Dynamic Schedules reflecting EIM Transfers to the MO within 60 minutes after completion of the Operating Hour to ensure the e-Tag author will be able to update these values in accordance with WECC business practices through an update to the e-Tag.

4.1.4 Provision of Meter Data

The PacifiCorp EIM Entity shall submit load, resource, and Interchange meter data to the MO in accordance with the format and timeframes required in the MO Tariff on behalf of Transmission Customers with Non-Participating Resources, loads, and Interchange.

4.1.5 Settlement of MO Charges and Payments

The PacifiCorp EIM Entity shall be responsible for financial settlement of all charges and payments allocated by the MO to the PacifiCorp EIM Entity. The PacifiCorp EIM Entity shall sub-allocate EIM charges and payments in accordance with Schedules 1, 4, and 9 of this Tariff or Section 8 of Attachment T, as applicable.

4.1.6 Dispute Resolution with the MO

The PacifiCorp EIM Entity shall manage dispute resolution with the MO for the PacifiCorp EIM Entity settlement statements consistent with Section 29.13 of the MO Tariff, Section 12 of this Tariff, and the PacifiCorp EIM BP. Transmission Customers with PacifiCorp EIM Participating Resources shall manage dispute resolution with the MO for any settlement statements they receive directly from the MO.

4.2 Transmission Customer Responsibilities

The following must comply with the information requirements of this section: (1) Transmission Customers with a PacifiCorp EIM Participating Resource; (2) Transmission Customers with a Non-Participating Resource; and (3) Transmission Customers with load within PacifiCorp's BAAs.

4.2.1 Initial Registration Data

4.2.1.1 Transmission Customers with a PacifiCorp EIM Participating Resource

A Transmission Customer with a PacifiCorp EIM Participating Resource shall provide the MO and the PacifiCorp EIM Entity with data necessary to meet the requirements established by the MO to register all resources with the MO.

4.2.1.2 Transmission Customers with Non-Participating Resources

A Transmission Customer with Non-Participating Resources shall provide the PacifiCorp EIM Entity with data necessary to meet the requirements established by the MO.

4.2.2 Responsibility to Update Required Data

4.2.2.1 Transmission Customers with a PacifiCorp EIM Participating Resource

Each Transmission Customer with a PacifiCorp EIM Participating Resource has an ongoing obligation to inform the MO and PacifiCorp EIM Entity of any changes to any of the information submitted by the Transmission Customer provided under Section 4.2.1 of this Attachment T that reflects changes in operating characteristics as defined in Section 29.4(e)(4)(D) of the MO Tariff. The PacifiCorp EIM BP shall set forth the process and timing requirements of notifying the PacifiCorp EIM Entity of such changes.

4.2.2.2 Transmission Customers with Non-Participating Resources

Each Transmission Customer with a Non-Participating Resource has an ongoing obligation to inform the PacifiCorp EIM Entity of any changes to any of the information submitted by the Transmission Customer with a Non-Participating Resource provided under Section 4.2.1 of this Attachment T. The PacifiCorp EIM BP shall set forth the process and timing requirements of notifying the PacifiCorp EIM Entity of such changes.

4.2.3 Outages

Transmission Customers with PacifiCorp EIM Participating Resources and Transmission Customers with Non-Participating Resources shall be required to provide planned and unplanned outage information for their resources in accordance with Section 7 of this Attachment T. The PacifiCorp EIM BP shall set forth the outage information requirements for PacifiCorp EIM Participating Resources and Non-Participating Resources.

4.2.4 Submission of Forecast Data

4.2.4.1 Transmission Customers with a PacifiCorp EIM Participating Resource

A Transmission Customer with a PacifiCorp EIM Participating Resource shall submit Forecast Data to the PacifiCorp EIM Entity. This submission must include data on all resources, Interchange, and Intrachange which balance to the Transmission Customer's anticipated load, as applicable. If the Transmission Customer does not serve load within PacifiCorp's BAAs, submission of Forecast Data shall include data on all resources, Interchange, and Intrachange which shall balance to the Transmission Customer's anticipated actual generation. Transmission Customers opting for physical delivery of Real Power Losses shall supply Interchange Forecast Data for amounts of power to be delivered at the Point(s) of Delivery and the amounts of energy expected to be received at the Point(s) of Receipt. These submissions shall be subject to the following additional requirements:

- (1) For resources located in PacifiCorp's BAAs, the Transmission Customer shall provide Forecast Data from any resource greater than or equal to three MW;

- (2) Only behind-the-meter generation which is contained in the MO's network model shall be required to submit EIM Forecast Data unless explicitly contradicted by contract terms; and
- (3) The submissions must be in the format and within the timing requirements established by the MO and the PacifiCorp EIM Entity as required in the PacifiCorp EIM BP.

If the MO does not provide information on bid ranges for PacifiCorp EIM Participating Resources, each PacifiCorp EIM Participating Resource Scheduling Coordinator shall provide to the PacifiCorp EIM Entity the energy bid range data (without price information) of the respective resources it represents that are participating in the EIM.

If the MO does not provide Dispatch Operating Point data for PacifiCorp EIM Participating Resources, each PacifiCorp EIM Participating Resource Scheduling Coordinator shall provide the PacifiCorp EIM Entity with Dispatch Operating Point data of the respective resources it represents that are participating in the EIM.

4.2.4.2 Transmission Customers with Non-Participating Resources

A Transmission Customer with a Non-Participating Resource shall submit Forecast Data to the PacifiCorp EIM Entity. This submission must include data on all resources, Interchange, and Intrachange which balance to the Transmission Customer's anticipated load, as applicable. If the Transmission Customer does not serve load within PacifiCorp's BAAs, submission of Forecast Data shall include data on all resources, Interchange, and Intrachange which shall balance to the Transmission Customer's anticipated actual generation. Transmission Customers opting for physical delivery of Real Power Losses shall supply Interchange Forecast Data for amounts of power to be delivered at the Point(s) of Delivery and the amounts of energy expected to be received at the Point(s) of Receipt. These submissions shall be subject to the following additional requirements:

- (1) For resources located in PacifiCorp's BAAs, the Transmission Customer with Non-Participating Resources shall provide Forecast Data from any resource greater than or equal to three MW;
- (2) Only behind-the-meter generation which is contained in the MO's network model shall be required to submit EIM Forecast Data unless explicitly contradicted by contract terms; and

(3) The submissions must be in the format and within the timing requirements established by the PacifiCorp EIM Entity as required in the PacifiCorp EIM BP.

4.2.4.3 Transmission Customers with Load

As set forth in Sections 4.2.4.1 and 4.2.4.2 of Attachment T, a Transmission Customer is required to submit Forecast Data on all resources, Interchange, and Intrachange which balance to the Transmission Customer's anticipated load, as applicable. Transmission Customers opting for physical delivery of Real Power Losses shall supply Interchange Forecast Data for amounts of power to be delivered at Point(s) of Delivery and the amounts of energy expected to be received at the Point(s) of Receipt. The submissions shall be in the format and within the timing requirements established by the PacifiCorp EIM Entity as required in the PacifiCorp EIM BP.

For purposes of settling Energy Imbalance Service pursuant to Schedule 4 of this Tariff, the PacifiCorp EIM Entity shall calculate the load component of the Transmission Customer Base Schedule as the product of its resource Forecast Data net of its Interchange Forecast Data and net of its Intrachange Forecast Data, as applicable.

4.2.4.4 Transmission Customers Wheeling Through PacifiCorp's BAAs

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 the PacifiCorp EIM Entity. This submission shall include data on import Interchange which balances to the Transmission Customer's export Interchange. Transmission Customers electing physical delivery of Real Power Losses shall supply Interchange Forecast Data for amounts of energy expected to be received at the Point(s) of Receipt.

4.2.5 Metering for Transmission Customers with Non-Participating Resources

To assess imbalance, the MO shall disaggregate meter data into 5-minute intervals if the meter intervals are not programmed to 5-minute intervals pursuant to a Transmission Customer's applicable interconnection requirements associated with any agreement pursuant to Parts IV or V of this Tariff. To the extent that a Transmission Customer owns the meter or communication to the meter, the Transmission Customer shall be responsible to maintain accurate and timely data accessible for the PacifiCorp EIM Entity to comply with Section 4.1.4 of this Attachment T.

5. Transmission Operations

5.1 Provision of Information Regarding Real-Time Status of the Transmission Provider's Transmission System

The PacifiCorp EIM Entity shall provide the MO information on:

- (1) real time data for the Transmission System and interties; and
- (2) any changes to transmission capacity and the Transmission System due to operational circumstances.

5.2 Provision of EIM Transfer Capacity by a PacifiCorp Interchange Rights Holder

The PacifiCorp EIM Entity shall facilitate the provision of transmission capacity for EIM Transfers offered by a PacifiCorp Interchange Rights Holder by ensuring that the MO is provided with the amounts made available by the PacifiCorp Interchange Rights Holder for EIM Transfers. The amount made available for EIM Transfers shall never exceed the PacifiCorp Interchange Rights Holder's transmission rights.

The requirements for scheduling and using transmission rights held by a PacifiCorp Interchange Rights Holder shall be set forth in the PacifiCorp EIM BP.

5.3 Charges for EIM Transmission

Charges related to EIM transmission are set forth in Section 8.7 of this Attachment T.

6. System Operations Under Normal and Emergency Conditions

6.1 Compliance with Reliability Standards

Participation in the EIM shall not modify, change, or otherwise alter the manner in which the Transmission Provider operates its Transmission System consistent with applicable reliability standards, including reliability adjustments.

Participation in the EIM shall not modify, change, or otherwise alter the obligations of the PacifiCorp EIM Entity, Transmission Customers with PacifiCorp EIM Participating Resources, or Transmission

Customers with Non-Participating Resources to comply with applicable reliability standards.

The PacifiCorp EIM Entity shall remain responsible for:

- (1) maintaining appropriate operating reserves and for its obligations pursuant to any reserve sharing group agreements;
- (2) NERC and WECC responsibilities including, but not limited to, informing the Reliability Coordinator of issues within PacifiCorp's BAAs;
- (3) processing e-Tags and managing schedule curtailments at the interties; and
- (4) monitoring and managing real-time flows within system operating limits on all transmission facilities within PacifiCorp's BAAs, including facilities of PacifiCorp BAA Transmission Owners. If requested by a Transmission Customer that is also a PacifiCorp BAA Transmission Owner, the PacifiCorp EIM Entity will provide additional information or data related to EIM operation as it may relate to facilities of a PacifiCorp BAA Transmission Owner.

6.2 Good Utility Practice

The PacifiCorp EIM Entity, Transmission Customers with Non-Participating Resources, and Transmission Customers with PacifiCorp EIM Participating Resources shall comply with Good Utility Practice with respect to this Attachment T.

6.3 Management of Contingencies and Emergencies

6.3.1 EIM Disruption

If the MO declares an EIM disruption in accordance with Section 29.7(j) of the MO Tariff, the PacifiCorp EIM Entity shall, in accordance with Section 29.7(j)(4) of the MO Tariff, promptly inform the MO of actions taken in response to the EIM disruption by providing reliability adjustment information, updates to e-Tags, transmission limit adjustments, or outage and de-rate information, as applicable.

6.3.2 Manual Dispatch

The PacifiCorp EIM Entity may issue a Manual Dispatch order to a Transmission Customer with a PacifiCorp EIM Participating Resource or a Non-Participating Resource in PacifiCorp's BAAs, to address reliability or operational issues in PacifiCorp's BAAs that the EIM is not able to address through normal economic dispatch and congestion management.

The PacifiCorp EIM Entity shall inform the MO of a Manual Dispatch as soon as possible.

7. Outages

7.1. PacifiCorp EIM Entity Transmission Outages

7.1.1 Planned Transmission Outages

The PacifiCorp EIM Entity shall submit information regarding planned transmission outages to the MO's outage management system in accordance with Section 29.9(b) of the MO Tariff. The PacifiCorp EIM Entity shall update the submittal if there are changes to the transmission outage plan.

7.1.2 Unplanned Transmission Outages

The PacifiCorp EIM Entity shall submit information as soon as possible regarding unplanned transmission outages to the MO's outage management system in accordance with Section 29.9(e) of the MO Tariff.

7.2 PacifiCorp BAA Transmission Owner Outages

Transmission Customers that are also PacifiCorp BAA Transmission Owners shall provide the PacifiCorp EIM Entity with planned and unplanned transmission outage data. Planned outages shall be reported to the PacifiCorp EIM Entity 7 or more days in advance and preferably at least 30 days in advance of the outage. Unplanned outages shall be reported to the PacifiCorp EIM Entity as soon as possible but no later than 30 minutes after the outage commences.

The PacifiCorp EIM Entity shall communicate information regarding planned and unplanned outages of PacifiCorp BAA Transmission Owner facilities to the MO as soon as practicable upon receipt of the information from the PacifiCorp BAA Transmission Owner.

7.3 PacifiCorp EIM Participating Resource Outages

7.3.1 Planned PacifiCorp EIM Participating Resource Outages

PacifiCorp EIM Participating Resource Scheduling Coordinators shall submit information regarding planned resource outages to the PacifiCorp EIM Entity. Planned outages shall be reported to the PacifiCorp EIM Entity 7 or more days in advance and preferably at least 30 days in advance of the outage. The PacifiCorp EIM Entity shall then submit this outage information to the MO's outage management system in accordance with Section 29.9(c) of the MO Tariff. PacifiCorp EIM Participating Resource Scheduling Coordinators shall update the submittal if there are changes to the resource outage plan.

7.3.2 Unplanned PacifiCorp EIM Participating Resource Outages

In the event of an unplanned outage required to be reported under Section 29.9(e) of the MO Tariff, the PacifiCorp EIM Participating Resource Schedule Coordinator is responsible for notifying the PacifiCorp EIM Entity of required changes. Unplanned outages shall be reported to the PacifiCorp EIM Entity as soon as possible but no later than 30 minutes after the outage commences. The PacifiCorp EIM Entity shall then submit this information to the MO's outage management system.

7.4 Outages of Transmission Customers with Non-Participating Resources

7.4.1 Planned Outages of Transmission Customers with Non-Participating Resources

Transmission Customers with Non-Participating Resources shall report information regarding planned outages of resources to the PacifiCorp EIM Entity 7 or more days in advance and preferably at least 30 days in advance of the outage. The Transmission Customer with a Non-Participating Resource shall update the submittal if there are changes to the resource's outage plan.

The PacifiCorp EIM Entity shall submit planned resource outages of Non-Participating Resources to the MO's outage management system in accordance Section 29.9(c) of the MO Tariff.

7.4.2 Unplanned Outages of Resources of Transmission Customers with Non-Participating Resources

Unplanned outages of resources of a Transmission Customer with Non-Participating Resources shall be reported to the PacifiCorp EIM Entity as soon as possible but no later than 30 minutes after the outage commences. De-rates of 50 MW or greater shall be reported to the PacifiCorp EIM Entity; reporting of de-rates less than 50 MW to the PacifiCorp EIM Entity is not required, but is encouraged.

In the event of a forced outage required to be reported under Section 29.9(e) of the MO Tariff, the PacifiCorp EIM Entity is responsible for notifying the MO of required changes through the MO's outage management system.

8. EIM Settlements and Billing

The PacifiCorp EIM BP shall include information on the specific charge codes applicable to EIM settlement.

8.1 Instructed Imbalance Energy (IIE)

The PacifiCorp EIM Entity shall be required to sub-allocate IIE based on the operational adjustments of any affected Interchange or based on resource imbalances created by Manual Dispatch or an adjustment to resource imbalances created by adjustments to resource forecasts pursuant to Section 11.5 of the MO Tariff. Any allocations to the PacifiCorp EIM Entity pursuant to Section 29.11(b) of the MO Tariff for IIE shall be sub-allocated directly to Transmission Customers in accordance with Schedule 9.

8.2 Uninstructed Imbalance Energy (UIE)

Any charges or payments to the PacifiCorp EIM Entity pursuant to Section 29.11(b)(3)(B) and (C) of the MO Tariff for UIE not otherwise recovered under Schedule 4 or Schedule 9 shall not be sub-allocated to Transmission Customers.

8.3 Unaccounted for Energy (UFE)

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(c) of the MO Tariff for UFE shall not be sub-allocated to Transmission Customers.

8.4 Charges for Under-Scheduling or Over-Scheduling Load

8.4.1 Under-Scheduling Load

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(d)(1) of the MO Tariff for under-scheduling load shall be

assigned to the Transmission Customers subject to Schedule 4 in the offending BAA that contributed to the imbalance based on their respective under-scheduling imbalance ratio share.

8.4.2 Over-Scheduling Load

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(d)(2) of the MO Tariff for over-scheduling load shall be assigned to the Transmission Customers subject to Schedule 4 in the offending BAA that contributed to the imbalance based on their respective over-scheduling imbalance ratio share.

8.4.3 Distribution of Under-Scheduling or Over-Scheduling Proceeds

Any payment to the PacifiCorp EIM Entity pursuant to Section 29.11(d)(3) of the MO Tariff shall be distributed to Transmission Customers in non-offending BAAs on the basis of Metered Demand and in accordance with the procedures outlined in the PacifiCorp EIM BP.

8.5 EIM Uplifts

8.5.1. EIM BAA Real-Time Market Neutrality (Real-Time Imbalance Energy Offset - BAA)

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(e)(3) of the MO Tariff for EIM BAA real-time market neutrality shall be sub-allocated to Transmission Customers on the basis of Measured Demand.

8.5.2 EIM Entity BAA Real-Time Congestion Offset

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(e)(2) of the MO Tariff for the EIM real-time congestion offset shall be allocated to Transmission Customers on the basis of Measured Demand.

8.5.3 EIM Entity Real-Time Marginal Cost of Losses Offset

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(e)(4) of the MO Tariff for real-time marginal cost of losses offset shall not be sub-allocated to Transmission Customers.

8.5.4 EIM Neutrality Settlement

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(e)(5) of the MO Tariff for EIM neutrality settlement shall be sub-allocated as follows:

<u>Description</u>	<u>Allocation</u>
<u>Neutrality Adjustment (monthly and daily)</u>	<u>Measured Demand</u>
<u>Rounding Adjustment (monthly and daily)</u>	<u>Measured Demand</u>

8.5.5 Real-Time Bid Cost Recovery

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(f) of the MO Tariff for EIM real-time bid cost recovery shall be sub-allocated to Transmission Customers on the basis of Measured Demand.

8.5.6 Flexible Ramping Constraint

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(g) of the MO Tariff for the Flexible Ramping Constraint shall be sub-allocated to Transmission Customers on the basis of Measured Demand.

8.5.7 Inaccurate or Late Actual Settlement Quality Meter Data Penalty

To the extent the PacifiCorp EIM Entity incurs a penalty for inaccurate or late actual settlement quality meter data, pursuant to Section 37.11.1 of the MO Tariff, the PacifiCorp EIM Entity shall directly assign the penalty to the offending Transmission Customer.

8.5.8 Other EIM Settlement Provisions

Any charges to the PacifiCorp EIM Entity pursuant to the MO Tariff for the EIM settlement provisions shown in the following table shall be sub-allocated as follows:

<u>Description</u>	<u>Allocation</u>
<u>Invoice Deviation (distribution and allocation)</u>	<u>PacifiCorp EIM Entity</u>
<u>Generator Interconnection Process Forfeited Deposit Allocation</u>	<u>PacifiCorp EIM Entity</u>
<u>Default Invoice Interest Payment</u>	<u>PacifiCorp EIM Entity</u>

<u>Description</u>	<u>Allocation</u>
<u>Default Invoice Interest Charge</u>	<u>PacifiCorp EIM Entity</u>
<u>Invoice Late Payment Penalty</u>	<u>PacifiCorp EIM Entity</u>
<u>Financial Security Posting (Collateral) Late Payment Penalty</u>	<u>PacifiCorp EIM Entity</u>
<u>Shortfall Receipt Distribution</u>	<u>PacifiCorp EIM Entity</u>
<u>Shortfall Reversal</u>	<u>PacifiCorp EIM Entity</u>
<u>Shortfall Allocation</u>	<u>PacifiCorp EIM Entity</u>
<u>Default Loss Allocation</u>	<u>PacifiCorp EIM Entity</u>

8.6 MO Tax liabilities

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.22(a) of the MO Tariff for MO tax liability as a result of the EIM shall be sub-allocated to those Transmission Customers triggering the tax liability.

8.7 EIM Transmission Service Charges

8.7.1 Transmission Service Charges for EIM Transfers

There shall be no incremental transmission charge assessed for transmission use related to EIM Transfers for Transmission Customers with PacifiCorp EIM Participating Resources, except as otherwise provided by this Attachment T. Transmission Customers shall be subject to the appropriate charges for transmission service consistent with Section 8.7.2 of this Attachment T.

8.7.2 EIM Transmission over Transmission Provider's System

8.7.2.1 Participation in EIM Utilizing Network Integration Transmission Service

Transmission Provider shall continue to assess charges to Network Customers with PacifiCorp EIM Participating Resources based on the Monthly Demand Charge, including output of Designated Network Resources related to EIM Dispatch Instructions.

8.7.2.2 Participation in EIM Utilizing Point-to-Point Transmission Service

Transmission Provider shall not assess an incremental transmission charge for transmission use related to the EIM where the Transmission Customer with PacifiCorp EIM Participating Resources has existing Point-to-Point Transmission Service associated with the PacifiCorp EIM Participating Resource and any Dispatch Instruction does not exceed the Transmission Customer's Reserved Capacity.

To the extent a Transmission Customer participating in EIM that utilizes Point-to-Point Transmission Service receives a Dispatch Instruction and the Dispatch Operating Point exceeds the Transmission Customer's Reserved Capacity, the Transmission Customer shall be charged on an after-the-fact basis, at the hourly Non-Firm Point-to-Point Transmission Service rate in accordance with Schedule 8 of this Tariff for any amount of the Dispatch Operating Point in excess of the Transmission Customer's Reserved Capacity. Transmission charges for a Transmission Customer participating in EIM utilizing Point-to-Point Transmission Service shall be based upon the greatest positive Dispatch Operating Point for the PacifiCorp EIM Participating Resource received during the Operating Hour. Schedule 11 of this Tariff shall apply to any amount of actual metered generation which is in excess of the greater of: (1) the output associated with a Dispatch Operating Point or a Manual Dispatch, or (2) the Transmission Customer's Reserved Capacity.

8.8 Variable Energy Resource Forecast Charge

Any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(j) of the MO Tariff for variable energy resource forecast charges shall be sub-allocated to the Transmission Customer with a Non-Participating Resource requesting such forecast.

8.9 EIM Payment Calendar

Pursuant to Section 29.11(1) of the MO Tariff, the PacifiCorp EIM Entity shall be subject to the MO's payment calendar for issuing settlement statements, exchanging invoice funds, submitting meter data, and submitting settlement disputes to the MO. The PacifiCorp EIM Entity shall follow Section 7 of this Tariff for issuing invoices regarding the EIM.

8.10 EIM Residual Balancing Account

To the extent that MO EIM-related charges or payments to the PacifiCorp EIM Entity are not captured elsewhere in Attachment H-1, Schedules 1, 4, and 9 of this Tariff, or this Section 8, those charges or payments shall be placed in a balancing account, with interest accruing at the rate established in 18 C.F.R. § 35.19(a)(2)(iii),

until PacifiCorp makes a filing with the Commission pursuant to Section 205 of the Federal Power Act proposing an allocation methodology.

8.11 Market Validation and Price Correction

If the MO modifies the PacifiCorp EIM Entity settlement statement in accordance with the MO's market validation and price correction procedures in the MO Tariff, the PacifiCorp EIM Entity reserves the right to make corresponding or similar changes to the charges and payments sub-allocated under this Attachment T.

9. Compliance

9.1 Provision of Data

Transmission Customers with PacifiCorp EIM Participating Resources and PacifiCorp EIM Participating Resource Scheduling Coordinators are responsible for complying with information requests they receive directly from the EIM market monitor or regulatory authorities concerning EIM activities.

A Transmission Customer with PacifiCorp EIM Participating Resources or a Transmission Customer with Non-Participating Resources must provide the PacifiCorp EIM Entity with all data necessary to respond to information requests received by the PacifiCorp EIM Entity from the MO, the EIM market monitor, or regulatory authorities concerning EIM activities.

If the PacifiCorp EIM Entity is required by applicable laws or regulations, or in the course of administrative or judicial proceedings, to disclose information that is otherwise required to be maintained in confidence, the PacifiCorp EIM Entity may disclose such information; provided, however, that upon the PacifiCorp EIM Entity learning of the disclosure requirement and, if possible, prior to making such disclosure, the PacifiCorp EIM Entity shall notify any affected party of the requirement and the terms thereof. The party can, at its sole discretion and own cost, direct any challenge to or defense against the disclosure requirement. The PacifiCorp EIM Entity shall cooperate with the affected party to obtain proprietary or confidential treatment of confidential information by the person to whom such information is disclosed prior to any such disclosure.

The PacifiCorp EIM Entity shall treat all Transmission Customer and Interconnection Customer data and information provided to it as market-sensitive and confidential, unless the PacifiCorp EIM Entity

is otherwise allowed or required to disclose. The PacifiCorp EIM Entity shall continue to abide by the Commission's Standards of Conduct and handle customer information accordingly.

9.2 Rules of Conduct

These rules of conduct are intended to provide fair notice of the conduct expected and to provide an environment in which all parties may participate in the EIM on a fair and equal basis. Parties should:

- (1) Comply with Dispatch Instructions and PacifiCorp EIM Entity operating orders in accordance with Good Utility Practice. If some limitation prevents the Transmission Customer from fulfilling the action requested by the MO or the PacifiCorp EIM Entity, the Transmission Customer must immediately and directly communicate the nature of any such limitation to the PacifiCorp EIM Entity;
- (2) Submit bids for resources that are reasonably expected to be available and capable of performing at the levels specified in the bid, and to remain available and capable of so performing based on all information that is known or should have been known at the time of submission;
- (3) Notify the MO and the PacifiCorp EIM Entity of outages in accordance with Section 7 of this Attachment T;
- (4) Provide complete, accurate, and timely meter data to the PacifiCorp EIM Entity in accordance with the metering and communication requirements of this Tariff, and maintain responsibility to ensure the accuracy of such data communicated by any customer-owned metering or communications systems. To the extent such information is not accurate or timely when provided to the PacifiCorp EIM Entity, the Transmission Customer shall be responsible for any consequence on settlement and billing;
- (5) Provide information to the PacifiCorp EIM Entity, including the information requested in Sections 4.2.1, 4.2.2, 4.2.3, and 9.1 of this Attachment T, by the applicable deadlines; and
- (6) Utilize commercially-reasonable efforts to ensure that forecasts are accurate and based on all information that is known or should have been known at the time of submission to the PacifiCorp EIM Entity.

9.3 Enforcement

The PacifiCorp EIM Entity may refer a violation of Section 9.2 of this Attachment T to FERC. Violations of these rules of conduct may be enforced by FERC in accordance with FERC's rules and procedures. Nothing in this Section 9 is meant to limit any other remedy before FERC or any applicable judicial, governmental, or administrative body.

10. Market Contingencies

10.1 Temporary Suspension by the MO

In the event that the MO implements a temporary suspension in accordance with Section 29.1(d)(1) of the MO Tariff, including the actions identified in Section 29.1(d)(5), the PacifiCorp EIM Entity shall utilize Temporary Schedules 4 and 9 in accordance with Sections 10.4.1 and 10.4.2 of this Attachment T until the temporary suspension is no longer in effect or, if the MO determines to extend the suspension, for a period of time sufficient to process termination of the PacifiCorp EIM Entity's participation in the EIM in accordance with Section 29.1(d)(2) of the MO Tariff.

10.2 Termination of Participation in EIM by the PacifiCorp EIM Entity

If the PacifiCorp EIM Entity submits a notice of termination of its participation in the EIM to the MO in accordance with the applicable agreements and Section 4.1.1.5 of this Attachment T, in order to mitigate price exposure during the 180-day period between submission of the notice and the termination effective date, the PacifiCorp EIM Entity may invoke the following corrective actions by requesting that the MO:

- (1) prevent EIM Transfers and separate the PacifiCorp EIM Entity's BAAs from operation of the EIM in the EIM Area; and
- (2) suspend settlement of EIM charges with respect to the PacifiCorp EIM Entity.

Once such corrective actions are implemented by the MO, the PacifiCorp EIM Entity shall utilize Temporary Schedules 4 and 9 in accordance with Sections 10.4.1 and 10.4.2 of this Attachment T.

If the PacifiCorp EIM Entity takes action under this Section 10.2, the PacifiCorp EIM Entity shall notify the MO and Transmission Customers.

10.3 Corrective Actions Taken by the PacifiCorp EIM Entity for Temporary Contingencies

The PacifiCorp EIM Entity may declare a temporary contingency and invoke corrective actions for the EIM when in its judgment –

- (1) operational circumstances (including a failure of the EIM to produce feasible results in PacifiCorp's BAAs) have caused or are in danger of causing an abnormal system condition in PacifiCorp's BAAs that requires immediate action to prevent loss of load, equipment damage, or tripping system elements that might result in cascading outages, or to restore system operation to meet the applicable Reliability Standards and reliability criteria established by NERC and WECC;
- (2) communications between the MO and the PacifiCorp EIM Entity are disrupted and prevent the PacifiCorp EIM Entity, the PacifiCorp EIM Entity Scheduling Coordinator, or a PacifiCorp EIM Participating Resource Scheduling Coordinator from accessing MO systems to submit or receive information; or
- (3) during the initial 12-month period beginning from the PacifiCorp EIM Entity's participation in the EIM, the PacifiCorp EIM Entity determines, after consultation with the MO and the MO's Department of Market Monitoring ("DMM") (or any successor entity responsible for market monitoring of the EIM), there exist market design flaws that could effectively be remedied by rule or tariff changes. In such a circumstance, the PacifiCorp EIM Entity may invoke a corrective action for a period of time not to exceed 180 days to enable the MO, the PacifiCorp EIM Entity, and stakeholders an opportunity to develop a market solution and to obtain Commission approval for any needed tariff change to correct the market design flaw.

10.3.1 Corrective Actions for Temporary Contingencies

If any of the above temporary contingencies occurs, the PacifiCorp EIM Entity may invoke the following corrective actions by requesting that the MO:

- (1) prevent EIM Transfers and separate the PacifiCorp EIM Entity's BAAs from operation of the EIM in the EIM Area; and/or
- (2) suspend settlement of EIM charges with respect to the PacifiCorp EIM Entity.

When corrective actions 10.3.1(1) and (2) are implemented in conjunction, the PacifiCorp EIM Entity shall utilize Temporary Schedules 4 and 9 in accordance with Sections 10.4.1 and 10.4.2 of this Attachment T.

If the PacifiCorp EIM Entity takes action under this Section 10.3, the PacifiCorp EIM Entity shall notify the MO and Transmission Customers. The PacifiCorp EIM Entity and the MO shall cooperate to resolve the temporary contingency event and restore full EIM operations as soon as is practicable.

10.4 Temporary Schedules 4 and 9

10.4.1 Temporary Schedule 4

Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour (plus real power losses). The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly energy imbalances under this Schedule or a penalty for hourly generator imbalances under Schedule 9 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish charges for energy imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs

as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, using the Hourly Pricing Proxy, (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of the Hourly Pricing Proxy for under-scheduling or 90 percent of the Hourly Pricing Proxy for over-scheduling, and (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of the Hourly Pricing Proxy for under-scheduling or 75 percent of the Hourly Pricing Proxy for over-scheduling.

A spreadsheet showing the Hourly Pricing Proxy for each hour of the previous month shall be accessible through the Transmission Provider's OASIS.

10.4.2 Temporary Schedule 9

Generator Imbalance Service

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider's Control Area and a delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour (plus real power losses). The Transmission Provider must offer this service, to the extent it is physically feasible to do so from its resources or from resources available to it, when transmission service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Generator Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly generator imbalances under this Schedule or a penalty for hourly energy imbalances under Schedule 4 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish charges for generator imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of each month, at the Hourly Pricing Proxy, (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of the Hourly Pricing Proxy for under-scheduling or 90 percent of the Hourly Pricing Proxy for over-scheduling, and (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled at 125 percent of the Hourly Pricing Proxy for under-scheduling or 75 percent of the Hourly Pricing Proxy for over-scheduling, except that an intermittent resource will be exempt from this deviation band and will pay the deviation band charges for all deviations greater than the larger of 1.5 percent or 2 MW. An intermittent resource, for the limited purpose of this Schedule is an electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand or respond to transmission security constraints.

Notwithstanding the foregoing, deviations from scheduled transactions in order to respond to directives by the Transmission Provider, a balancing authority, or a reliability coordinator shall not be subject to the deviation bands identified above and, instead, shall be settled financially, at the end of the month, at 100 percent of the Hourly Pricing Proxy. Such directives may include instructions to correct frequency decay, respond to a reserve sharing event, or change output to relieve congestion.

A spreadsheet showing the Hourly Pricing Proxy for each hour of the previous month shall be accessible through the Transmission Provider's OASIS.

Applicability to Interconnection Customers:

To the extent the Interconnection Customer is a different entity than the Transmission Customer and controls the output of a generator located in the Transmission Provider's Control Area, the Interconnection Customer may be subject to charges for Generator

Imbalance Service (rather than the Transmission Customer) in accordance with this Schedule 9.

Attachment C

Summary of OATT Changes¹ and Identification of Proposed Effective Dates

Tariff Section	Reason for the Change	Proposed Effective Date of Section
Table of Contents	Numerous changes to reflect new Tariff sections contemplated in this filing	June 20, 2014
Section 1.4A	Added definition of Balancing Authority (BA) based on NERC Glossary of Terms to reflect PacifiCorp's continuing reliability responsibilities under the EIM.	June 20, 2014
Section 1.4B	Added definition of Balancing Authority Area (BAA) based on NERC Glossary of Terms to reflect the area for which PacifiCorp will continue to exercise BA responsibilities under the EIM.	June 20, 2014
Section 1.4C	Added definition of Bid Cost Recovery (BCR) to reflect that the PacifiCorp EIM Entity will be responsible for an allocated share of BCR costs under Section 29.11(f) of the CAISO Tariff.	June 20, 2014
Section 1.4D	Added definition of California Independent System Operator Corporation (CAISO) to identify the CAISO as the Market Operator.	June 20, 2014
Section 1.4E	Added definition of CAISO BAA or CAISO Controlled Grid to specify the BAA under the CAISO's operational control as distinct from PacifiCorp's BAAs or the BAAs of other EIM Entities.	June 20, 2014
Section 1.11A	Added definition of Dispatch Instruction, which is issued by the MO to PacifiCorp EIM Participating Resources to ensure the proper functioning of the EIM.	June 20, 2014
Section 1.11B	Added definition of Dispatch Operating Point, which is the expected operating point, in MW, contained in the Dispatch Instruction.	June 20, 2014
Section 1.11C	No change to the definition of Disturbance Recovery Event - only change is revised numbering.	June 20, 2014
Section 1.11D	Added definition of Dynamic Transfer, including Dynamic Schedule and Pseudo-Tie. Pseudo-Ties may be used to make external resources electrically equivalent to internal resources to enable participation in the EIM.	June 20, 2014
Section 1.11E	Added definition of Energy Imbalance Market (EIM) to incorporate EIM into PacifiCorp's OATT and for consistency with the CAISO Tariff.	June 20, 2014
Section 1.11F	Added definition of EIM Area to incorporate EIM into PacifiCorp's OATT and to for consistency with the CAISO Tariff.	June 20, 2014

¹ To the extent any description of a tariff section herein is inconsistent with the language in PacifiCorp's proposed amended OATT, the latter shall control.

Tariff Section	Reason for the Change	Proposed Effective Date of Section
Section 1.11G	Added definition of EIM Entity to identify BAs participating in the EIM and for consistency with the CAISO Tariff.	June 20, 2014
Section 1.11H	Added definition of EIM Transfer to identify transfers of real-time energy between the CAISO BAA, PacifiCorp's BAAs and/or the BAAs of other EIM Entities under the EIM and for consistency with the CAISO Tariff.	June 20, 2014
Section 1.12A	Added definition of e-Tag to identify the PacifiCorp EIM Entity's actions to facilitate Dynamic Transfers under the EIM.	June 20, 2014
Section 1.14A	Added definition of Flexible Ramping Requirement (or Flexible Ramping Constraint). The PacifiCorp EIM Entity will be responsible for submitting Resource Plans that satisfy the Flexible Ramping Requirement and under Section 29.11(g) of the CAISO Tariff will be allocated a portion of Flexible Ramp Constraint Costs.	June 20, 2014
Section 1.14B	Added definition of Forecast Data to identify information supplied by Transmission Customers to serve as a baseline by which to measure Imbalance Energy for purposes of EIM settlement under Schedules 4 and 9.	June 20, 2014
Section 1.15A	Added definition of Hourly Pricing Proxy. Schedules 4 and 9, which are being revised to utilize LMP pricing under the EIM, currently refer to the Hourly Pricing Proxy as the basis on which charges for imbalance are established. The definition is added as the term is still referenced in Schedule 10 and Temporary Schedules 4 and 9 in Attachment T, Section 10.4. PacifiCorp is not proposing to make any changes to how the Hourly Pricing Proxy is calculated.	June 20, 2014
Section 1.15B	No Change to the definition of Interconnection Customer - only change is revised numbering	June 20, 2014
Section 1.15C	Added definition of Imbalance Energy to incorporate EIM into PacifiCorp's OATT and for consistency with the CAISO Tariff.	June 20, 2014
Section 1.15D	Added definition of Instructed Imbalance Energy (IIE) to incorporate EIM into PacifiCorp's OATT and for consistency with the CAISO Tariff.	June 20, 2014
Section 1.15E	Added definition of Interchange to specify e-Tagged energy transfers from or to any of PacifiCorp's BAAs or other BAAs, not including EIM Transfers.	June 20, 2014
Section 1.15F	Added definition of Intrachange to specify e-Tagged energy transfers within each of PacifiCorp's BAAs, not including real-time actual energy flows associated with EIM Dispatch Instructions.	June 20, 2014
Section 1.17	Added definition of Load Aggregation Point (LAP) to incorporate EIM into PacifiCorp's OATT and specify nodal aggregations for settlement purposes.	June 20, 2014
Section 1.17A	Added definition of Locational Marginal Price (LMP) to incorporate EIM into PacifiCorp's OATT and for consistency with the CAISO Tariff.	June 20, 2014
Section 1.19A	Added definition of Manual Dispatch to recognize that while the CAISO will issue Dispatch Instructions as the MO,	June 20, 2014

Tariff Section	Reason for the Change	Proposed Effective Date of Section
	PacifiCorp will be responsible for ensuring reliability and, if necessary, will issue operating orders to Transmission Customers with resources within its BAAs.	
Section 1.19B	Added definition of Market Operator (MO) to incorporate EIM into PacifiCorp's OATT and for consistency with the CAISO Tariff.	June 20, 2014
Section 1.19C	Added definition of Measured Demand to identify cost allocations based on (1) metered load volumes, including losses, plus (2) e-Tagged export volumes from a PacifiCorp BAA, including losses (excluding Dynamic Schedules that support EIM Transfers).	June 20, 2014
Section 1.19D	Added definition of Metered Demand to identify cost allocations based on metered load volumes, including losses, in PacifiCorp's BAAs.	June 20, 2014
Section 1.19E	Added definition of MO Tariff to identify references to those portions of the CAISO Tariff that specifically apply to the EIM.	June 20, 2014
Section 1.26	Modified definition of Network Resource to recognize that output of Network Resources may, under the EIM optimization, be used to meet imbalances of loads other than the Network Customer's own Network Load.	June 20, 2014
Section 1.29A	Added definition of Non-Participating Resource to identify the subset of resources in PacifiCorp's BAAs that are not participating in the EIM as PacifiCorp EIM Participating Resources.	June 20, 2014
Section 1.30A	Added definition of Operating Hour for consistency with the CAISO Tariff for purposes of EIM activities including scheduling and settlements.	June 20, 2014
Section 1.30B	No change to the definition of PacifiCorp COI Segment – only change is revised numbering.	June 20, 2014
Section 1.30C	Added definition of PacifiCorp's BAAs to delineate the two BAAs for which PacifiCorp serves as the BA.	June 20, 2014
Section 1.30D	Added definition of PacifiCorp BAA Transmission Owner to identify transmission owners who own transmission facilities within PacifiCorp BAAs.	June 20, 2014
Section 1.30E	Added definition of PacifiCorp EIM Business Practice (PacifiCorp EIM BP) to identify PacifiCorp's posted Business Practice that addresses procedures related to EIM activities.	June 20, 2014
Section 1.30F	Added definition of PacifiCorp EIM Entity to incorporate EIM into PacifiCorp's OATT and for consistency with the CAISO's terminology.	June 20, 2014
Section 1.30G	Added definition of PacifiCorp EIM Entity Scheduling Coordinator to incorporate EIM into PacifiCorp's OATT and for consistency with the CAISO's terminology.	June 20, 2014
Section 1.30H	Added definition of PacifiCorp EIM Participating Resource to incorporate EIM into PacifiCorp's OATT and for consistency with the CAISO's terminology.	June 20, 2014

Tariff Section	Reason for the Change	Proposed Effective Date of Section
Section 1.30I	Added definition of PacifiCorp EIM Participating Resource Scheduling Coordinator to incorporate EIM into PacifiCorp's OATT and for consistency with the CAISO's terminology.	June 20, 2014
Section 1.30J	Added definition of PacifiCorp Interchange Rights Holder to incorporate EIM into PacifiCorp's OATT and identify entities electing to make reserved firm transmission capacity for an Interchange available for EIM Transfers without compensation.	June 20, 2014
Section 1.41A	Added definition of Pricing Note (PNode) to incorporate EIM into PacifiCorp's OATT and for consistency with the CAISO's terminology.	June 20, 2014
Section 1.45A	Added definition of Resource Plan to incorporate EIM into PacifiCorp's OATT and for consistency with the CAISO's terminology. The PacifiCorp EIM Entity will be responsible for submitting Resource Plans in accordance with Section 29.34(e) of the CAISO Tariff.	June 20, 2014
Section 1.55A	Added definition of Transmission Customer Base Schedule to refer to the submission required by the PacifiCorp EIM Entity as the baseline by which to measure Imbalance Energy for purposes of EIM settlement.	June 20, 2014
Section 1.60A	Added definition of Uninstructed Imbalance Energy (UIE) to incorporate EIM LMP pricing into Schedules 4 and 9 and for consistency with the CAISO's terminology.	June 20, 2014
Section 10.2	PacifiCorp proposes that its new market responsibilities as an EIM Entity be subject to a higher standard of liability, gross negligence or intentional wrongdoing. The higher standard reflects PacifiCorp's voluntarily assumption of additional responsibilities required of EIM Entities.	September 23, 2014
Section 12.4A	Section added to explain that EIM disputes will be handled either under PacifiCorp's OATT or the CAISO Tariff, as the MO, based on which entity's actions are being challenged.	Later of October 1, 2014 or EIM implementation date
Section 12.4A.1	Section recognizes that disputes between the PacifiCorp EIM Entity and a PacifiCorp Transmission Customer or Interconnection Customer regarding the manner in which PacifiCorp has sub-allocated EIM payments or charges will be processed in accordance with Sections 12.1 to 12.4 of PacifiCorp's OATT, the same as any other dispute between PacifiCorp and an OATT customer.	Later of October 1, 2014 or EIM implementation date
Section 12.4A.2	Section recognizes that disputes between the MO and a PacifiCorp EIM Participating Resource Scheduling Coordinator related to settlement statements provided to the PacifiCorp EIM Participating Resource Scheduling Coordinator from the CAISO will proceed in accordance with the process specified in the CAISO Tariff.	Later of October 1, 2014 or EIM implementation date
Section 12.4A.3	Section recognizes that the PacifiCorp EIM Entity may raise disputes with the MO regarding the settlement statements it receives from the CAISO in accordance with the process specified in the MO Tariff.	Later of October 1, 2014 or EIM implementation date

Tariff Section	Reason for the Change	Proposed Effective Date of Section
Section 12.4A.4	Section recognizes the situation where a Transmission Customer or Interconnection Customer may have a dispute not with the PacifiCorp EIM Entity's sub-allocation but with the MO's allocation of payments or charges to the PacifiCorp EIM Entity. To the extent a dispute arises regarding a MO charge or payment to the PacifiCorp EIM Entity that is subsequently charged or paid by the PacifiCorp EIM Entity to a Transmission Customer or an Interconnection Customer, and such Transmission Customer or Interconnection Customer wishes to raise a dispute with the MO, the PacifiCorp EIM Entity shall file a dispute on behalf of such Transmission Customer or Interconnection Customer in accordance with the MO Tariff and work with the Transmission Customer or the Interconnection Customer to resolve the dispute pursuant to the process specified in the MO Tariff.	Later of October 1, 2014 or EIM implementation date
Section 13.6	Added language to (1) explain that the transmission capacity made available to the EIM by a PacifiCorp Interchange Rights Holder shall have the same priority as the underlying transmission service reservation; and (2) refer to the Transmission Provider's responsibility to ensure reliability in PacifiCorp's BAAs consistent with Section 6 of Attachment T.	Later of October 1, 2014 or EIM implementation date
Section 14.7	Added language to refer to the Transmission Provider's responsibility to ensure reliability in PacifiCorp's BAAs consistent with Section 6 of Attachment T.	Later of October 1, 2014 or EIM implementation date
Section 16.1.g	Added section to clarify that Attachment T is applicable to all of PacifiCorp's Transmission Customers.	June 20, 2014
Section 18.5	Added section to explain requirements for Transmission Customers electing to participate in the EIM using Non-Firm Point-to-Point Transmission Service.	June 20, 2014
Section 23.4	Added section to clarify that a PacifiCorp Interchange Rights Holder may voluntarily make its transmission capacity available to facilitate the EIM; the provisions of Section 23 do not apply to such activity.	Later of October 1, 2014 or EIM implementation date
Section 28.7	Added section in order to facilitate the EIM, permitting Network Customers to participate in EIM utilizing Network Integration Transmission Service without a requirement to terminate the designation of any Network Resources that are PacifiCorp EIM Participating Resource and without a requirement to reserve additional Point-to-Point Transmission Service for such transactions.	Later of October 1, 2014 or EIM implementation date
Section 29.2	Added language to item (ix) to clarify that Attachment T is applicable to all of PacifiCorp's Network Customers.	June 20, 2014
Section 30.1	Added language to existing section to support exemption from requirement to terminate designation of Network Resources participating in the EIM, consistent with Section 28.7 above.	Later of October 1, 2014 or EIM implementation date
Section 30.4	Added language to existing section to support exemption from limitation for PacifiCorp EIM Participating Resources responding to Dispatch Instructions, consistent with Section	Later of October 1, 2014 or EIM implementation date

Tariff Section	Reason for the Change	Proposed Effective Date of Section
	28.7 above.	
Section 34.2	Added language to recognize that in determining the Network Customer's Monthly Network Load, PacifiCorp will utilize hourly load (including losses and its designated Network Load not physically interconnected with the Transmission Provider under Section 31.3) <i>plus any output of designated Network Resources participating in EIM based upon the greatest positive Dispatch Operating Point received during the Operating Hour</i> coincident with the Transmission Provider's Monthly transmission System Peak (including losses).	Later of October 1, 2014 or EIM implementation date
LGI Table of Contents	Change to reflect new Section 37.5 contemplated in this filing	June 20, 2014
Section 36 (Definitions in Standard LGIP)	Ministerial amendment to correct name of the North American Electric Reliability Corporation (NERC) in current tariff.	June 20, 2014
Section 37.5 (Standard LGIP)	Added section to clarify that Attachment T is applicable to PacifiCorp's Interconnection Customers.	June 20, 2014
SGI Table of Contents	Change to reflect new Section 53 contemplated in this filing	June 20, 2014
Section 53 (SGIP)	Added section to clarify that Attachment T is applicable to PacifiCorp's Interconnection Customers.	June 20, 2014
Schedule 1	Amended Schedule 1 to explain that schedule includes a pass-through of the MO administrative charges allocated to the PacifiCorp EIM Entity in accordance with Sections 4.5.1.1.4, 4.5.1.3, 11.22.8, and 29.11(i) of the MO Tariff.	Later of October 1, 2014 or EIM implementation date
Schedule 4	Amended Schedule 4 to reflect the manner in which PacifiCorp shall establish charges for Energy Imbalance Service under the EIM.	Later of October 1, 2014 or EIM implementation date
Schedule 9	Amended Schedule 9 to further clarify the nature of Generator Imbalance Service under the EIM and reflect the manner in which PacifiCorp shall establish charges for such service under the EIM.	Later of October 1, 2014 or EIM implementation date
Schedule 10	Amended language concerning settlement of transmission losses for both Transmission Customers taking Network Integration Transmission Service or Point-to-Point Transmission Service.	Later of October 1, 2014 or EIM implementation date
Section 1, Attachment T	Section added to provide a general overview of the purpose and operation of Attachment T and to clarify that this Attachment T is applicable to all of PacifiCorp's Transmission Customers and Interconnection Customers with new and existing service agreements pursuant to its OATT, among other things.	June 20, 2014
Section 2, Attachment T	Section added to explain that the decision of a Transmission Customer to participate in the EIM with resources as PacifiCorp EIM Participating Resources is voluntary and, if a Transmission Customer chooses to participate, to identify the basic requirements to become a PacifiCorp EIM Participating Resource.	June 20, 2014

Tariff Section	Reason for the Change	Proposed Effective Date of Section
Section 3, Attachment T	Section added to provide the specific eligibility criteria required to become a PacifiCorp EIM Participating Resource and to set forth the application and certification processes.	June 20, 2014
Section 3.1, Attachment T	Section describes the transmission requirements for internal resources within PacifiCorp's BAAs to become eligible as a PacifiCorp EIM Participating Resource.	June 20, 2014
Section 3.2, Attachment T	Section describes the transmission requirements for resources external to PacifiCorp's BAAs	June 20, 2014
Section 3.2.1, Attachment T	Section explains that an external resource may participate in the EIM if the Transmission Customer implements a Pseudo-Tie to PacifiCorp's BAA, has arranged third-party firm transmission equal to the amount of energy that will be Pseudo-Tied, and has secured transmission service pursuant to Section 3.1 of Attachment T.	June 20, 2014
Section 3.2.2, Attachment T	Section explains the manner in which Pseudo-Tie implementation costs shall be allocated.	June 20, 2014
Section 3.3, Attachment T	Section describes the application and certification process for PacifiCorp EIM Participating Resources.	June 20, 2014
Section 3.3.1, Attachment T	Section describes the requirements for applications to become a PacifiCorp EIM Participating Resource. The section also requires Network Customers to identify the type of transmission service (Network Integration Transmission Service or Non-Firm Point-to-Point Transmission Service) they will utilize for EIM participation.	June 20, 2014
Section 3.3.2, Attachment T	Section describes the requirements for the PacifiCorp EIM Entity to process the application of Transmission Customers for a PacifiCorp EIM Participating Resource.	June 20, 2014
Section 3.3.3, Attachment T	Section describes the process under which a PacifiCorp EIM Participating Resource becomes certified.	June 20, 2014
Section 3.3.4, Attachment T	Section provides that unless certified by the PacifiCorp EIM Entity, the resource shall be deemed a Non-Participating Resource.	June 20, 2014
Section 3.3.5, Attachment T	Section sets forth an ongoing obligation of a Transmission Customer with a PacifiCorp EIM Participating Resource to inform the PacifiCorp EIM Entity of any changes in information submitted as part of the application process. This provision is necessary to ensure PacifiCorp EIM Participating Resources continue to meet eligibility requirements and provides a means by which the Network Customer can modify the election of transmission service it will utilize for EIM participation.	June 20, 2014
Sections 4 and 4.1, Attachment T	Section describes the roles and responsibilities of the participants in the EIM.	See specific sub-sections below
Section 4.1.1, Attachment T	Section describes the responsibilities of the Transmission Provider as the PacifiCorp EIM Entity and the PacifiCorp EIM Entity Scheduling Coordinator.	See specific sub-sections below

Tariff Section	Reason for the Change	Proposed Effective Date of Section
Section 4.1.1.1, Attachment T	Section describes the responsibility of the PacifiCorp EIM Entity to identify the PacifiCorp EIM Entity Scheduling Coordinator.	June 20, 2014
Section 4.1.1.2, Attachment T	Section describes the responsibility of the PacifiCorp EIM Entity to process applications of Transmission Customers seeking authorization to participate in the EIM with PacifiCorp EIM Participating Resources.	June 20, 2014
Section 4.1.1.3, Attachment T	Section describes the responsibility of the PacifiCorp EIM Entity to make certain implementation decisions for PacifiCorp's BAAs. The section identifies key implementing decisions made by PacifiCorp with respect to eligibility, Load Aggregation Points, MO load forecasting, and MO metering agreements.	June 20, 2014
Section 4.1.1.4, Attachment T	Section recognizes that the PacifiCorp EIM Entity shall establish the PacifiCorp EIM BP to facilitate implementation and operation of the EIM.	June 20, 2014
Section 4.1.1.5, Attachment T	Section permits the PacifiCorp EIM Entity to (1) terminate its participation in the EIM by providing a notice of termination to the MO; and (2) take contingency actions in PacifiCorp's BAAs in accordance with Section 10 of Attachment T.	Later of October 1, 2014 or EIM implementation date
Section 4.1.2, Attachment T	Section sets forth the PacifiCorp EIM Entity's responsibilities to provide required information to the MO.	See specific sub-sections below
Section 4.1.2.1, Attachment T	Section requires the PacifiCorp EIM Entity to provide the MO with information associated with transmission facilities within PacifiCorp's BAAs, to include in the full network model.	September 23, 2014
Section 4.1.2.2, Attachment T	This section requires the PacifiCorp EIM Entity to register Non-Participating Resources with the MO.	June 20, 2014
Section 4.1.3, Attachment T	Section describes the PacifiCorp EIM Entity's day-to-day operation of the EIM.	September 23, 2014
Section 4.1.3.1, Attachment T	Section describes the PacifiCorp EIM Entity's responsibility to provide hourly Transmission Customer Base Schedules and Resource Plans to the MO consistent with Section 29.34 of the MO Tariff.	September 23, 2014
Section 4.1.3.2, Attachment T	Section requires the PacifiCorp EIM Entity to inform the MO of a Manual Dispatch by providing reliability adjustment information consistent with Section 29.34 of the MO Tariff.	September 23, 2014
Section 4.1.3.3, Attachment T	Section describes that the CAISO will calculate the actual values for Dynamic Schedules reflecting EIM Transfers and the PacifiCorp EIM Entity shall confirm the values within applicable timeframes.	September 23, 2014
Section 4.1.4, Attachment T	Section requires the PacifiCorp EIM Entity to submit load, resource, and Interchange meter data to the MO on behalf of Transmission Customers with Non-Participating Resources consistent with the MO Tariff.	September 23, 2014
Section 4.1.5, Attachment T	Section provides that the PacifiCorp EIM Entity shall be responsible for financial settlement of all charges and payments allocated by the MO to the PacifiCorp EIM Entity.	Later of October 1, 2014 or EIM implementation date

Tariff Section	Reason for the Change	Proposed Effective Date of Section
Section 4.1.6, Attachment T	Section provides that the PacifiCorp EIM Entity shall manage dispute resolution with the CAISO consistent with Section 29.13 of the MO Tariff and Section 12 of PacifiCorp's OATT.	Later of October 1, 2014 or EIM implementation date
Section 4.2, Attachment T	Section describes the responsibilities of Transmission Customers with respect to the EIM.	See specific sub-sections below
Section 4.2.1, Attachment T	Section sets forth the requirement of Transmission Customers to provide initial registration data.	June 20, 2014
Section 4.2.1.1, Attachment T	Section requires a Transmission Customer with a PacifiCorp EIM Participating Resource to provide the MO and the PacifiCorp EIM Entity with data necessary to meet the MO's registration requirements.	June 20, 2014
Section 4.2.1.2, Attachment T	Section requires a Transmission Customer with Non-Participating Resources to provide the PacifiCorp EIM Entity with data necessary to meet the MO's registration requirements.	June 20, 2014
Section 4.2.2, Attachment T	Section sets forth the responsibility of Transmission Customers to update registration data.	June 20, 2014
Section 4.2.2.1, Attachment T	Section sets forth ongoing obligation of a Transmission Customer with a PacifiCorp EIM Participating Resource to inform the MO and PacifiCorp EIM Entity of any changes to the information submitted to the PacifiCorp EIM Entity consistent with Section 29.4(e)(4)(D) of the MO Tariff.	June 20, 2014
Section 4.2.2.2, Attachment T	Section sets forth ongoing obligation of a Transmission Customer with Non-Participating Resources to inform the PacifiCorp EIM Entity of any changes to the information submitted to the PacifiCorp EIM Entity.	June 20, 2014
Section 4.2.3, Attachment T	Section requires all Transmission Customers (with or without PacifiCorp EIM Participating Resources) to provide planned and unplanned outage information.	September 23, 2014
Section 4.2.4, Attachment T	Section sets forth the requirements for submitting Forecast Data, which will be used to establish Transmission Customer Base Schedules and settle imbalances.	September 23, 2014
Section 4.2.4.1, Attachment T	Section requires Transmission Customers with a PacifiCorp EIM Participating Resource to submit Forecast Data to the PacifiCorp EIM Entity.	September 23, 2014
Section 4.2.4.2, Attachment T	Section requires Transmission Customers with Non-Participating Resources to submit Forecast Data to the PacifiCorp EIM Entity.	September 23, 2014
Section 4.2.4.3, Attachment T	Section requires Transmission Customers with load within PacifiCorp's BAAs to submit Forecast Data to the PacifiCorp EIM Entity.	September 23, 2014
Section 4.2.4.4, Attachment T	Section requires Transmission Customers wheeling through PacifiCorp's BAAs to submit Forecast Data to the PacifiCorp EIM Entity.	September 23, 2014
Section 4.2.5, Attachment T	Section describes the metering requirements for Transmission Customers with Non-Participating Resources.	Later of October 1, 2014 or EIM implementation date

Tariff Section	Reason for the Change	Proposed Effective Date of Section
Section 5, Attachment T	Section describes Transmission Operations related to the EIM.	See specific sub-sections below
Section 5.1, Attachment T	Section requires the PacifiCorp EIM Entity to provide information to the MO regarding real-time data for PacifiCorp's Transmission System and interties and any changes to transmission capacity and the Transmission System due to operational circumstances.	September 23, 2014
Section 5.2, Attachment T	Section describes the manner in which the PacifiCorp EIM Entity will communicate with the MO concerning the provision of transmission capacity for EIM Transfers made available by a PacifiCorp Interchange Rights Holder.	Later of October 1, 2014 or EIM implementation date
Section 5.3, Attachment T	Section provides that charges for EIM transmission are set forth in Section 8.7 of Attachment T.	Later of October 1, 2014 or EIM implementation date
Section 6, Attachment T	Section describes operation of the PacifiCorp Transmission System under normal and emergency circumstances upon EIM implementation.	September 23, 2014
Section 6.1, Attachment T	Section recognizes that participation in the EIM does not modify PacifiCorp's obligation to comply with applicable reliability requirements, including NERC and WECC reliability standards. PacifiCorp will remain responsible for maintaining appropriate operating reserve levels, processing e-Tags, and monitoring and managing real-time flows in its BAAs, among other things.	September 23, 2014
Section 6.2, Attachment T	Section sets forth that the PacifiCorp EIM Entity and Transmission Customers shall comply with Good Utility Practice in the performance of their EIM responsibilities.	September 23, 2014
Section 6.3, Attachment T	Section describes the manner in which the PacifiCorp EIM Entity will manage contingencies and emergencies.	September 23, 2014
Section 6.3.1, Attachment T	Section describes that if an EIM disruption occurs consistent with Section 29.7(j) of the MO Tariff, the PacifiCorp EIM Entity shall promptly inform the MO consistent with the MO Tariff.	September 23, 2014
Section 6.3.2, Attachment T	Section permits the PacifiCorp EIM Entity to issue a Manual Dispatch order to a Transmission Customer with a PacifiCorp EIM Participating Resource or Non-Participating Resources to address an operational or reliability issue in PacifiCorp's BAAs.	September 23, 2014
Section 7, Attachment T	Section describes the responsibilities of parties with regard to outages.	September 23, 2014
Section 7.1, Attachment T	Section sets forth the manner in which the PacifiCorp EIM Entity will provide information regarding transmission outages.	September 23, 2014
Section 7.1.1, Attachment T	Section requires the PacifiCorp EIM Entity to submit information to the MO for planned transmission outages in accordance with Section 29.9(e) of the MO Tariff.	September 23, 2014
Section 7.1.2, Attachment T	Section requires the PacifiCorp EIM Entity to submit information to the MO regarding any unplanned transmission outages as soon as possible in accordance with Section 29.9(e)	September 23, 2014

Tariff Section	Reason for the Change	Proposed Effective Date of Section
	of the MO Tariff.	
Section 7.2, Attachment T	Section requires Transmission Customers that are also PacifiCorp BAA Transmission Owners to provide the PacifiCorp EIM Entity with planned and unplanned transmission outage data within prescribed timeframes.	September 23, 2014
Section 7.3, Attachment T	Section sets forth responsibilities for reporting PacifiCorp EIM Participating Resource outages.	September 23, 2014
Section 7.3.1, Attachment T	Section describes the manner in which planned outages of a PacifiCorp EIM Participating Resource shall be reported consistent with Section 29.9(c) of the MO Tariff.	September 23, 2014
Section 7.3.2, Attachment T	Section describes the manner in which unplanned outages of a PacifiCorp EIM Participating Resource shall be reported consistent with Section 29.9(e) of the MO Tariff.	September 23, 2014
Section 7.4, Attachment T	Section sets forth responsibilities for reporting Non-Participating Resource outages.	September 23, 2014
Section 7.4.1, Attachment T	Section describes the manner in which planned outages of a Non-Participating Resource shall be reported consistent with Section 29.9(c) of the MO Tariff.	September 23, 2014
Section 7.4.2, Attachment T	Section describes the manner in which unplanned outages of a Non-Participating Resource shall be reported consistent with Section 29.9(e) of the MO Tariff.	September 23, 2014
Section 8, Attachment T	Section sets forth that the PacifiCorp EIM BP will specify the specific charge codes applicable to EIM settlement.	Later of October 1, 2014 or EIM implementation date
Section 8.1, Attachment T	Section describes the method of sub-allocation of IIE by the PacifiCorp EIM Entity. Allocations to the PacifiCorp EIM Entity pursuant to Section 29.11(b) of the CAISO Tariff for IIE shall be sub-allocated to Transmission Customers in accordance with Schedule 9.	Later of October 1, 2014 or EIM implementation date
Section 8.2, Attachment T	Section 8.2 sets forth that any charges or payments to the PacifiCorp EIM Entity pursuant to Section 29.11(b)(3)(B) and (C) of the CAISO Tariff for UIE that are not otherwise recovered under Schedules 4 or 9 shall not be sub-allocated to Transmission Customers.	Later of October 1, 2014 or EIM implementation date
Section 8.3, Attachment T	Section provides that any charges to the PacifiCorp EIM Entity pursuant to Section 29.11(c) of the CAISO Tariff for Unaccounted for Energy (UFE) shall not be sub-allocated to Transmission Customers.	Later of October 1, 2014 or EIM implementation date
Section 8.4, Attachment T	Section describes allocation of charges for under-scheduling or over-scheduling load.	Later of October 1, 2014 or EIM implementation date
Section 8.4.1, Attachment T	Section requires the PacifiCorp EIM Entity to assign charges for under-scheduling load pursuant to Section 29.11(d)(1) of the MO Tariff to the Transmission Customers subject to Schedule 4 in the offending BAA that contributed to the imbalance based on their respective under-scheduling imbalance ratio share.	Later of October 1, 2014 or EIM implementation date

Tariff Section	Reason for the Change	Proposed Effective Date of Section
Section 8.4.2, Attachment T	Section requires the PacifiCorp EIM Entity to assign charges for over-scheduling load pursuant to Section 29.11(d)(2) of the MO Tariff to the Transmission Customers subject to Schedule 4 in the offending BAA that contributed to the imbalance based on their respective over-scheduling imbalance ratio share.	Later of October 1, 2014 or EIM implementation date
Section 8.4.3, Attachment T	Section sets forth the manner in which payment to the PacifiCorp EIM Entity pursuant to Section 29.11(d)(3) of the MO Tariff shall be distributed to Transmission Customers in non-offending BAs.	Later of October 1, 2014 or EIM implementation date
Section 8.5, Attachment T	Section regarding EIM uplifts.	Later of October 1, 2014 or EIM implementation date
Section 8.5.1, Attachment T	Section sets forth that charges to the PacifiCorp EIM Entity pursuant to Section 29.11(e)(3) of the MO Tariff for EIM BAA real-time market neutrality will be sub-allocated to Transmission Customers based on Measured Demand.	Later of October 1, 2014 or EIM implementation date
Section 8.5.2, Attachment T	Section sets forth that charges to the PacifiCorp EIM Entity pursuant to Section 29.11(e)(2) of the MO Tariff for the EIM real-time congestion offset will be sub-allocated to Transmission Customers based on Measured Demand.	Later of October 1, 2014 or EIM implementation date
Section 8.5.3, Attachment T	Section sets forth that charges to the PacifiCorp EIM Entity pursuant to Section 29.11(e)(4) of the MO Tariff for real-time marginal cost of losses offset shall not be sub-allocated to Transmission Customers.	Later of October 1, 2014 or EIM implementation date
Section 8.5.4, Attachment T	Section sets forth the manner in which EIM neutrality settlements to the PacifiCorp EIM Entity pursuant to Section 29.11(e)(5) of the CAISO Tariff for EIM shall be sub-allocated.	Later of October 1, 2014 or EIM implementation date
Section 8.5.5, Attachment T	Section sets forth that charges to the PacifiCorp EIM Entity pursuant to Section 29.11(f) of the MO Tariff for EIM real-time bid cost recovery shall be sub-allocated to Transmission Customers based on Measured Demand.	Later of October 1, 2014 or EIM implementation date
Section 8.5.6, Attachment T	Section sets forth that charges to the PacifiCorp EIM Entity pursuant to Section 29.11(g) of the CAISO Tariff for Flexible Ramping Constraint shall be sub-allocated to Transmission Customers based on Measured Demand.	Later of October 1, 2014 or EIM implementation date
Section 8.5.7, Attachment T	Section sets forth that if the PacifiCorp EIM Entity incurs a penalty for inaccurate or late settlement quality meter data pursuant to Section 37.11.1 of the MO Tariff, the PacifiCorp EIM Entity shall directly assign the penalty to the offending Transmission Customer.	Later of October 1, 2014 or EIM implementation date
Section 8.5.8, Attachment T	Section specifies the sub-allocation of ten other neutrality settlement charges assigned to the PacifiCorp EIM Entity.	Later of October 1, 2014 or EIM implementation date

Tariff Section	Reason for the Change	Proposed Effective Date of Section
Section 8.6, Attachment T	Sections requires the sub-allocation of charges to the PacifiCorp EIM Entity pursuant to Section 29.22(a) of the MO Tariff for MO tax to the Transmission Customers triggering the tax liability.	Later of October 1, 2014 or EIM implementation date
Section 8.7, Attachment T	Section describing EIM transmission service charges.	Later of October 1, 2014 or EIM implementation date
Section 8.7.1, Attachment T	Section provides that there shall be no incremental transmission charge assessed for transmission use related to EIM Transfers for Transmission Customers with PacifiCorp EIM Participating Resources.	Later of October 1, 2014 or EIM implementation date
Section 8.7.2, Attachment T	Section sets forth the manner in which Transmission Customers may participate in EIM utilizing transmission service over the Transmission Provider's Transmission System.	Later of October 1, 2014 or EIM implementation date
Section 8.7.2.1, Attachment T	Section provides that the Transmission Provider shall continue to assess charges to Network Customers with PacifiCorp EIM Participating Resources based on the Monthly Demand Charge, including output of Designated Network Resources related to EIM Dispatch Instructions.	Later of October 1, 2014 or EIM implementation date
Section 8.7.2.2, Attachment T	Section sets forth the manner in which the Transmission Customer shall assess charges for the utilization of Point-to-Point Transmission Service to participate in the EIM.	Later of October 1, 2014 or EIM implementation date
Section 8.8, Attachment T	Section sets forth that charges to the PacifiCorp EIM Entity pursuant to Section 29.11(j) of the MO Tariff for variable energy resource forecasts shall be charged to the Transmission Customer with a Non-Participating Resource requesting the forecast.	Later of October 1, 2014 or EIM implementation date
Section 8.9, Attachment T	Section provides that the PacifiCorp EIM Entity is subject to the MO's payment calendar for issuing settlement statements, among other things, consistent with section 29.11(l) of the MO Tariff.	Later of October 1, 2014 or EIM implementation date
Section 8.10, Attachment T	Section establishes a residual balancing account to the extent MO EIM-related charges or payments to the PacifiCorp EIM Entity are not captured elsewhere in Attachment H-1, Schedules 1, 4 and 9, or Section 8 of Attachment T of PacifiCorp's OATT, until PacifiCorp makes a Federal Power Act Section 205 filing with FERC proposing an allocation methodology.	Later of October 1, 2014 or EIM implementation date
Section 8.11, Attachment T	Section provides that if the MO modifies the PacifiCorp EIM Entity settlement statement in accordance with the MO's market validation and price correction procedures, the PacifiCorp EIM Entity reserves the right to make corresponding or similar changes to the charges and payments sub-allocated under Attachment T.	Later of October 1, 2014 or EIM implementation date
Section 9, Attachment T	Section sets forth responsibilities related to compliance.	June 20, 2014
Section 9.1, Attachment T	Section sets forth requirements regarding the provision of data for the EIM and the treatment of confidential customer	June 20, 2014

Tariff Section	Reason for the Change	Proposed Effective Date of Section
	information provided to the PacifiCorp EIM Entity.	
Section 9.2, Attachment T	Section sets forth six rules of conduct for parties to satisfy associated EIM-related responsibilities.	June 20, 2014
Section 9.3, Attachment T	Section permits the PacifiCorp EIM Entity to refer a violation of Section 9.2 to FERC.	June 20, 2014
Section 10, Attachment T	Section regarding market contingencies.	October 1, 2014 or EIM implementation date
Section 10.1, Attachment T	Section provides that if the MO implements a temporary suspension in accordance with Section 29.1(d)(1) of the MO Tariff, the PacifiCorp EIM Entity shall utilize Temporary Schedules 4 and 9 in the manner described therein.	October 1, 2014 or EIM implementation date
Section 10.2, Attachment T	Section permits the PacifiCorp EIM Entity to invoke enumerated corrective actions by the MO if the PacifiCorp EIM Entity submits a notice of termination of its participation in the EIM, including the utilization of Temporary Schedules 4 and 9.	October 1, 2014 or EIM implementation date
Section 10.3, Attachment T	Section permits the PacifiCorp EIM Entity to declare a temporary contingency and invoke corrective actions for the EIM to address enumerated events.	October 1, 2014 or EIM implementation date
Section 10.3.1, Attachment T	Section sets forth the corrective actions the PacifiCorp EIM Entity may take to respond to a temporary contingency, including the utilization of Temporary Schedules 4 and 9.	October 1, 2014 or EIM implementation date
Section 10.4, 10.4.1, 10.4.2, Attachment T	Section sets forth the Temporary Schedules 4 and 9 that shall be utilized by the PacifiCorp EIM Entity upon the occurrence of specified market contingencies. Temporary Schedules 4 and 9 are substantively identical to current Schedules 4 and 9 in PacifiCorp's OATT.	October 1, 2014 or EIM implementation date

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

PacifiCorp

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Docket No. ER14 - ____-000

**TESTIMONY OF
NATALIE L. HOCKEN
ON BEHALF OF PACIFICORP**

March 25, 2014

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1 **I. INTRODUCTION**

2 **Q. Please state your name, business address and present position.**

3 A. My name is Natalie L. Hocken. I am the Senior Vice President of Transmission and
4 System Operations at PacifiCorp. My business address is 825 NE Multnomah, Portland,
5 Oregon 97232.

6 **Q. Please describe your business and educational background.**

7 A. I have a law degree from the University of Oregon School of Law, a bachelor’s degree
8 from the University of Washington and am a graduate of the Willamette University
9 Atkinson Graduate School of Management with a certificate in Utility Management. My
10 experience spans over 19 years in the energy industry. Prior to joining PacifiCorp in
11 2002, I was an energy attorney specializing in federal and state regulatory matters. At
12 PacifiCorp I have held the positions of Vice President and General Counsel of Pacific
13 Power, Assistant General Counsel and Senior Counsel. As Senior Vice President of
14 Transmission and System Operations, I am responsible for the management of
15 transmission services, transmission planning, and system operations for PacifiCorp’s two
16 Balancing Authority Areas (“BAAs”).¹

17 **II. PURPOSE OF THIS TESTIMONY**

18 **Q. What is the purpose of your testimony in this proceeding?**

19 A. The purpose of my testimony is to provide a brief description of PacifiCorp’s
20 Transmission System and an overview of PacifiCorp’s efforts to expand market
21 opportunities in the West. I will explain the basis of PacifiCorp’s decision to pursue
22 development of the Energy Imbalance Market (“EIM”) with the California Independent

¹ Capitalized terms not otherwise defined in this testimony shall have the definitions contained in the proposed amendments to Section 1 of PacifiCorp’s OATT.

1 System Operator Corporation (“CAISO”) and the anticipated quantitative and qualitative
2 benefits and costs of the EIM. Finally, I will describe the actions PacifiCorp has taken to
3 maintain reliability and protect customers through the development and implementation
4 of the EIM.

5 **III. DESCRIPTION OF PACIFICORP’S TRANSMISSION SYSTEM**

6 **Q. Please describe PacifiCorp’s Transmission System.**

7 **A.** PacifiCorp’s bulk transmission network is designed to reliably transport electric energy
8 from generation resources (owned generation or market purchases) to various load
9 centers. PacifiCorp’s transmission network is highly integrated with other transmission
10 providers in the western United States. PacifiCorp owns and operates approximately
11 16,300 miles of transmission lines. PacifiCorp operates two BAAs, which are referred to
12 as PacifiCorp East (“PACE”) and PacifiCorp West (“PACW”). PacifiCorp is
13 interconnected with more than 80 generation plants and 13 adjacent BAAs at
14 approximately 152 points of interconnection. PacifiCorp owns, or has interest in, 74
15 generation resources with a net owned capacity of approximately 10,595 megawatts
16 (“MW”), which will increase to approximately 11,240 MW this year with the addition of
17 the Lake Side 2 natural-gas fueled generating facility.

18 **IV. OVERVIEW OF PACIFICORP’S EFFORTS TO EXPAND ENERGY MARKET** 19 **OPPORTUNITIES IN THE WEST**

20 **Q. Please provide an overview of PacifiCorp’s efforts to expand energy market** 21 **opportunities in the West.**

22 **A.** The electric grid in the western United States is managed by 38 separate balancing
23 authorities (“BAs”), each responsible for keeping energy supply and demand in balance

1 at all times within their defined BAAs. Outside California, system operations rely on
2 bilateral energy transactions and holding additional reserves to ensure power supply
3 matches demand. Growth in weather dependent wind and photovoltaic solar generation
4 means significant variations can occur within an hour. The resulting need to support
5 intermittent renewable resources with flexible reserves can place strains on current
6 systems. System management can be improved if operators can call on a broader array of
7 flexible resources from a diversity of BAAs.

8 Industry stakeholders in the West have recognized the potential customer benefits of an
9 energy imbalance market. In 2010, the Western Electricity Coordinating Council
10 (“WECC”) undertook a study of the benefits of a potential energy imbalance market. In
11 late 2011, commissioners from 12 western state commissions formed a group (“the PUC-
12 EIM Group”) to explore issues related to an energy imbalance market in the West.
13 Additionally, the Northwest Power Pool Market Assessment and Coordination
14 Committee (“NWPP MC”) has been exploring an energy imbalance market and other
15 long-term market-improvement initiatives. PacifiCorp has actively engaged in and
16 provided support for these efforts.

17 **Q. Please describe the NWPP MC.**

18 **A.** The NWPP MC is a sub-group of the NWPP that has been actively exploring an energy
19 imbalance market concept, and has conducted several studies related to the costs and
20 benefits of enhanced market tools.

21 **Q. Please describe the PUC-EIM Group.**

22 **A.** The PUC-EIM Group was formed to investigate issues related to an energy imbalance
23 market and potential costs and benefits to customers. The group includes members from

1 Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, South
2 Dakota, Utah, Washington and Wyoming.

3 **Q. Did the PUC-EIM Group invite proposals to develop an energy imbalance market?**

4 **A.** Yes. In response to the PUC-EIM Group's request, the CAISO and Southwest Power
5 Pool, Inc. ("SPP") provided conceptual proposals to the PUC-EIM Group in March 2012.
6 In its proposal, the CAISO explained that by leveraging its functioning market platform,
7 it could offer an energy imbalance market in the West with less risk and at lower cost
8 than through creation of a new market design and infrastructure. The CAISO provided
9 an update to its proposal in January 2013. SPP provided an update to its proposal in
10 February 2013.

11 **V. DECISION TO PURSUE DEVELOPMENT OF THE EIM WITH THE CAISO**

12 **Q. On what basis did PacifiCorp decide it was reasonable to move forward with
13 development of the EIM with the CAISO?**

14 **A.** PacifiCorp decided it was reasonable to move forward with the CAISO to develop the
15 EIM for a variety of reasons. By combining the EIM with the CAISO's existing real-
16 time market, PacifiCorp would be able to take advantage of the existing CAISO systems
17 to timely achieve potential customer benefits associated with an EIM. It is more cost-
18 effective and efficient to expand these systems to include PacifiCorp's transmission
19 facilities and resources than it would have been to create a new platform.

20 In addition to addressing implementation and operating cost concerns, the CAISO offered
21 a "scalable approach" to the EIM that can accommodate other BAs who see the benefits
22 of joining such a market.

1 **Q. What documents has PacifiCorp negotiated with the CAISO to facilitate EIM**
2 **implementation?**

3 **A.** PacifiCorp negotiated a Memorandum of Understanding (“MOU”), an Implementation
4 Agreement (“IA”), and an amendment to the IA with the CAISO. On February 12, 2013,
5 PacifiCorp and the CAISO executed the MOU, which enabled the CAISO and PacifiCorp
6 to negotiate and file the IA with the Commission and pursue development of the EIM.

7 **Q. Please describe the Memorandum of Understanding.**

8 **A.** The MOU contains twelve principles and a high-level project milestone schedule, which
9 includes milestones associated with a stakeholder process. The CAISO and PacifiCorp
10 developed the principles to meet the parties’ needs and the anticipated needs of customers
11 and other stakeholders in connection with the EIM.

12 **Q. Please describe the Implementation Agreement.**

13 **A.** On April 30, 2013, PacifiCorp and the CAISO entered into an IA for an EIM to be
14 implemented effective October 1, 2014. The IA sets forth the terms under which the
15 CAISO will modify and extend its existing real-time energy market systems to provide
16 EIM service to PacifiCorp and its customers, including Transmission Customers taking
17 transmission service under PacifiCorp’s OATT. Notably, the IA enabled the CAISO to
18 move forward to develop the EIM in accordance with the principles of the MOU. On
19 June 28, 2013, the Commission unconditionally approved the IA, effective July 1, 2013,
20 as requested.

21 Under the IA, PacifiCorp agreed to compensate the CAISO for its share of the costs of
22 these system changes, software licenses, and other configuration activities. The IA
23 contained an implementation fee of \$2.1 million for PacifiCorp’s EIM participation,

1 subject to the completion of five milestones specified in the IA. The IA also contains a
2 process for the CAISO and PacifiCorp to amend the agreement, if necessary. The
3 CAISO recently filed an amendment to the IA that was mutually agreed upon by the
4 CAISO and PacifiCorp pursuant to which the CAISO would expand its existing systems
5 to facilitate PacifiCorp's aggregation of customer generation and load forecasts required
6 by the EIM. No protests or adverse comments were received in response to the filing,
7 which is pending with the Commission in Docket No. ER14-1350.

8 **Q. Does PacifiCorp's decision to move forward with the CAISO to develop the EIM**
9 **bind PacifiCorp to participate in the EIM?**

10 **A.** No. As indicated in the CAISO EIM Filing submitted on February 28, 2014, in Docket
11 No. ER14-1386-000, an EIM Entity has the unilateral right to terminate its participation
12 in the EIM upon notice of termination to the CAISO. There is no exit fee. In its filing,
13 the CAISO indicated that "[t]hese principles and the supporting market rules allow for
14 easy entry and exit from the [EIM] with minimal risk if the expected benefits do not
15 materialize for participants."² That being said, additional benefits could be realized with
16 the expansion of the CAISO EIM to include participation by other western entities.
17 Notably, NV Energy has expressed a desire to join the CAISO EIM and other entities are
18 actively exploring the potential benefits of joining an EIM.

19 **VI. DEVELOPMENT OF THE EIM – STAKEHOLDER PROCESS**

20 **Q. Please describe PacifiCorp's participation in the CAISO stakeholder process.**

21 **A.** PacifiCorp has been an active participant in all stages of the CAISO's EIM stakeholder
22 processes, including development of the conceptual EIM design and amendments to the

² CAISO EIM Filing submitted in Docket No. ER14-1386-000 on February 28, 2014 at 13.

1 CAISO Tariff, as well as shaping the proposed governance structure. The stakeholder
2 process began on April 11, 2013, and continued with PacifiCorp's participation in the
3 CAISO's stakeholder meetings on April 11, June 6, July 9 and September 30, 2013.
4 PacifiCorp also attended and contributed to the CAISO's technical workshops on August
5 12-13, September 3 and September 16-17, 2013. In addition to attending meetings,
6 PacifiCorp provided substantial written comments on all versions of the CAISO's market
7 design and subsequent tariff proposals.

8 **Q. Did the CAISO's EIM design and tariff proposals change as a result of these**
9 **efforts?**

10 **A.** Yes. PacifiCorp provided substantial input into the EIM design and tariff development
11 which contributed to the final version reflected in the CAISO EIM Filing currently
12 pending at the Commission. In addition, PacifiCorp was influential in the effort to
13 establish a more independent EIM governance structure. PacifiCorp provided written
14 comments on the CAISO's EIM governance and transitional committee charter proposal
15 publications, and engaged in the CAISO's stakeholder opportunities on August 20,
16 October 11, and November 14, 2013, and January 22-23, and January 28, 2014.

17 **Q. Did PacifiCorp also conduct a stakeholder process?**

18 **A.** Yes.

19 **Q. Please describe PacifiCorp's stakeholder process.**

20 **A.** Concurrent with the CAISO's stakeholder process, PacifiCorp began a separate process
21 on April 16, 2013, to discuss the EIM development with its customers and ultimately to
22 develop its Open Access Transmission Tariff ("OATT") revisions to implement the EIM.
23 PacifiCorp held webinars to identify the issues affecting its customers, requested
24 feedback from stakeholders, and provided responses to written comments received.

1 PacifiCorp also held an EIM workshop on July 30, 2013, which was widely attended by
2 its Transmission Customers. Representatives from state public utility commissions and
3 industry trade groups also attended and stakeholders were invited to provide written
4 comments. PacifiCorp subsequently published two versions of its draft EIM Entity
5 proposal and solicited comments from stakeholders. On November 27, 2013, PacifiCorp
6 transitioned to an EIM tariff stakeholder process which offered the opportunity for
7 stakeholders to provide multiple rounds of written comments. Additionally, PacifiCorp
8 held a stakeholder meeting on January 21, 2014, to review the proposed revisions to its
9 OATT.

10 **Q. Did PacifiCorp make significant changes to its positions as a result of its stakeholder**
11 **process?**

12 **A.** Yes. In her testimony, Ms. Sarah Edmonds discusses certain significant changes
13 PacifiCorp made in response to comments received during the stakeholder process.

14 **Q. What other outreach efforts has PacifiCorp made in support of EIM?**

15 **A.** PacifiCorp's management and staff has been available for individual meetings or
16 conference calls with customers or other interested stakeholders throughout the
17 stakeholder process and several stakeholders have engaged PacifiCorp's management and
18 staff on various issues. In addition, PacifiCorp invited its customers to attend general
19 EIM training and workshops led by the CAISO to help customers understand how the
20 EIM may affect their business.

21 PacifiCorp's management and regulatory staff also made outreach to the staff and
22 commissioners of PacifiCorp's state public utility commissions. PacifiCorp has met with

1 other utilities interested in PacifiCorp's EIM implementation experience and has sent
2 representatives to numerous regional conferences to present on the EIM.

3 PacifiCorp has also been actively involved in the stakeholder process initiated by the
4 Bonneville Power Administration ("BPA") with its customers to explore issues
5 associated with the EIM. Further, PacifiCorp, the CAISO, and BPA have been engaged
6 in ongoing discussions since February 2013 regarding coordinated operation of their
7 respective transmission systems to facilitate the implementation of the EIM. Specifically,
8 PacifiCorp plans to use its existing transmission rights on the California Oregon Intertie
9 ("COI") to facilitate the EIM. BPA serves as the path operator for the northern portion of
10 the COI, while the CAISO is the path operator for the southern portion. As an outgrowth
11 of the cooperation between PacifiCorp, the CAISO, and BPA, the parties entered into a
12 Memorandum of Understanding in February 2014. In addition to BPA, PacifiCorp has
13 also engaged in operational coordination efforts with Idaho Power Company concerning
14 use of PacifiCorp's purchased transmission capacity rights on the Jim Bridger West-
15 Midpoint transmission path which is the intertie to be utilized between PACE and
16 PACW.

17 **Q. Please describe the Memorandum of Understanding with BPA.**

18 **A.** On February 14, 2014, PacifiCorp, the CAISO, and BPA entered into a Memorandum of
19 Understanding to achieve operating procedures within key milestone dates, and to
20 provide that any applicable costs will be allocated based on cost-causation principles,
21 recognizing mutual benefits. PacifiCorp will continue its involvement in operational
22 discussions with BPA and in BPA's separate stakeholder process.

1 **VII. ANTICIPATED QUANTITATIVE AND QUALITATIVE BENEFITS AND**
2 **EXPECTED COSTS OF THE EIM**

3 **Q. Please describe the EIM and how the EIM is expected to be integrated into**
4 **PacifiCorp’s existing operations.**

5 **A.** The EIM is a five-minute market administered by a single market operator using an
6 economic dispatch model to issue instructions to generating resources to meet the load
7 for the entire footprint of the EIM. Market participants voluntarily bid their resources
8 into the EIM. The Market Operator, in addition to providing dispatch instructions,
9 generates locational marginal prices for the market participants to be used for settlement
10 of energy imbalance on a five and 15-minute basis. Energy imbalance is the difference
11 between the forecast load or generation and the actual load or generation. The benefits of
12 an EIM include economic efficiency of an automated dispatch, savings due to diversity of
13 loads and variable resources in the expanded footprint, and enhanced system visibility
14 and reliability reducing operational risk.

15 **Q. Has PacifiCorp tried to quantify the potential customer benefits associated with the**
16 **EIM?**

17 **A.** Yes. PacifiCorp and the CAISO collaborated with Energy and Environmental
18 Economics, Inc. (“E3”) to study the development of a PacifiCorp and CAISO energy
19 imbalance market. Following the study, E3 produced a benefits report dated March 13,
20 2013 (“E3 Report”).

21 **Q. Please summarize the findings of the E3 Report.**

22 **A.** The E3 Report found that “[a]n EIM covering PacifiCorp and [CA]ISO would allow both
23 parties to improve dispatch efficiency and take advantage of the diversity in loads and
24 generation resources between the two systems, reducing production costs, operating

1 reserve requirements, and renewable generation curtailment.” Additionally, the E3
2 Report identified many joint customer benefits for the CAISO and PacifiCorp, based on
3 model year 2017, totaling between \$21 million and \$129 million annually, and attributed
4 the range of benefits to PacifiCorp between \$10.5 million and \$54.4 million annually.
5 The benefits identified fall into the following categories: (1) interregional dispatch
6 savings; (2) intraregional dispatch savings; (3) reduced flexibility reserves; and
7 (4) reduced renewable energy curtailment.

8 **Q. Please describe the costs associated with EIM implementation PacifiCorp**
9 **anticipates expending.**

10 **A.** In general, there are two categories of costs: start-up and ongoing costs. The start-up
11 costs include both capital and operation and maintenance (“O&M”) expense. The start-up
12 costs include: (1) upgrade of real-time and settlement metering and telecommunication
13 equipment; (2) upgrade of systems which are necessary to support efficient market
14 operations; (3) settlement of the transactions occurring in the EIM; (4) support of EIM
15 development and implementation; and (5) implementation costs paid to the CAISO to
16 participate in EIM.

17 **Q. What are PacifiCorp’s estimated start-up costs for the EIM?**

18 **A.** PacifiCorp estimates that it will spend approximately \$20 million to develop and
19 implement the EIM by October 1, 2014. The start-up costs include approximately
20 \$16 million in capital costs for upgrading the settlement metering and telecommunication
21 equipment, upgrading systems for efficient market operations, processing EIM
22 settlements and implementation costs paid to the CAISO, as well as approximately
23 \$4 million in O&M for support of EIM development and implementation.

1 **Q. Why do the real-time and settlement metering and telecommunication equipment**
2 **need to be upgraded?**

3 **A.** Under the EIM, PacifiCorp and its Transmission Customers will benefit from the
4 expansion of the CAISO's security-constrained economic dispatch model, which
5 promotes reliability by increasing the situational awareness of the system operators
6 across both systems. Transmission Customers will benefit from the expanded pool of
7 resources to meet imbalances, which is an existing service that PacifiCorp provides to all
8 Transmission Customers with loads or resources taking service pursuant to Schedule 4
9 (Energy Imbalance Service) and Schedule 9 (Generator Imbalance Service) of
10 PacifiCorp's OATT. To take advantage of the CAISO's security-constrained economic
11 dispatch model, PacifiCorp needs to upgrade certain settlement metering and
12 telecommunication equipment.

13 **Q. Please explain the metering and telecommunication upgrades required?**

14 **A.** CAISO Operating Procedure 5710 ("CAISO OP 5710"), Certification of Metering
15 Facilities, provides an overview of the CAISO Meter Facility and telemetry certification
16 process and requirements for maintaining the Metering Facilities, as defined by the
17 CAISO. The Certificate of Compliance form CAISO OP 5710 is required to
18 commercially participate and generate settlement statements based on Meter Data within
19 the CAISO market. To comply with CAISO OP 5710, PacifiCorp needs to replace
20 approximately 137 meters, reprogram 98 meters and install nine new meters at three sites
21 on its system. PacifiCorp is also making telecommunication upgrades, which includes the
22 addition of industrial Ethernet switches and router-switch combinations in substations.

23 **Q. What system upgrades are necessary to accommodate the EIM?**

1 **A.** As the PacifiCorp EIM Entity, PacifiCorp will have to expand, modify or upgrade its
2 systems to ensure the reliable and efficient operation of the EIM. These systems include
3 adjustments to its network model, network management systems, load forecasting tools,
4 generation controls, outage management system, interval meter data collection and
5 management systems, settlement systems and reporting systems.

6 **Q.** **What investments are needed to prepare PacifiCorp’s settlement processes for the**
7 **EIM?**

8 **A.** To accommodate the new settlement procedures for the EIM, PacifiCorp has upgraded its
9 settlement software and increased staffing levels to process the EIM settlement data
10 received from the CAISO.

11 **Q.** **What support has PacifiCorp needed to assist with design and implementation of**
12 **the EIM?**

13 **A.** PacifiCorp has experienced costs for increased staffing and contracted support to design,
14 develop, and implement the EIM.

15 **Q.** **What is included in the fees paid to the CAISO?**

16 **A.** As I discussed above, PacifiCorp has paid an implementation fee to the CAISO to
17 develop the functionality for PacifiCorp to join the EIM and provide Transmission
18 Customer Base Schedule aggregation service to its customers.

19 **Q.** **What do PacifiCorp’s expected ongoing costs include?**

20 **A.** Starting in 2015, the annual costs are expected to be approximately \$3.0 million of O&M
21 expense related to (1) additional staff and IT systems and support, and (2) variable fees
22 paid to the CAISO to participate in the EIM.

23 **Q.** **Do the potential benefits of the EIM outweigh these costs?**

1 A. Yes. As indicated above, the E3 Report identified joint customer benefits which
2 outweigh the estimated costs discussed earlier in my testimony. Additionally, it is far
3 more cost-effective to expand the CAISO systems to include PacifiCorp's Transmission
4 System and resources than it would have been to create a new platform.

5 **Q. Are there non-quantifiable or qualitative benefits attributable to the EIM?**

6 A. Yes.

7 **Q. Please describe these qualitative benefits.**

8 A. The EIM provides PacifiCorp and the CAISO with enhanced tools to obtain increased
9 operational awareness of a wider area for real-time and additional forward-looking
10 operational intervals. Under the EIM, the CAISO, as the Market Operator, can manage
11 the combined system using economic five-minute Dispatch Instructions, and expands the
12 pool of resources available to respond to events, thereby increasing the operational and
13 cost diversity of resources available to provide imbalance energy, as well as the tools
14 available to PacifiCorp to ensure reliable operation of its Transmission System. All
15 customers benefit from this increased reliability to both the adequacy and cost diversity
16 of supply for imbalance service and the ability to respond to contingencies. The EIM
17 also enhances operational security by increasing operational visibility of a wider
18 geographic area. Additionally, the EIM, as proposed by the CAISO through the use of
19 the full network model and CAISO's security-constrained economic dispatch model, will
20 seek to reduce congestion prior to real time.

21 Finally, the EIM facilitates integration of renewable resources by capturing diversity
22 benefits through the geographic footprint. For example, there is potential for significant
23 weather differences from the northern sections of the EIM Area to the southern sections

1 of the EIM Area and also from the east to the west. The EIM provides the potential for
2 renewable resources to be used more efficiently. For example, wind may be blowing in
3 an area far away from load, but with a wider EIM footprint that expands beyond the
4 individual BAA, that wind generation can be used to serve load imbalances instead of
5 having to be curtailed as oversupply. There are also temporal differences as peak periods
6 can occur at different times and seasons.

7 **VII. ACTIONS PACIFICORP HAS TAKEN TO MAINTAIN RELIABILITY AND**
8 **PROTECT CUSTOMERS**

9 **A. RELIABILITY PROTECTIONS**

10 **Q. Does the EIM modify any of PacifiCorp’s responsibilities as a BA?**

11 A. No, PacifiCorp will continue to have the same responsibilities of a BA and will continue
12 to perform all of its duties as a BA.

13 **Q. Has the CAISO recognized PacifiCorp’s BA responsibilities in its tariff?**

14 A. Yes. In Section 29.4(b) of the proposed CAISO Tariff, the CAISO recognizes the
15 “Balancing Authority Obligations” of an EIM Entity. Specifically, Section 29.4(b)(B) of
16 the proposed CAISO Tariff states, “Nothing in Section 29 shall alter an EIM Entity’s
17 responsibilities under NERC Reliability Standards as the Balancing Authority for the
18 EIM Entity Balancing Authority Area, and, to the extent applicable, as the transmission
19 operator for transmission facilities within its Balancing Authority Area.”

20 In addition, Section 29.4(b)(C) of the proposed CAISO Tariff recognizes that if there is
21 an interruption of the normal operation of the EIM, that the EIM Entity as the BA is
22 responsible for managing the resources in its BAA and the “flows on internal

1 transmission lines, including imports into and exports out of its Balancing Authority
2 Area, for the duration of the interruption.”

3 Furthermore, Section 29.7(g) of the proposed CAISO Tariff recognizes that an EIM
4 Entity may issue an EIM Manual Dispatch to an EIM Participating Resource or non-
5 participating resource in its BAA to address reliability or operational issues in the EIM
6 Entity BAA “that the CAISO is not able to address through normal economic Dispatch
7 and Congestion Management.”

8 **Q. What reliability protections has PacifiCorp included in its proposed tariff
9 provisions?**

10 **A.** PacifiCorp has included protections in the proposed provisions in new Attachment T of
11 its OATT which work in concert with the rest of its OATT to ensure continued reliable
12 system operations. In particular, Section 6 of Attachment T has several provisions that
13 address system reliability. For example, Section 6.1 of Attachment T, “Compliance with
14 Reliability Standards,” states that “Participation in the EIM shall not modify, change, or
15 otherwise alter the manner in which the Transmission Provider operates its Transmission
16 System consistent with applicable reliability standards, including reliability adjustments.”
17 Section 6.3.2 of Attachment T allows the PacifiCorp EIM Entity to issue a Manual
18 Dispatch order to a Transmission Customer with a PacifiCorp EIM Participating
19 Resource or a Non-Participating Resource in PacifiCorp’s BAAs, to address reliability or
20 operational issues in PacifiCorp’s BAAs that the EIM is not able to address through
21 normal economic dispatch and congestion management.

22 **Q. How will PacifiCorp address contingencies?**

1 A. Section 10 of Attachment T discusses how PacifiCorp will address contingencies if they
2 should arise in the EIM. Section 10 of Attachment T is included in PacifiCorp's OATT
3 to protect PacifiCorp's Transmission Customers and other stakeholders from unforeseen
4 circumstances that may arise in the EIM. First, Section 10.1 provides that if the CAISO
5 implements a temporary suspension of the EIM in accordance with proposed Section
6 29.1(d)(1) of the CAISO tariff, PacifiCorp will utilize its previously-approved Schedules
7 4 and 9 in accordance with Sections 10.4.1 and 10.4.2 of Attachment T until the
8 temporary suspension is no longer in effect. Second, under Section 10.3 of
9 Attachment T, if PacifiCorp encounters:

- 10 (1) operational circumstances (including a failure of the EIM to produce
11 feasible results in PacifiCorp's BAAs) have caused or are in danger of
12 causing an abnormal system condition in PacifiCorp's BAAs that requires
13 immediate action to prevent loss of load, equipment damage, or tripping
14 system elements that might result in cascading outages, or to restore
15 system operation to meet the applicable Reliability Standards and
16 reliability criteria established by NERC and WECC; or
17
18 (2) communications between the MO and the PacifiCorp EIM Entity are
19 disrupted, and prevent the PacifiCorp EIM Entity, the PacifiCorp EIM
20 Entity Scheduling Coordinator, or a PacifiCorp EIM Participating
21 Resource Scheduling Coordinator from accessing MO systems to submit
22 of receive information,
23

24 PacifiCorp can ask the CAISO, as the MO, to: (i) prevent EIM Transfers and separate the
25 PacifiCorp EIM Entity's BAAs from operation of the EIM in the EIM Area, and/or
26 (ii) suspend settlement of EIM charges with respect to the PacifiCorp EIM Entity. These
27 protections recognize and affirm PacifiCorp's authority as a BA to take remedial action
28 to prevent or mitigate a system emergency. Section 10.3(3) of PacifiCorp's

1 Attachment T also provides additional protections against contingencies, which I will
2 discuss below.

3 **B. ADDITIONAL CUSTOMER PROTECTIONS**

4 **Q. What actions has PacifiCorp taken to protect customers in case the EIM costs
5 exceed benefits?**

6 A. PacifiCorp has taken a number of approaches to protect its customers if the EIM does not
7 produce the expected benefits. First, PacifiCorp fully participated in the CAISO's
8 stakeholder processes and recommended changes to CAISO's proposals, especially with
9 regard to the allocation of uplift costs and neutrality charges and the creation of a
10 transitional committee to advise the CAISO Board on EIM matters and to develop an
11 independent governance structure proposal for the EIM. Second, PacifiCorp negotiated a
12 termination process with no exit fee, a defined 180-day notice and termination period,
13 and specific mitigation measures that may be employed during the 180-day notice and
14 termination period. Third, PacifiCorp is developing a thorough testing and compliance
15 program specific to the EIM to identify and resolve any potential conditions during
16 market simulation before the EIM commences operation on October 1, 2014. Fourth,
17 PacifiCorp has requested and received additional protections in the proposed CAISO
18 Tariff. And finally, PacifiCorp has included additional proposed protections in its own
19 OATT submitted as part of this filing.

20 **Q. Please provide an example of how PacifiCorp protected customers during the
21 CAISO's stakeholder process.**

22 A. During the CAISO's stakeholder process, PacifiCorp worked to have the CAISO identify
23 a comprehensive set of charge codes that would be applicable to EIM Entities. Most

1 importantly, when the CAISO released its initial cost allocation proposals for uplifts and
2 neutrality charges, PacifiCorp vigorously challenged the proposed allocation as being
3 inconsistent with cost causation and the expected EIM benefits. To its credit, the CAISO
4 made substantial modifications to these allocations that are reflected in their recent
5 proposed tariff filing.

6 **Q. How has PacifiCorp sought to protect customers through the termination process?**

7 A. PacifiCorp's participation in the EIM is voluntary. Both of the tariffs proposed by the
8 CAISO and PacifiCorp and the proposed CAISO *pro forma* EIM Entity Agreement
9 preserve the right of the PacifiCorp EIM Entity to make the decision whether to continue
10 participation in the EIM. There is a defined 180-day notice and termination period and
11 no exit fee.

12 Moreover, if the PacifiCorp EIM Entity submits a notice of termination of its
13 participation in the EIM to the CAISO in accordance with the applicable agreements,
14 Section 29.4(b)(5)(B) of the proposed CAISO Tariff and Section 10.2 of Attachment T to
15 PacifiCorp's OATT allow PacifiCorp to mitigate price exposure during the 180-day
16 notice and termination period between submission of the termination notice and the
17 termination effective date. Section 10.2 of Attachment T states that the PacifiCorp EIM
18 Entity can request that the CAISO: (1) prevent EIM Transfers and separate the
19 PacifiCorp EIM Entity's BAAs from operation of the EIM in the EIM Area; and/or
20 (2) suspend settlement of EIM charges with respect to the PacifiCorp EIM Entity. If the
21 corrective actions are implemented, the PacifiCorp EIM Entity will utilize Temporary
22 Schedules 4 and 9 in accordance with Sections 10.4.1 and 10.4.2 of Attachment T.

23 **Q. Please describe PacifiCorp's efforts to support the EIM testing program.**

1 A. Currently, PacifiCorp is working with the CAISO to develop a rigorous testing and
2 compliance program to validate the EIM systems and provide a better understanding of
3 potential market conditions through the market simulation scheduled to commence in
4 July 2014.

5 **Q. Are there other ways PacifiCorp has worked with the CAISO to provide additional**
6 **customer protections?**

7 A. Yes. PacifiCorp worked with the CAISO through the stakeholder process to obtain
8 customer protections in the proposed CAISO Tariff. For example, Section 29.35 of the
9 proposed CAISO Tariff contains expanded CAISO price correction authority for the first
10 90 days of the EIM. Second, as I referenced earlier, Section 29.4(b)(5)(B) of the
11 proposed CAISO Tariff authorizes the CAISO to take corrective actions to suspend
12 physical transfers or EIM operations for that EIM Entity if the EIM Entity has issued a
13 notice of termination or taken corrective actions permitted under its own tariff.

14 **Q. Has PacifiCorp proposed additional customer protections in its OATT?**

15 A. Yes. Section 10.3(3) of PacifiCorp's Attachment T states that PacifiCorp and the CAISO
16 can take corrective action if:

17 during the initial 12-month period beginning from the PacifiCorp EIM
18 Entity's participation in the EIM, the PacifiCorp EIM Entity determines,
19 after consultation with the MO and the MO's Department of Market
20 Monitoring ("DMM") (or any successor entity responsible for market
21 monitoring of the EIM), there exist market design flaws that could
22 effectively be remedied by rule or tariff changes. In such a circumstance,
23 the PacifiCorp EIM Entity may invoke a corrective action for a period of
24 time not to exceed 180 days to enable the MO, the PacifiCorp EIM Entity,
25 and stakeholders an opportunity to develop a market solution and to obtain
26 Commission approval for any needed tariff change to correct the market
27 design flaw.

28 Under Section 35.28(g)(3)(v)(A) of the Commission's regulations, 18 C.F.R.

29 § 35.28(g)(3)(v)(A), the CAISO DMM is required to make a referral to the Commission

1 in all instances where it has reason to believe market design flaws exist that could
2 effectively be remedied by rule or tariff changes. The regulation, however, does not
3 provide for immediate corrective action, nor does the CAISO Tariff. In situations where
4 a tariff filing by CAISO is needed to correct a market design flaw, PacifiCorp requires a
5 remedy during the period from when the design flaw is identified until a filing can be
6 made with and acted upon by the Commission.

7 The CAISO does not have an alternative to running its real-time market despite a market
8 condition. This is not the case for the EIM. PacifiCorp must be able to operate its BAAs
9 separate and apart from EIM Transfers with the CAISO. In the event of a contingency,
10 PacifiCorp can temporarily revert to its current Commission-approved imbalance pricing
11 methodology while the CAISO prepares the necessary filing to address the problem and
12 preserve the voluntary nature of market participation.

13 Accordingly, PacifiCorp's OATT proposal permits, for a temporary period of 12 months
14 (to test the EIM rules under a variety of system operating conditions), that if PacifiCorp,
15 the CAISO, and the CAISO DMM recognize there is a market design flaw which is
16 resulting in harm to consumers, there can be a limited period to develop and propose a
17 remedy. Given the significant investment by all parties in the development of the EIM,
18 temporary suspension is preferable than the alternative of having to file a notice of
19 termination if the market rules are not operating as intended.

20 **Q. Does that conclude your testimony?**

21 A. Yes.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION


PacifiCorp

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Docket No. ER14 - ___ -000

VERIFICATION

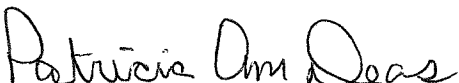
I, Natalie L. Hocken, being duly sworn, depose and state that I am the witness identified in the foregoing prepared testimony, and that the statements of fact in the testimony and supporting exhibits are true and correct to the best of my knowledge, information and belief.



Natalie L. Hocken

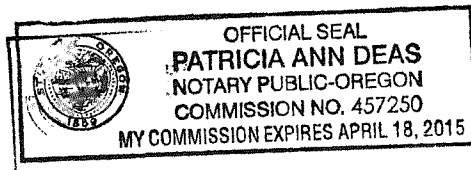
Subscribed and sworn before me at Portland, Oregon

This 19th of March, 2014



Notary Public

My commission expires on: April 18, 2015



UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

PacifiCorp

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Docket No. ER14-____-000

TESTIMONY OF
SARAH E. EDMONDS
ON BEHALF OF PACIFICORP

March 25, 2014

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1 **I. INTRODUCTION AND EXPERIENCE**

2 **Q. Please state your name, business address and present position.**

3 **A.** My name is Sarah E. Edmonds. My business address is 825 NE Multnomah Street,
4 Portland, Oregon 97232. I am the Director of Transmission Regulation, Strategy &
5 Policy for PacifiCorp (also hereinafter called the “Company”). I have been employed at
6 PacifiCorp since 2007.

7 **Q. Please describe your business and educational background.**

8 **A.** I have a law degree from Georgetown University Law Center and a bachelor’s degree
9 from the University of Oregon. My experience spans over ten years in the energy
10 industry, including representing energy clients as an attorney in matters before the
11 Federal Energy Regulatory Commission (“FERC” or the “Commission”) and in other
12 administrative proceedings, advising energy clients related to energy regulatory, policy
13 and business matters, and directing transmission customer service, regulatory, and policy
14 activities for PacifiCorp’s transmission services business unit. Since joining the
15 Company in 2007, my responsibilities have included managing the following areas of
16 PacifiCorp’s transmission business: (i) Open Access Transmission Tariff (“OATT” or
17 “Tariff”) and Open Access Same-Time Information System (“OASIS”) administration;
18 (ii) transmission customer services; (iii) development of transmission policy and strategy,
19 including tariff changes and business practices in response to Commission orders and
20 policy directives; and (iv) development of transmission rates and recovery of
21 transmission investments.

22 **Q. What is the purpose of your testimony in this proceeding?**

23 **A.** The purpose of my testimony is to provide an overview of PacifiCorp’s proposed
24 revisions to its OATT to implement the Energy Imbalance Market (“EIM”) with the

1 California Independent System Operator Corporation (“CAISO”) acting as the Market
2 Operator (or “MO”).
3

4 **II. OVERVIEW OF PACIFICORP’S PROPOSED OATT MODIFICATIONS FOR**
5 **THE EIM**

6 **Q. Why was it necessary for PacifiCorp to amend its OATT to participate in the EIM?**

7 **A.** As noted in Section 29.4(b)(3)(b) of the CAISO Tariff, filed by the CAISO in Docket No.
8 ER14-1386 (the “CAISO EIM Filing”), EIM Entities must have provisions in their
9 transmission tariffs as necessary to implement the EIM. These provisions: (1) must
10 ensure that the EIM Entity can meet the information requirements required by the CAISO
11 Tariff; (2) establish key decisions required of EIM Entities by the CAISO; (3) coordinate
12 reliable operations between PacifiCorp and the CAISO; (4) allocate costs related to the
13 EIM; and (5) revise certain existing OATT provisions to facilitate the EIM.

14 **Q. Please provide an overview of the revisions.**

15 **A.** PacifiCorp proposes to implement the EIM through modification of its OATT. The EIM
16 will be an integrated part of PacifiCorp’s provision of non-discriminatory transmission
17 service, including the provision of imbalance service provided pursuant to Schedule 4 of
18 PacifiCorp’s OATT governing Energy Imbalance Service provided to Transmission
19 Customers with loads in PacifiCorp’s Balancing Authority Areas (“BAAs”) and
20 Schedule 9 governing Generator Imbalance Service provided to Transmission Customers
21 with resources in PacifiCorp’s BAAs. PacifiCorp’s OATT revisions being submitted
22 along with this testimony also set forth PacifiCorp’s requirements for Transmission
23 Customers that wish to participate in the EIM with their resources, as PacifiCorp EIM

1 Participating Resources. PacifiCorp is proposing to revise its OATT in several parts: (1)
2 a new Attachment T which contains the roles and responsibilities of the PacifiCorp EIM
3 Entity and customers specific to the EIM; (2) revisions to OATT Schedule 1 to allocate
4 EIM-related administrative costs charged by the CAISO necessary to support
5 PacifiCorp’s provision of imbalance service; (3) revisions to OATT Schedules 4 and 9 to
6 reflect the use of Locational Marginal Price (“LMP”)-based imbalance pricing for
7 Schedule 4 and 9 imbalance service; (4) clarifying revisions to OATT Schedule 10 (Real
8 Power Losses); (5) new Section 8 of Attachment T to recover EIM-related costs charged
9 by the CAISO; (6) new definitions in Section 1; and (7) targeted modifications to Parts I
10 through V of its OATT. My testimony makes frequent reference to various defined terms
11 in PacifiCorp’s OATT, which is signified by the use of capitalized terms and is intended
12 to incorporate the same meaning for those terms as set forth in PacifiCorp’s proposed
13 OATT revisions.

14
15 **III. EIM INFORMATIONAL REQUIREMENTS**

16 **Q. What types of changes were necessary to be made to PacifiCorp’s OATT based**
17 **upon requirements established by the CAISO?**

18 **A.** In order to operate the EIM using its full network model and security-constrained
19 economic dispatch model (“SCED”), the CAISO requires various forms of information
20 including: (1) operational information relating to resources – both participating and non-
21 participating and scheduling coordinator information for participating resources; (2)
22 information on PacifiCorp’s Transmission System, including transfer capability available

1 for EIM Transfers; (3) Forecast Data for loads, imports, exports and resources – both
 2 participating and non-participating; (4) transmission and generation outage information;
 3 and (5) meter data. Transmission, forecast, and outage information must be updated prior
 4 to real-time operation in order to ensure that the EIM models have the most up-to-date
 5 and accurate information about PacifiCorp’s loads, resources and Transmission System.
 6 Table 1 is a summary of the CAISO’s information requirements and the corresponding
 7 provision from PacifiCorp’s revised OATT that ensures PacifiCorp is able to obtain the
 8 required data from its customers so that the data can be provided to the CAISO:

9 TABLE 1

CAISO Requirement	OATT Provision Implementing the Requirement
29.4(b)(3)(C) – qualify as or secure representation by a Scheduling Coordinator	Attachment T, Section 4.1.1.1
29.4(b)(3)(D) – facilitate offers of transmission by EIM Transmission Service Providers (<i>i.e.</i> , PacifiCorp Interchange Rights Holders, as defined in PacifiCorp’s OATT)	Attachment T, Section 5.2
29.4(b)(3)(E) and 29.9(f) – provide information on available transmission capacity to the real-time market	Attachment T, Section 5.1
29.4(c)(4)(C) and (D) – register Non-Participating Resources and update the information to reflect changes	Attachment T, Sections 4.1.2.2, 4.2.1 and 4.2.2
29.4(c)(4)(E) and (F) – submit interchange schedules; match e-Tags	Attachment T, Section 4.1.3.3
29.4(c)(4)(G) – provide information in the transmission system to assist in building the model	Attachment T, Section 4.1.2.1
29.4(c)(4)(I) – submit EIM Base Schedules and Resource Plans	Attachment T, Sections 4.1.3.1 and 4.1.3.2
29.9(b) – scheduled transmission outages	Attachment T, Sections 7.1.1 and 7.2
29.9(c) – scheduled generation outages	Attachment T, Sections 4.2.3, 7.3.1

CAISO Requirement	OATT Provision Implementing the Requirement
	and 7.4.1
29.9(e) – forced outages	Attachment T, Sections 4.2.3, 7.1.2, 7.2, 7.3.2, and 7.4.2
29.10 and 10 - Metering requirements	Attachment T, Sections 4.1.4 and 4.2.5

1 The CAISO needs this information to administer and settle the EIM and to ensure that
2 reliable operations are maintained through updated information on transmission facility
3 and resource characteristics and operating status, which is necessary to accurately and
4 effectively dispatch resources in the EIM as well as forecast PacifiCorp’s Transmission
5 System and resource capabilities to maintain system balance. Most customers today
6 already schedule their projected day-ahead and hour-ahead load and generation
7 requirements either through the submission of e-Tag schedules or through the provision
8 of manual scheduling data. The EIM simply formalizes and centralizes the manner in
9 which Forecast Data is communicated in a way that facilitates EIM dispatch and
10 settlement. Forecast Data is necessary for the EIM to be able to properly model and
11 account for expected load, generation, imports and exports during the Operating Hour. In
12 addition, Forecast Data comprise the Transmission Customer Base Schedule that is used
13 by the PacifiCorp EIM Entity as the baseline by which to measure Imbalance Energy for
14 purposes of EIM settlement. In addition to information requirements, PacifiCorp has
15 proposed revisions to OATT Schedules 4 and 9 and other related settlements and charges
16 with its customers as part of its implementation of the EIM, which I discuss in more
17 detail later in my testimony.

1 **Q. Which customers of PacifiCorp will be subject to the requirements of Attachment**
2 **T?**

3 **A.** Although the EIM is voluntary for resources that wish to offer generation into the market,
4 the EIM cannot accurately function without the provision of data from all loads and
5 resources (3 MW or greater) located in PacifiCorp's BAAs. The data is critical for EIM
6 operations and for managing settlement of imbalances, uplifts, and neutrality charges and
7 payments allocated by the Market Operator to the PacifiCorp EIM Entity. PacifiCorp is
8 changing the method by which it currently offers imbalance service pursuant to
9 Schedules 4 and 9 of the OATT. Prior to EIM implementation, PacifiCorp's provision of
10 imbalance service under Schedules 4 and 9 was only through its owned generation using
11 a combination of automated generation control and manual balancing. With EIM
12 implementation, PacifiCorp will provide imbalance service under Schedules 4 and 9
13 through the EIM with a potentially greater pool of resources available for dispatch using
14 the CAISO's automated SCED, which will produce LMP-based pricing for PacifiCorp's
15 BAAs. To recover the costs associated with these changes to OATT service, PacifiCorp
16 is proposing revisions to OATT Schedules 1, 4 and 9 and new Section 8 of Attachment T
17 to reflect the use of LMP-based pricing produced by the EIM for imbalance service under
18 Schedules 4 and 9 and to recover EIM-related administrative costs.

19 The need for operational data and the imbalance settlements resulting from the EIM will
20 affect all loads and resources (greater than 3 MW) in PacifiCorp's BAAs. Resources in
21 PacifiCorp's BAAs will be required to provide operational data and will be subject to
22 Schedule 9 Generator Imbalance Service even if the resource has elected not to

1 participate in the EIM by offering generation to the market. Accordingly, Attachment T
2 applies to all of PacifiCorp's Transmission Customers and Interconnection Customers,
3 with new and existing service agreements under PacifiCorp's OATT. This requirement is
4 set forth in Section 1 of new Attachment T.

5 **Q. Why does PacifiCorp's Attachment T refer to responsibilities of Transmission**
6 **Customers or Interconnection Customers?**

7 **A.** Although Attachment T refers to the obligations and responsibilities of Transmission
8 Customers, Section 1 also states that the obligations and responsibilities may also apply
9 to Interconnection Customers under certain circumstances. The reason for this is that
10 PacifiCorp's OATT does not create a direct tariff service relationship between PacifiCorp
11 and resources; rather, the tariff relationship is between PacifiCorp and Transmission
12 Customers and/or Interconnection Customers. Additionally, the tariff-customer
13 relationship between PacifiCorp and a resource can vary; for some resources on
14 PacifiCorp's system, the resource owner and operator is also a Transmission Customer of
15 PacifiCorp taking transmission and ancillary service, but may not be the Interconnection
16 Customer. In these cases, the Transmission Customer is the appropriate entity to supply
17 EIM operational data from the resource and to receive imbalance settlements from
18 PacifiCorp. In other cases, the resource owner and operator is an Interconnection
19 Customer of PacifiCorp and is selling the output of the resource to one or more off-
20 takers, which are Transmission Customers of PacifiCorp and who may or may not have
21 operational visibility of the resource. In these cases, the Interconnection Customer is the
22 most appropriate entity to supply EIM operational data from the resource, while the

1 Transmission Customers may be the most appropriate entities with whom to settle
2 imbalance charges from PacifiCorp. The answer will also depend on the terms and
3 conditions of the Interconnection or Transmission Customers' contracts. As noted in the
4 Transmittal Letter accompanying PacifiCorp's EIM filing, PacifiCorp has received
5 Commission approval in the past to use this approach for settling Schedule 9 and seeks to
6 continue using this same approach for settling imbalance service utilizing EIM and LMP-
7 based pricing and for providing required EIM operational data.

8 As part of its stakeholder process, PacifiCorp has made efforts to reach out to all
9 customers associated with resources and loads located in its BAAs in an effort to ensure
10 that all of PacifiCorp's customers understand the tariff changes that are being proposed
11 and how the changes will affect them. PacifiCorp has made this outreach both through its
12 stakeholder process as well as through direct communications with Transmission and
13 Interconnection Customers. For purposes of my testimony, I refer to the responsibilities
14 of Transmission Customers, but this could also be an Interconnection Customer
15 depending on the operational and transmission arrangements for particular resources.

16 **Q. How will PacifiCorp use the EIM operational data supplied by Transmission**
17 **Customers?**

18 **A.** To provide the required balanced Transmission Customer Base Schedule to the CAISO
19 for PacifiCorp's BAAs, PacifiCorp must aggregate Forecast Data regarding Transmission
20 Customers' loads and resources, as well as imports and exports to and from its BAAs.
21 This is done by means of the submission of Forecast Data by Transmission Customers as
22 provided for in new Attachment T, Section 4.2.4. Similar to the provision of

1 transmission schedules today through e-Tags or other data processes, Transmission
2 Customers are required to submit information as to how they will meet their loads and
3 export obligations using internal resources or imports. For EIM operation, this data is
4 compiled and aggregated into a Transmission Customer Base Schedule for each of
5 PacifiCorp's BAAs and is necessary for meeting the CAISO's requirement that the EIM
6 Entity submit a balanced Transmission Customer Base Schedule. PacifiCorp's OATT
7 proposals include its proposals for sub-allocating imbalance charges and payments,
8 administrative fees, determining the applicability of any over- or under-scheduling
9 charges and other EIM-related uplift and neutrality charges to its Transmission
10 Customers.

11 The Forecast Data provided by Transmission Customers will comprise each Transmission
12 Customer Base Schedule, which will serve as the basis by which imbalances are
13 measured and settled for each Transmission Customer. This ensures that imbalance
14 settlements issued by PacifiCorp are based upon the Forecast Data supplied by the
15 Transmission Customer. In other words, as is the case today, a Transmission Customer's
16 imbalances are calculated based on the customer's own individual schedules of its
17 projected demand and associated resources. This requirement does not change with the
18 EIM. What the tariff revisions do as part of EIM is to revise the methodology as to how
19 any imbalances are priced.

20 **Q. Are there any other uses for data required to be supplied by Transmission**
21 **Customers?**

1 **A.** In addition to the data required by the CAISO for market operations and by PacifiCorp to
2 identify Transmission Customer Base Schedules and measure imbalance settlements,
3 provision of information to support market monitoring of the EIM is necessary. New
4 Attachment T, Section 9.1 ensures that market monitors will have access to the
5 information they need for this important task, while at the same time, respecting the
6 confidential nature of certain data submissions.

7

8 **IV. IMPLEMENTING DECISIONS BY THE PACIFICORP EIM ENTITY**

9 **Q. What key decisions does the CAISO require of EIM Entities?**

10 **A.** The CAISO Tariff recognizes that certain determinations with respect to EIM
11 implementation should appropriately be made by the EIM Entity. These include:

- 12 • Determination of resource eligibility requirements (29.4(b)(3)(G));
- 13 • Definition of Load Aggregation Points (29.4(b)(3)(F));
- 14 • Whether or not to use the CAISO Demand Forecast as a basis for the Balanced
15 Schedule (29.4(b)(3)(H));
- 16 • Whether or not to terminate voluntary participation in the EIM (29.4(b)(4)); and
- 17 • What corrective actions are appropriate to address reliability or market
18 contingencies (29.4(b)(5)).

19 I will review the first three issues. In her testimony, Ms. Natalie Hocken discusses
20 PacifiCorp’s proposal with respect to response to the remaining two issues on termination
21 and reliability and market contingencies.

22 **Q. Must resources in PacifiCorp’s BAA participate in the EIM?**

1 **A.** No. While the operational information requirements are mandatory, Section 2 of new
2 Attachment T specifies that the decision of a Transmission Customer to participate in the
3 EIM with resources as PacifiCorp EIM Participating Resources is voluntary. A
4 Transmission Customer that chooses to have a resource become a PacifiCorp EIM
5 Participating Resource must: (1) meet the requirements specified in Section 3 of new
6 Attachment T; (2) become or retain a CAISO-certified EIM Participating Resource
7 Scheduling Coordinator; and (3) follow the application and certification process specified
8 in new Attachment T and the PacifiCorp EIM Business Practice. To provide the
9 maximum flexibility to customers, PacifiCorp has permitted customers with multiple
10 resources to elect to have any or all of their resources be PacifiCorp EIM Participating
11 Resources, in which case any resources that are not PacifiCorp EIM Participating
12 Resources would be considered Non-Participating Resources with respect to
13 responsibilities and settlement requirements under the OATT, including new Attachment
14 T.

15 **Q. Who will serve as the PacifiCorp EIM Entity Scheduling Coordinator?**

16 **A.** PacifiCorp will serve as the PacifiCorp EIM Entity Scheduling Coordinator.
17 PacifiCorp’s Transmission Services and Grid Operations business units will serve in this
18 role and will represent the PacifiCorp EIM Entity, including Non-Participating Resources
19 and loads. Section 4.1.1.1 of new Attachment T addresses this election. Additionally, for
20 purposes of complying with CAISO Tariff requirements, the PacifiCorp EIM Entity has
21 elected to be a Scheduling Coordinator Metered Entity on behalf of all Transmission

1 Customers with Non-Participating Resources. Section 4.1.1.3(4) of new Attachment T
2 addresses this election.

3 **Q. How will PacifiCorp determine which entities are eligible to participate in the EIM?**

4 **A.** One of the critical issues related to the PacifiCorp EIM Entity proposal concerns the
5 eligibility requirements to participate in the EIM for PacifiCorp EIM Participating
6 Resources. This issue garnered the most attention during PacifiCorp’s stakeholder
7 process. Ensuring that EIM Participating Resources are contributing to PacifiCorp’s
8 transmission revenue requirement is important for demonstrating to PacifiCorp’s existing
9 Transmission Customers that EIM Participating Resources are not unfairly enjoying “free
10 ridership” of its Transmission System. At the same time, these requirements cannot be
11 too burdensome or they will discourage participation. PacifiCorp’s stakeholder process
12 around transmission requirements explored potential requirements for PacifiCorp EIM
13 Participating Resources to participate either through Point-to-Point Transmission Service
14 (“PTP Service”) or Network Integration Transmission Service (“NIT Service”).

15 Originally, PacifiCorp proposed that during at least the first year of EIM operation, all
16 EIM Participating Resources would be required to be long-term firm Transmission
17 Customers of PacifiCorp, which includes purchasing Long-Term Firm PTP Service or
18 NIT Service. PacifiCorp’s original proposal was based on its view that the proposal
19 would allow participants in the West to take an important first step in developing markets
20 like the EIM with room to expand the scope after the first year of operation to increase
21 participation. In the stakeholder process, PacifiCorp explained that it was taking a

1 cautious, conservative initial approach as a way to anchor the development of the new
2 EIM in the West.

3 Through the stakeholder process, PacifiCorp received a significant number of comments
4 from Western Power Trading Forum (“WPTF”), Constellation New Energy, Inc.
5 (“Constellation”), Southern California Edison (“SCE”), and the Public Utility
6 Commissioners EIM Group (“PUC EIM Group”), among others, noting concern that the
7 requirement of long-term transmission service had the potential to be unduly
8 discriminatory and preferential in favor of existing long-term transmission service
9 customers and could discourage broader EIM participation.

10 After consideration of the comments received, PacifiCorp agreed that the proposed
11 requirement could potentially restrict participation. In response, PacifiCorp adjusted its
12 proposal to allow an alternative for Transmission Customers without long-term firm
13 transmission service to participate in the EIM by utilizing Non-Firm PTP Service.
14 PacifiCorp proposed that the hourly non-firm transmission service charge for EIM
15 participation be applied on a strictly after-the-fact basis as the product of the hourly non-
16 firm transmission rate multiplied by the greatest Dispatch Instruction (either positive or
17 negative) received by a PacifiCorp EIM Participating Resource during the Operating
18 Hour. Further, PacifiCorp proposed that the assessment of hourly Non-Firm PTP Service
19 charges for EIM would not consider or credit any existing Short-Term Firm or Non-Firm
20 PTP Service reservations against resource output associated with EIM Dispatch
21 Instructions.

1 PacifiCorp received significant additional stakeholder comment on its revised proposal,
2 including feedback from WPTF and SCE. Stakeholders expressed support for the
3 addition of the hourly non-firm option for EIM Participation, but had some remaining
4 concerns. Stakeholders requested that PacifiCorp consider existing reservations for
5 Short-Term Firm or Non-Firm PTP Service when assessing the hourly non-firm rate for
6 EIM participation. Additionally, stakeholders requested that PacifiCorp exclude
7 decremental (*i.e.*, negative) Dispatch Instructions when assessing the hourly non-firm rate
8 for EIM participation. Stakeholders explained that these adjustments would prevent the
9 potential for unfair over-collection of transmission revenues from Transmission
10 Customers who would have to pay for more transmission service than was needed to
11 ensure that EIM participants were contributing a fair share to the Transmission System.
12 After further review, PacifiCorp determined that the after-the-fact assessment of non-firm
13 transmission charges, including decremental EIM Dispatch Instructions, could result in
14 some Transmission Customers paying twice for the same transmission, and so once again
15 revised its proposal for EIM participation for PTP Service, which constitutes its current
16 proposal made as part of its OATT filing, and which I will further discuss in my
17 testimony.

18 For Transmission Customers wishing to participate in EIM using NIT Service, PacifiCorp
19 made a similar adjustment to its proposal in response to stakeholder comment by
20 clarifying that transmission charge assessment for EIM participation would not include
21 decremental Dispatch Instructions. Additionally, PacifiCorp revised its proposal to allow
22 Network Customers to elect to use the hourly non-firm option for EIM participation in

1 response to stakeholder comment that including EIM Dispatch Instructions in the
2 calculation of a Network Customer's Monthly Network Load could inadvertently
3 overstate monthly transmission charges and create disincentives for Network Customers
4 to offer EIM bids at or around the hour of PacifiCorp's monthly system peak.

5 **Q. What are the requirements for internal resources to participate?**

6 **A.** Under Section 3.1 of new Attachment T, in order to be eligible to participate in EIM,
7 Transmission Customers must have either a NIT Service Agreement (including one or
8 more designated Network Resources) or an Umbrella Service Agreement for Non-Firm
9 PTP Service. These are the minimum transmission service agreement requirements for
10 participation. Transmission Customers electing to participate in the EIM using network
11 service will do so through their NIT Service Agreements. Transmission Customers
12 electing to participate in EIM using PTP Service will do so through their Umbrella
13 Service Agreements for Non-Firm PTP Service; however, Section 8.7.2.2 of new
14 Attachment T clarifies that in the assessment of hourly non-firm transmission charges,
15 PacifiCorp will consider a Transmission Customer's existing reservations for PTP
16 Service (including Long-Term Firm, Short-Term Firm or other Non-Firm PTP Service).
17 Section 8.7.2.2 also states that PacifiCorp will not charge transmission for decremental
18 EIM Dispatch Instructions in the assessment of hourly non-firm transmission charges for
19 EIM participation, which will be based upon the greatest positive Dispatch Operating
20 Point for the PacifiCorp EIM Participating Resource received during the Operating Hour.
21 Use of the Dispatch Operating Point is appropriate as this is the amount the resource is

1 supposed to be contributing to meet system demands. Any difference from this
2 instruction will be considered to be imbalance and settled accordingly.

3 For NIT Service, Section 3.3.1 of new Attachment T requires that any PacifiCorp EIM
4 Participating Resource applicant that is a Network Customer must indicate whether it
5 elects to participate in the EIM using either a NIT Service Agreement or an Umbrella
6 Agreement for Non-Firm PTP Service. When electing network service, Section 8.7.2.2
7 of new Attachment T proposes to assess charges to Network Customers with PacifiCorp
8 EIM Participating Resources based on their Monthly Network Load, which Section 34.2
9 of PacifiCorp's OATT clarifies includes output of designated Network Resources
10 participating in EIM based upon the greatest positive Dispatch Operating Point received
11 during the Operating Hour.

12 In summary, PacifiCorp's as-filed proposal for transmission service requirements for
13 EIM participation opens up the ability to participate in EIM for resources that are not
14 currently associated with long-term firm transmission service agreements. It also
15 provides Network Customers an option for participation that is equivalent to the option
16 available to PTP Service Transmission Customers. The option of Non-Firm PTP Service
17 strikes an appropriate balance. It ensures that EIM participants are paying for a just and
18 reasonable amount of transmission service, while at the same time responding to
19 concerns over "free ridership" by ensuring that EIM participants contribute to the costs of
20 PacifiCorp's Transmission System.

21 Additionally, PacifiCorp's proposals for transmission charging options for EIM
22 participation provide transmission price certainty for PacifiCorp EIM Participating

1 Resources. Under either the Non-Firm PTP Service or Network Service approaches,
2 Transmission Customers will know in advance the transmission charge that will be
3 associated with a dispatch award from the CAISO. Thus, similar to the manner in which
4 a Transmission Customer with a PacifiCorp EIM Participating Resource would factor in
5 an adder for greenhouse gas costs, they can factor the transmission cost into their bids.

6 **Q. What are the requirements for external resources to participate?**

7 **A.** Under Section 3.2 of new Attachment T, a resource that is not physically located inside
8 the metered boundaries of PacifiCorp's BAAs is eligible to become a PacifiCorp EIM
9 Participating Resource, if the Transmission Customer: (1) facilitates a Pseudo-Tie into a
10 PacifiCorp BAA; (2) has arranged firm transmission over any third-party transmission
11 systems to a PacifiCorp BAA intertie boundary equal to the amount of energy that will be
12 dynamically transferred through a Pseudo-Tie into PacifiCorp's BAA; and (3) has
13 secured transmission service consistent with the requirements for internal resources.
14 PacifiCorp originally proposed to allow only Network Customers to dynamically transfer
15 off-system resources into PacifiCorp's BAAs through a Pseudo-Tie for purposes of
16 serving designated Network Load and for participation in EIM. PacifiCorp made this
17 initial proposal because it was consistent with PacifiCorp's existing practice for service to
18 Network Load when resources are external to PacifiCorp's BAAs. Through the
19 stakeholder process, however, PacifiCorp received stakeholder comment (mostly from
20 WPTF) noting concern that the proposal for participation in EIM by external resources
21 was potentially overly restrictive and could limit market participation.

1 After consideration of comments and examining other approaches such as that used by
2 the Southwest Power Pool (or “SPP”), PacifiCorp adjusted its eligibility requirements.
3 The revised approach appropriately addresses concerns raised by stakeholders and is
4 consistent with SPP’s Energy Imbalance Service market, which required that external
5 resources be Pseudo-Tied to participate.

6 **Q. Please describe PacifiCorp’s proposed application process to become eligible to
7 participate.**

8 **A.** Under new Attachment T, Section 4.1.1.2, PacifiCorp is responsible for processing
9 applications provided in accordance with new Attachment T, Section 3.3. To become a
10 PacifiCorp EIM Participating Resource, an applicant must submit a completed
11 application and a deposit of \$1,500 to cover PacifiCorp’s costs of reviewing the
12 application, setting up the communications and billing accounts, and for evaluating and
13 determining metering or telemetry requirements necessary for EIM participation.
14 PacifiCorp will charge applicants only the actual costs of the work required to process the
15 application, which may vary for different PacifiCorp EIM Participating Resources due to
16 the resource’s existing metering or telemetry configurations or design. Any difference
17 between the deposit and the actual costs of the application processing will be paid by or
18 refunded to the PacifiCorp EIM Participating Resource applicant.
19 PacifiCorp will make a determination as to whether to accept or reject the application
20 within 45 days of receipt of the application and may request additional information to
21 resolve minor deficiencies in the application. PacifiCorp may extend the 45-day period
22 to accommodate the resolution of minor deficiencies in the application in order to make a

1 determination on an application. If PacifiCorp approves the application, it shall send
2 notification of approval to both the PacifiCorp EIM Participating Resource applicant and
3 the CAISO. If PacifiCorp rejects the application, PacifiCorp will send notification stating
4 the grounds for rejection to the PacifiCorp EIM Participating Resource applicant. Any
5 determination would be subject to the OATT dispute resolution procedures set forth in
6 Section 12 of PacifiCorp's OATT. If an application is rejected, the PacifiCorp EIM
7 Participating Resource applicant may resubmit its application at any time (including
8 submission of a new processing fee deposit).

9 Upon approval of an application PacifiCorp will provide a certification to the EIM
10 Participating Resource that it is eligible to participate in the EIM once the Transmission
11 Customer has demonstrated, and the CAISO has confirmed, that the Transmission
12 Customer has:

- 13 (1) Met the CASISO's criteria to become an EIM Participating Resource and
14 executed the CAISO's *pro forma* EIM Participating Resource Agreement;
- 15 (2) Qualified to become or retained the services of a CAISO-certified EIM
16 Participating Resource Scheduling Coordinator;
- 17 (3) Met the necessary metering requirements of PacifiCorp's OATT and
18 Section 29.10 of the CAISO Tariff and the EIM Participating Resource
19 Scheduling Coordinator has executed the CAISO's *pro forma* Meter
20 Service Agreement for Scheduling Coordinators; and

1 (4) Met communication and data requirements of PacifiCorp’s OATT and
2 Section 29.6 of the CAISO Tariff; and has the ability to receive and
3 implement Dispatch Instructions every five minutes from the CAISO.¹

4 The customer must notify PacifiCorp if there are changes to the information that was the
5 basis for the approval and certification.²

6 The application, certification, and updating requirements serve several important
7 functions. First, they ensure that all resources participating in the common market have
8 met non-discriminatory criteria and have the appropriate metering and communication
9 equipment to respond to Dispatch Instructions and continue to provide PacifiCorp with
10 the information it needs to reliably operate its Transmission System and to issue
11 settlements. Second, these provisions are being proposed because there can be no
12 disagreement between the CAISO and PacifiCorp as to the status of a resource. If it is a
13 PacifiCorp EIM Participating Resource, the resource settles directly with the CAISO for
14 imbalance and for its market settlements. If it is a Non-Participating Resource, the
15 CAISO assesses imbalances to the PacifiCorp EIM Entity which then sub-allocates the
16 payments or charges to the Non-Participating Resource.

17 **Q. How did PacifiCorp determine the Load Aggregation Points (“LAP”) for the EIM?**

18 **A.** As part of the stakeholder process, PacifiCorp assessed multiple alternatives to determine
19 the appropriate LAP configuration for PacifiCorp’s BAAs. Part of this consideration
20 included the fact that load serving entities (“LSEs”) within PacifiCorp’s BAAs are
21 largely not geographically or electrically contiguous and that not all LSEs are directly

¹ Attachment T, Section 3.3.3.

² Attachment T, Section 3.3.5.

1 metered by PacifiCorp's SCADA system. After this review, PacifiCorp determined that
2 an appropriate approach for EIM implementation is to establish two LAPs -- one for each
3 of its BAAs. This determination is reflected in new Attachment T, Section 4.1.1.3(2).
4 Given a lack of history with LMP pricing, PacifiCorp has no experience upon which to
5 base alternative configurations. The proposal to utilize a single LAP per BAA simplifies
6 the process of market participation for LSEs located in PacifiCorp's BAAs and allows
7 PacifiCorp to gain experience with LMPs on its system.

8 **Q. What load forecast will PacifiCorp utilize to support the EIM?**

9 **A.** Under the CAISO's market design, the EIM Entity can elect to use either its own load
10 forecast or a load forecast produced by the Market Operator. As the EIM Entity
11 Scheduling Coordinator, PacifiCorp is electing to submit Base Schedules using the
12 Market Operator's load forecast and as a result can minimize exposure to charges for
13 under- or over-scheduling. If an EIM Entity Scheduling Coordinator using the Market
14 Operator's load forecast submits base resource and interchange schedules within +/- 1%
15 of the Market Operator's load forecast, the EIM Entity Scheduling Coordinator would not
16 be exposed to under- or over-scheduling penalties.

17 As reflected in new Attachment T, Section 4.1.1.3(3), PacifiCorp has elected to use the
18 CAISO load forecast in order to mitigate against exposure to over- and under-scheduling
19 penalties. In addition, use of the CAISO load forecast places PacifiCorp's load under the
20 same forecast regime as the CAISO's load. This helps address a concern raised during
21 the stakeholder process that PacifiCorp might intentionally balance its schedules to a low
22 load projection and "lean" on the capacity secured by CAISO participants. As I stated

1 previously, however, individual Transmission Customer imbalances are determined based
2 on their own individual Forecast Data and Transmission Customer Base Schedule and not
3 the CAISO's forecast requirements.

4
5 **V. EIM OPERATIONS**

6 **Q. What transmission will be utilized to facilitate the EIM for transfers between PACE
7 and PACW or between PACW and the CAISO BAA?**

8 **A.** Currently, PacifiCorp does not have any unsubscribed, available transmission capacity
9 ("ATC") between its East BAA (PACE) and its West BAA (PACW) or between PACW
10 and the CAISO BAA for EIM Transfers. To facilitate EIM Transfers, which is an
11 important component of the interregional benefits of the EIM, PacifiCorp will utilize firm
12 transmission rights voluntarily offered by a Transmission Customer who has informed
13 the PacifiCorp EIM Entity that it is electing to make its reserved firm transmission
14 capacity available for EIM Transfers (defined as a PacifiCorp Interchange Rights Holder
15 in PacifiCorp's OATT). PacifiCorp will not separately compensate or credit a PacifiCorp
16 Interchange Rights Holder for amounts of transmission capacity made available for EIM
17 Transfers. Accordingly, PacifiCorp does not consider the use of the PacifiCorp
18 Interchange Rights Holder approach to be a sale or transfer of its existing transmission
19 capacity under Section 23 of its OATT. Rather the EIM represents an alternative means
20 for the PacifiCorp Interchange Rights Holder to utilize the previously-reserved capacity.
21 Nevertheless, in an abundance of caution, PacifiCorp has included a new Section 23.4
22 that provides an express clarification authorizing this approach, which I discuss later in

1 my testimony. A PacifiCorp Interchange Rights Holder voluntarily elects to make its
2 reserved firm transmission capacity available for EIM Transfers, which would include
3 capacity for EIM dispatches for any EIM Participating Resource.

4 Importantly, PacifiCorp is not requiring any Transmission Customers to make any
5 transmission rights available for EIM. At this time, PacifiCorp Energy is PacifiCorp's
6 only Transmission Customer who has elected to offer its firm transmission rights to be
7 used for EIM Transfers. PacifiCorp's approach is based on the limitations on ATC
8 between PacifiCorp's BAAs and between PacifiCorp and the CAISO BAA, as well as the
9 presence of other transmission owners or operators for these transmission facilities that
10 need operational transparency and assurance that their transmission rights are not being
11 encroached upon. PacifiCorp Energy, in its role as a PacifiCorp Interchange Rights
12 Holder, will make an hourly determination of the amount of its firm transmission rights
13 to be used for EIM Transfers.

14 This approach will be used on the California-Oregon Intertie ("COI") between PACW
15 and the CAISO's BAA and between PACW and PACE on the dynamic overlay over
16 Idaho Power Company's transmission system to ensure that EIM Transfers will be
17 limited to transmission rights held by PacifiCorp's Transmission Customers. In addition,
18 a dynamic e-Tag will be used to implement EIM Transfers. The e-Tag will be submitted
19 in the preschedule window during which e-Tag curtailments may take place and will
20 identify the amount of transmission capacity to be made available for EIM Transfers as
21 well as an estimated amount of energy associated with EIM Dispatch Instructions. As
22 provided for in amended Section 13.6 of PacifiCorp's OATT, the e-Tag will have the

1 same curtailment priority as the underlying firm transmission service reservation. If a
2 derate or other operational issue necessitates transmission schedule curtailments, the
3 Transmission Provider will curtail the e-Tag being used to facilitate the EIM along with
4 other e-Tags using firm transmission rights at the same *pro rata* curtailment priority.
5 This method ensures that EIM Transfers will be limited to existing firm transmission
6 capacity provided by a PacifiCorp Interchange Rights Holder.

7 **Q. What transmission will be utilized to facilitate the EIM for transfers within PACE**
8 **and within PACW and how will the PacifiCorp EIM Entity ensure that these**
9 **transfers do not harm other Transmission Customers?**

10 **A.** EIM Transfers within PACE or PACW associated with EIM Dispatch Instructions will be
11 controlled and managed by the CAISO's SCED, which has real-time and future visibility
12 of PacifiCorp's Transmission System, including as-available transmission capacity for
13 EIM dispatch. In addition, in its role as the BA for PACE and PACW, PacifiCorp retains
14 ultimate responsibility to control and manage the Transmission System within reliability
15 and system operating limits. Unlike between PACE and PACW or between PACW and
16 the CAISO BAA for EIM Transfers, EIM transfers within PACE or PACW will not be e-
17 Tagged.

18 By contrast, for traditional OATT transmission service, PacifiCorp relies on the physical
19 rights model of transmission reservations which are fundamentally based on arranging for
20 transmission in the preschedule period prior to the Operating Hour with limited ability to
21 effectively adjust schedules in real-time. Transmission e-Tag curtailments do not always

1 result in actual corresponding generation curtailments.³ Accordingly, PacifiCorp
2 generally relies on generation redispatch to relieve congestion – this measure is used
3 before having to rely on transmission e-Tag curtailments because of the lack of certainty
4 associated with generators responding to transmission e-Tag curtailments with
5 corresponding and appropriate generation adjustments. With EIM implementation,
6 PacifiCorp will continue to do what it does today to maintain balance of its Transmission
7 System, but will have an additional tool to manage congestion on its Transmission
8 System. The real-time dispatch functionality of the CAISO SCED provides PacifiCorp
9 with an additional tool over what is available to PacifiCorp today to effectively relieve
10 constraints before the need to rely on transmission e-Tag curtailments. In this manner,
11 the EIM will help PacifiCorp avoid the need to curtail transmission rights of customers
12 and is an improvement over how it manages congestion today.

13 It is not reasonable to assume that EIM dispatch is going to result in *additional*
14 congestion on PacifiCorp’s Transmission System. Rather, the function of the EIM is to
15 use multiple time horizons for determining where to order EIM dispatch. This includes
16 intervals well in advance of the real-time Operating Hour as well as 5-minute intervals
17 within the real-time Operating Hour. EIM will not order EIM dispatch over transmission
18 that is congested, either in real-time or for future intervals. The CAISO SCED reassesses
19 the state of the transmission system every 5 minutes and adjusts accordingly in real-time
20 to re-dispatch if a transmission facility becomes congested in real-time. Through this
21 method, PacifiCorp anticipates not needing to rely on transmission e-Tag curtailments

³ PacifiCorp’s Order No. 764 implementation introduces additional intra-hour granularity to transmission scheduling by breaking hourly or 30-minute transmission into 15-minute increments, but does not address the fact that transmission e-Tag curtailments do not always result in actual generation curtailments.

1 and if it does, that information is communicated to the Market Operator in real time, to
2 further ensure that EIM dispatch respects the transmission rights of other Transmission
3 Customers and does not exacerbate transmission congestion.

4 For these reasons, PacifiCorp's proposal to use as-available transmission for EIM
5 dispatch within PACE and PACW is appropriate, and will not result in the diminution of
6 the existing transmission rights of its Transmission Customers.

7 **Q. Why does PacifiCorp limit reliability redispatch that it performs on its**
8 **Transmission System to Network Resources of PacifiCorp Energy?**

9 **A.** Although the OATT permits PacifiCorp to request reliability redispatch from any
10 Network Customer's Network Resource(s), PacifiCorp's practice has been to limit such
11 directives to Network Resources of PacifiCorp Energy, except in very limited cases when
12 PacifiCorp Grid Operations must request generation curtailment from a third-party
13 generator because only that generator can effectively relieve the constraint. PacifiCorp
14 has established this operational practice in light of the additional contractual and
15 compliance requirements associated with redispatch of non-owned Network Resources.
16 PacifiCorp plans to continue this practice for Manual Dispatch after EIM implementation
17 to the extent that the EIM cannot effectively relieve constraints and PacifiCorp must rely
18 on Manual Dispatch. If Manual Dispatch is used, it will be requested of PacifiCorp
19 Network Resources.

20 PacifiCorp has clarified in the stakeholder process that it reserves the right to revisit this
21 practice consistent with what is permitted by the OATT.

22 **Q. How will redispatch change once EIM is operational?**

1 **A.** Today, PacifiCorp manages imbalances and congestion within its BAAs by redispatch of
2 PacifiCorp Energy’s Network Resources. What is changing with the EIM is the manner
3 in which these operations are performed. The EIM improves efficiency by expanding the
4 universe of resources responding to imbalances and congestion management beyond its
5 own resources to include those voluntarily participating in the CAISO market, including
6 third-party PacifiCorp EIM Participating Resources. In addition, the CAISO’s models,
7 sophisticated dispatch algorithms, and automated five-minute dispatch all improve
8 PacifiCorp’s current methods for least-cost dispatch and congestion management. In
9 other words, Transmission Customers who have reserved service will receive that service
10 with the same quality and priority they receive today.

11 **Q.** **Does the EIM modify PacifiCorp’s obligations with respect to compliance with**
12 **reliability standards?**

13 **A.** No. As noted in new Attachment T, Section 6.1, participation in the EIM does not
14 modify, change, or otherwise alter the manner in which PacifiCorp operates its
15 Transmission System consistent with applicable reliability standards, including reliability
16 adjustments or the obligations of the PacifiCorp EIM Entity or Transmission Customers
17 to comply with applicable reliability standards. In particular, PacifiCorp remains
18 responsible for: (1) maintaining appropriate operating reserves and for its obligations
19 pursuant to any reserve sharing group agreements; (2) NERC and WECC responsibilities,
20 including but not limited to, informing the Reliability Coordinator of issues within
21 PacifiCorp’s BAAs; (3) processing e-Tags and managing schedule curtailments at the
22 interties; and (4) monitoring and managing real-time flows within system operating limits

1 on all transmission facilities within PacifiCorp's BAAs, including facilities of PacifiCorp
2 BAA Transmission Owners. If requested by a Transmission Customer that is also a
3 PacifiCorp BAA Transmission Owner, the PacifiCorp EIM Entity will provide additional
4 information or data related to EIM operation as it may relate to facilities of a PacifiCorp
5 BAA Transmission Owner. Section 6.2 of new Attachment T applies a Good Utility
6 Practice Standard for both PacifiCorp and Transmission Customers with respect to their
7 responsibilities under Attachment T.

8 New Attachment T, Section 6.3.2 recognizes that, as a BA, PacifiCorp may issue a
9 Manual Dispatch order to a PacifiCorp EIM Participating Resource or a Non-
10 Participating Resource in PacifiCorp's BAAs, to address reliability or operational issues
11 in PacifiCorp's BAAs that the EIM is not able to address through normal economic
12 dispatch and congestion management. Under amended Section 14.7 of its Tariff,
13 PacifiCorp is to take all necessary measures to ensure reliability in PacifiCorp's BAAs in
14 accordance with Section 6 of new Attachment T.

15 **Q. Why has PacifiCorp included rules of conduct in new Attachment T, Section 9.2?**

16 **A.** The rules of conduct serve several important functions. First, they enhance reliability.
17 For example, the requirement that resources comply with CAISO Dispatch Instructions or
18 PacifiCorp EIM Entity operating orders in the case of PacifiCorp EIM Participating
19 Resources or PacifiCorp EIM Entity operating orders in the case of Non-Participating
20 Resources. Under Section 29.7(d) of the CAISO Tariff, the CAISO can only issue
21 Dispatch Instructions to PacifiCorp EIM Participating Resources that have made bid
22 offers into the EIM.

1 Second, the rules of conduct place PacifiCorp's Transmission and Interconnection
2 Customers on notice that they face potential enforcement action if they engage in specific
3 activities including: (1) submission of schedules and forecasts that are infeasible based on
4 all information that is known or should have been known using commercially-reasonable
5 efforts at the time of submission; (2) submission of improper outage notification;
6 (3) submission of inaccurate or untimely meter data; and (4) failure to provide the
7 information requested in Sections 4.2.1, 4.2.2, 4.2.3, and 9.1 of new Attachment T in a
8 timely manner. PacifiCorp would not enforce these violations itself, but could refer the
9 matter to the Commission. Third, the rules of conduct are similar to those already
10 approved by the Commission for the CAISO and serve to treat customers in an equal
11 fashion from a compliance perspective.

12
13 **VI. EIM SETTLEMENTS**

14 **Q. Why is there a need to revise the settlement provisions of PacifiCorp's OATT for**
15 **the EIM?**

16 **A.** The CAISO, in proposed Section 29.4(c)(4)(H) of the CAISO Tariff, requires the
17 PacifiCorp EIM Entity to settle all financial obligations arising out of the EIM, including
18 settlement with Non-Participating Resources. This reflects the fact that the CAISO only
19 has a contractual relationship with PacifiCorp and with the Scheduling Coordinators of
20 PacifiCorp EIM Participating Resources. PacifiCorp implemented this obligation in
21 Section 4.1.5 of new Attachment T which provides that the PacifiCorp EIM Entity shall
22 be responsible for financial settlement of all charges and payments allocated by the MO

1 to the PacifiCorp EIM Entity and shall sub-allocate EIM charges and payments in
2 accordance with Schedules 1, 4, and 9 of this Tariff or Section 8 of new Attachment T, as
3 applicable.

4 **Q. Please describe generally the costs to be allocated.**

5 **A.** The EIM-related costs to be allocated include: (1) load and generator imbalance costs
6 under Schedules 4 and 9; (2) ongoing administrative costs; (3) EIM development costs;
7 (4) transmission charges; (5) uplift and neutrality costs; and (6) direct assignment
8 charges.

9 **Q. Please explain the changes to Schedule 4.**

10 **A.** Today, PacifiCorp charges for Energy Imbalance Service to loads under OATT Schedule
11 4 based on an Hourly Pricing Proxy derived from the average price for each hour of the
12 delivered energy price at the California-Oregon Border, Four Corners, Mid-Columbia,
13 and Palo Verde. Under the EIM, PacifiCorp will settle energy imbalances using LMPs
14 generated by the CAISO EIM aggregated at the LAP level. Use of LMPs provides a
15 more accurate price as to the cost of meeting imbalances and of the value of any excess
16 power as well as the cost of congestion on PacifiCorp's Transmission System.
17 Customers serving load in PacifiCorp's BAAs will be charged or paid for Energy
18 Imbalance Service measured as the deviation of the customer's metered load from the
19 load component of the Transmission Customer Base Schedule. PacifiCorp will utilize the
20 Uninstructed Imbalance Energy ("UIE") price as determined by the CAISO for the period
21 of the deviation at the applicable LAP where the load is located, less the price component
22 for marginal losses.

1 Similarly, a customer serving load outside of PacifiCorp's BAAs utilizing PTP Service
2 will be subject to Energy Imbalance Service when a difference occurs between the
3 resource component of the Transmission Customer Base Schedule compared to the
4 Interchange component of the Transmission Customer Base Schedule, which has the
5 effect of creating an imbalance within PacifiCorp's BAAs necessitating Energy
6 Imbalance Service.

7 LMP pricing contains a marginal loss component reflecting only marginal losses
8 calculated by the CAISO at 115 kV. To ensure that Real Power Losses are settled at the
9 loss factors and voltage levels set forth in Schedule 10 of its OATT, PacifiCorp will
10 adjust LMPs to remove CAISO-calculated losses which shall be replaced by a loss
11 calculation performed by PacifiCorp using Schedule 10 loss factors and which shall be
12 priced utilizing the Hourly Pricing Proxy ("HPP"). As a result, PacifiCorp will settle
13 losses with its Transmission Customers separately from imbalance pricing established
14 through EIM and will not sub-allocate Unaccounted For Energy (or "UFE") allocated to
15 PacifiCorp's BAAs by the CAISO, which is primarily made up of energy losses. In
16 addition, PacifiCorp proposes to remove the penalty tiers for both Schedules 4 and 9.

17 **Q. Please explain the changes to Schedule 9.**

18 **A.** Imbalances for PacifiCorp EIM Participating Resources will be settled directly with the
19 CAISO and not under Schedule 9. For Non-Participating Resources, a customer will be
20 charged or paid based on the deviation of the customer's metered generation from the
21 resource component of the Transmission Customer Base Schedule that is not attributable
22 to a Manual Dispatch, at the UIE price as determined by the CAISO for the period of the

1 deviation at the applicable PNode where the generator is located, less the price
2 component for marginal losses.

3 If the customer is responding to a Manual Dispatch or has timely communicated physical
4 changes for a Non-Participating Resource to the Market Operator (for example, 15-
5 minute schedule adjustments or outages), the customer will be charged or paid for the
6 deviation between the resource component of the Transmission Customer Base Schedule
7 and the Manual Dispatch amount at the Instructed Imbalance Energy (“IIE”) price. Any
8 deviations beyond the Manual Dispatch amount, will utilize the UIE price.

9 Currently under Schedules 4 and 9 of its OATT, PacifiCorp may charge a Transmission
10 Customer a penalty for either: (1) hourly energy imbalances under Schedule 4 or (2)
11 generator imbalances under Schedule 9 for imbalances occurring during the same hour,
12 but not both unless the imbalances aggravate rather than offset each other. Because the
13 EIM directly charges or compensates load and generation at the applicable LMP or LAP,
14 there is no potential double charge for imbalances that mitigate each other.

15 **Q. Please explain the changes to Schedule 10.**

16 **A.** For initial implementation of the EIM, PacifiCorp proposes to continue to settle Real
17 Power Losses using the existing provisions of Schedule 10. Thus, losses under the
18 PacifiCorp OATT will continue to be based on the system average loss factors, which
19 was a component of a FERC-approved settlement in FERC Docket No. ER11-3643.
20 PacifiCorp has, however, made revisions to Schedule 10 in light of stakeholder comments
21 requesting further clarification. The changes clarify that financial settlement and physical
22 delivery options for Real Power Losses are available to both NIT Service and PTP

1 Service. In addition, PacifiCorp has included language in Sections 4.2.4.1, 4.2.4.2, and
2 4.2.4.3 of new Attachment T to clarify that Transmission Customers opting for physical
3 delivery of Real Power Losses shall supply Interchange Forecast Data for amounts of
4 power to be delivered at Point(s) of Delivery and the amounts of energy expected to be
5 received at the Point(s) of Receipt.

6 Additionally, the current definition of HPP referred to in Schedule 10 is contained in
7 Schedules 4 and 9, which are being modified by the EIM. PacifiCorp is proposing to
8 make HPP a defined term in Section 1 of the OATT.

9 **Q. How does PacifiCorp propose to recover ongoing administrative costs associated**
10 **with the EIM?**

11 **A.** PacifiCorp has revised Schedule 1 to include the CAISO administrative costs assigned to
12 the PacifiCorp EIM Entity in accordance with Sections 4.5.1.1.4, 4.5.1.3, 11.22.8, and
13 29.11(i) of the CAISO Tariff. As with all other Schedule 1 costs, these will be allocated
14 to all Transmission Customers. These are costs incurred for administration of the new
15 locational pricing regime for imbalances as well as the reliability and other benefits
16 brought by the EIM as discussed in the Testimony of Ms. Hocken.

17 **Q. How does PacifiCorp propose to recover EIM development costs?**

18 **A.** The administrative costs to be recovered under Schedule 1 do not include the
19 implementation costs paid by PacifiCorp to the CAISO under the Implementation
20 Agreement and the Amended Implementation Agreement for the CAISO's costs in
21 establishing the EIM. PacifiCorp proposes that these implementation costs will be
22 booked as an intangible asset to FERC Account No. 303 when the EIM is implemented

1 October 1, 2014. In PacifiCorp's transmission formula rate, the calculation of plant,
2 intangible assets are allocated using the 'Wage and Salary' allocator (*See* OATT
3 Attachment H-1). The operations and maintenance expenses that PacifiCorp has incurred
4 in 2013, will be included in PacifiCorp's formula rate.

5 **Q. What transmission charges will be assessed for the EIM?**

6 **A.** As I explained earlier in my testimony, under Section 8.7.2.2 of new Attachment T, a
7 Transmission Customer participating in EIM using PTP Service will be not be assessed
8 an incremental transmission charge for transmission use related to the EIM where the
9 Transmission Customer has an existing PTP Service reservation and any Dispatch
10 Instruction does not exceed the Transmission Customer's Reserved Capacity. To the
11 extent a Transmission Customer participating in the EIM with a PacifiCorp EIM
12 Participating Resource receives a Dispatch Instruction and the Dispatch Operating Point
13 exceeds the Transmission Customer's Reserved Capacity (or the customer does not have
14 an existing firm or non-firm reservation), the Transmission Customer is charged on an
15 after-the-fact basis, at the hourly Non-Firm PTP Service rate in accordance with Schedule
16 8 of PacifiCorp's OATT for any amount of the Dispatch Operating Point in excess of the
17 Transmission Customer's Reserved Capacity.

18 This approach ensures that a customer is not double charged for transmission. To the
19 extent that the customer has unused capacity that it had previously reserved, PacifiCorp
20 would credit the prior reservation before assessing any additional charges for EIM
21 positive dispatches. If the resource output exceeds the greater of: (1) output associated
22 with a Dispatch Operating Point or a Manual Dispatch, or (2) the Transmission

1 Customer's Reserved Capacity, PacifiCorp will apply Schedule 11 charges for the
2 unreserved use. This approach appropriately encourages resources to comply with the
3 CAISO's Dispatch Instruction or PacifiCorp's Manual Dispatch.

4 PacifiCorp will not assess an incremental transmission charge to Network Customers for
5 EIM participation by designated Network Resources. Instead, PacifiCorp has revised
6 Section 34.2 so that the Network Customer's Monthly Network Load will be its hourly
7 load (including losses and its designated Network Load not physically interconnected
8 with the Transmission Provider under Section 31.3) plus any output of designated
9 Network Resources participating in EIM based upon the greatest positive Dispatch
10 Operating Point received during the Operating Hour coincident with the Transmission
11 Provider's Monthly Transmission System Peak (including losses).

12 Based on comments received during the stakeholder process and as I explained earlier in
13 my testimony, PacifiCorp will provide another option for Network Customers who want
14 to participate in the EIM but do not want to have their output considered in determining
15 their Monthly Network Load amount. Section 8.7.2.1 of new Attachment T, states that
16 Network Customers may elect to be charged for transmission associated with EIM
17 Dispatch Instructions utilizing the same approach proposed for PTP Service. The
18 election must be made at the time of the Network Customer's application and may not be
19 changed more frequently than on a quarterly basis.

20 As I discussed previously, PacifiCorp's approach to transmission charges was
21 significantly modified during the stakeholder process. The approach reflected in the
22 revised OATT is a careful balance between those who might advocate lesser or no

1 charges for EIM participation and those that would advocate for requiring a long-term
2 transmission capacity reservation.

3 It is also important to note that all customers will benefit from these EIM transmission
4 charges. This occurs through the operation of PacifiCorp's formula rate. PacifiCorp
5 forecasts its Annual Transmission Revenue Requirement for each rate year between June
6 1 and May 31. A true-up between the forecasted and actual net revenue requirement is
7 calculated annually for the preceding calendar year and applied as a refund or surcharge
8 to long-term firm Transmission Customers. Because of the formula, long-term firm
9 Transmission Customers will benefit from a refund due to either a credit for EIM non-
10 firm service; or an increase in the transmission cost allocations to participating Network
11 Customers because the output of designated Network Resources associated with EIM
12 Dispatch Instructions will be added to the Network Customer's Monthly Network Load
13 to determine monthly network transmission charges.

14 **Q. Will there be an additional transmission charge for imbalances that flow to the**
15 **CAISO?**

16 **A.** No. PacifiCorp supports the CAISO's proposal not to impose an incremental charge for
17 EIM use of transmission between EIM Entities and between EIM Entities and the
18 CAISO, where each EIM Entity brings transmission rights to facilitate the EIM. This
19 proposal reflects reciprocity among the CAISO and EIM Entities by mutually waiving
20 transmission charges between these areas for the optimized energy dispatches that EIM
21 produces. The existing transmission rates of the CAISO and EIM Entities fully recover
22 their transmission revenue requirements from existing transmission customers. As a

1 result, transmission revenue recovery will be fully compensated by existing transmission
2 rates.

3 Furthermore, as the EIM is a new market, there is no basis upon which to produce a
4 separate EIM transfer rate. Accordingly, PacifiCorp supports the CAISO's commitment
5 to further study the issue of EIM transmission charges based on actual data treatment of
6 revenues from EIM transmission after a period of operation of the EIM.

7 **Q. How will PacifiCorp allocate uplifts and neutrality charges assessed by the CAISO?**

8 **A.** PacifiCorp has reviewed each of the charge types the CAISO has proposed allocating the
9 EIM Entities. PacifiCorp has determined that it will hold customers harmless from
10 certain charge types, allocate others to customers on the basis of Measured Demand, and
11 directly assign costs that can be attributable to the actions of a specific actor. In general,
12 PacifiCorp has proposed to sub-allocate charges using the same methods currently used
13 by the CAISO to allocate the same charge codes in the CAISO's BAA.

14 **Q. For which EIM charge types will customers be held harmless?**

15 **A.** PacifiCorp has determined that Transmission Customers will be held harmless from:
16 (1) UFE charges; (2) UIE charges associated with the decision to utilize the CAISO
17 forecast; (3) the Real-Time Marginal Cost of Losses Offset; and (4) other CAISO
18 settlement related charges including, Invoice Deviation (distribution and allocation);
19 Default Invoice Interest Payment; Default Invoice Interest Charge; Invoice Late Payment
20 Penalty; Financial Security Posting (Collateral) Late Payment Penalty; Shortfall Receipt
21 Distribution; Shortfall Reversal; Shortfall Allocation; and Default Loss Allocation.
22 PacifiCorp is not sub-allocating UFE charges and Real-Time Marginal Cost of Losses

1 Offset charges because these charges are losses-related and Transmission Customers
2 already pay for losses under Schedule 10 of PacifiCorp's OATT. PacifiCorp is not sub-
3 allocating UIE charges associated with the decision to utilize the CAISO forecast because
4 it will be settling UIE charges for load imbalance with Transmission Customers based
5 upon customer-generated load forecasts. Finally, PacifiCorp has made the determination
6 not to sub-allocate charges associated with invoicing and payments because PacifiCorp is
7 responsible for meeting the CAISO's payment calendar.

8 **Q. Which charge types will be allocated to Measured Demand?**

9 **A.** Under new Attachment T, the PacifiCorp EIM Entity will allocate certain charges to all
10 Transmission Customers on the basis of Measured Demand, including charges for
11 Flexible Ramping Constraint, Real-Time Market Neutrality, Real-Time Congestion
12 Offset, Real-Time Bid Cost Recovery, and neutrality rounding adjustments. These
13 allocations recognize that all customers enjoy and should support the reliability benefits
14 attained by the EIM as well as the imbalance service being provided through the EIM.
15 Again, with the partial exception of the Flexible Ramping Constraint costs, which I will
16 discuss, PacifiCorp has proposed to sub-allocate these charges using the same methods
17 currently used by the CAISO to allocate the same charge codes in the CAISO BAA.
18 With respect to costs related to the Flexible Ramping Constraint ("FRC"), PacifiCorp
19 understands that, based on settlement, the CAISO currently allocates FRC 75% to hourly
20 Measured Demand (which consists of metered load and exports), and 25% to daily gross
21 negative supply deviations by generators. While PacifiCorp considered utilizing the
22 approach, it did not have access to the necessary data. PacifiCorp EIM Participating

1 Resource Scheduling Coordinators settle IIE and UIE directly with the CAISO.

2 Therefore, PacifiCorp will not have the data necessary to proportionally assess 25% of
3 the FRC charge to all generators. While PacifiCorp would have information for Non-
4 Participating Resources, it would not be appropriate to allocate the charge only to this
5 subset of resources. The proposed use of a Measured Demand allocator ensures that
6 those customers benefiting from the reliability of PacifiCorp's Transmission System also
7 are responsible for sharing the costs incurred in maintaining that level of reliability.

8 **Q. Are there additional charges that will be directly assigned?**

9 **A.** Yes. First, the CAISO has included charges in proposed Section 29.11(d) of the CAISO
10 Tariff for both under-scheduling and over-scheduling of load. In new Attachment T,
11 Section 8.4, PacifiCorp proposes that any charges to the PacifiCorp EIM Entity for
12 under- or over-scheduling be assigned to the Transmission Customers subject to Schedule
13 4 in the offending BAA that contributed to the imbalance for that hour based on their
14 respective under- or over-scheduling imbalance ratio share. To the extent PacifiCorp
15 receives payments for under- or over-scheduling by other EIM Entities, PacifiCorp will
16 distribute the revenues to Transmission Customers on the basis of Metered Demand.

17 Second, any charges to the PacifiCorp EIM Entity pursuant to proposed Section 29.22(a)
18 of the CAISO Tariff for CAISO tax liability as a result of the EIM shall be sub-allocated
19 to those Transmission Customers triggering the tax liability, as set forth in Section 8.6 of
20 new Attachment T.

21 Third, if a Transmission Customer with a Non-Participating Resource that is a variable
22 energy resource elects to utilize the CAISO forecast, any charges to the PacifiCorp EIM

1 Entity pursuant to proposed Section 29.11(j) of the CAISO Tariff for variable energy
2 resource forecast charges shall be sub-allocated to the Non-Participating Resource
3 requesting such forecast.

4 Fourth, to the extent the PacifiCorp EIM Entity incurs a penalty for inaccurate or late
5 actual settlement quality meter data, pursuant to Section 37.11.1 of the CAISO Tariff, the
6 PacifiCorp EIM shall directly assign the penalty to the offending Transmission Customer
7 as set forth in Section 8.5.7 of new Attachment T.

8 By sub-allocating these charges on a direct-assignment basis, PacifiCorp is matching cost
9 responsibility with the entity or entities that caused the cost to be incurred. Other
10 customers will be held harmless from these charges that directly relate to specific
11 decisions of conduct of particular parties.

12 **Q. Did PacifiCorp make other changes to its OATT to reflect the need to participate in**
13 **the CAISO's settlement process?**

14 **A.** Yes. New Attachment T, Section 8.9 recognizes that PacifiCorp's meter submissions and
15 payments to the CAISO will be controlled by the CAISO payment calendar. However,
16 the PacifiCorp EIM Entity shall follow Section 7 of its OATT for issuing invoices
17 regarding the EIM.

18 The CAISO has provisions under its tariff that provide for price correction under specific
19 circumstances. There is also the possibility that invoices will need to be modified as a
20 result of dispute resolution or Commission orders. New Attachment T, Section 8.11
21 reasonably provides that if the CAISO corrects an invoice to the PacifiCorp EIM Entity –
22 either a refund or a surcharge – and that correction concerns a sub-allocated cost account,

1 the PacifiCorp EIM Entity will pass through a proportionate share of the refund or
2 surcharge.

3 In addition, PacifiCorp has provided for an EIM Residual Balancing Account in new
4 Attachment T, Section 8.10. During the stakeholder process, PacifiCorp sought to have
5 the CAISO match its charge codes with its tariff allocations. The CAISO determined this
6 was not necessary. While the CAISO can broadly allocate certain costs to the PacifiCorp
7 EIM Entity, PacifiCorp has determined it was appropriate to hold customers harmless
8 from certain costs, allocate others, and directly assign certain charges. There is the
9 possibility that the CAISO will identify an additional charge code as being assignable to
10 the PacifiCorp EIM Entity. There is also the possibility of a timing difference between
11 when the CAISO is authorized to put a new charge into effect and when PacifiCorp can
12 obtain approval for the sub-allocation. Consistent with PacifiCorp's formula rate for
13 transmission service, this provision authorizes PacifiCorp to place the refund or charge in
14 a reserve account until the Company receives approval in a Federal Power Act Section
15 205 filing for any sub-allocation.

16
17 **VII. OTHER REVISIONS TO PACIFICORP'S OATT**

18 **Q. What other changes is PacifiCorp proposing to its OATT?**

19 **A.** PacifiCorp has proposed modifications to provisions in its OATT regarding
20 undesignation of resources, dispute resolution, and liability and has added clarifying
21 language regarding the non-applicability of OATT provisions governing the sale of
22 assignment of Transmission Service to EIM, each of which I discuss in my testimony.

1 **Q. Why has PacifiCorp sought to modify the OATT provisions related to undesignation**
2 **of network resources?**

3 **A.** To implement the EIM, PacifiCorp proposes to add and/or amend Sections 28.7, 30.1 and
4 30.4 of its OATT, which currently requires Network Customers to terminate the
5 designation of Network Resources when such resources are used to make off-system
6 sales. PacifiCorp is proposing that a designated Network Resource bid into the EIM as
7 an EIM Participating Resource (*i.e.*, for a Network Customer electing to participate in the
8 EIM using its Network Integration Transmission Service Agreement) does not have to be
9 undesignated.

10 This proposal is just and reasonable in light of the operational real-time nature of the EIM
11 and because of the manner in which the EIM makes the most efficient real-time use of the
12 transmission system and, as such is consistent with or superior to the existing OATT
13 provisions. During EIM operations, it will not be possible to know in advance of any
14 Operating Hour if a particular Network Resource will be used only to serve Network
15 Load or will be awarded an EIM Dispatch Instruction because dispatch determinations
16 are made in real-time. It will also not be possible in advance of any hour to know if an
17 EIM dispatch instruction will be issued to serve load within PacifiCorp's BAAs or the
18 CAISO BAA. Additionally, the purpose of the Commission's undesignation
19 requirements is to ensure non-discriminatory access to available transmission capacity.
20 This purpose is achieved when Network Resources are used to serve EIM load utilizing
21 transmission capacity that is determined to be available based upon real-time information
22 about PacifiCorp's Transmission System, and that would be otherwise unable to be used

1 on a real-time basis. The Commission's policy requiring undesignation has been driven
2 by the concern that Network Customers release transmission not needed to serve load and
3 that such capacity be made available for efficient, open access use of the transmission
4 system. The EIM achieves these objectives because the EIM is making real-time
5 determinations about how to most efficiently and economically dispatch resources to
6 serve load based on real-time data for Transmission System availability and congestion.
7 The EIM is able to do this in a manner which is more efficient than what can be done
8 based upon undesignations made in the transmission pre-scheduling timeframe which is
9 not capable of incorporating real-time information. Importantly, this exemption from the
10 need to undesignate resources *only applies to sales in the EIM*. If a Transmission
11 Customer wanted to make third-party sales outside of the EIM from a designated
12 Network Resource, that customer would need to follow the undesignation process as it
13 exists today consistent with the Commission's requirements. Additionally, Network
14 Customers electing to participate in the EIM through a Non-Firm PTP Service Agreement
15 will be required to undesignate a Network Resource for this purpose, consistent with
16 undesignation requirements for resources being delivered on PTP Service.

17 **Q. Please describe the dispute resolution process for EIM.**

18 **A.** PacifiCorp has proposed a new Section 12.4A to process EIM disputes. The provision
19 recognizes that disputes can arise between different parties under different tariffs in light
20 of PacifiCorp's EIM implementation with the CAISO. To the extent a dispute arises
21 between the PacifiCorp EIM Entity and a Transmission Customer or Interconnection
22 Customer regarding PacifiCorp's implementation of its OATT based on the manner in

1 which the PacifiCorp EIM Entity allocates charges or payments from the CAISO, the
2 parties follow the dispute resolution procedures in Sections 12.1 to 12.4 of PacifiCorp's
3 OATT. In other words, if the dispute is between a customer regarding PacifiCorp's
4 actions in sub-allocating charges, it is treated as any other OATT dispute.

5 If the dispute is between a PacifiCorp EIM Participating Resource Scheduling
6 Coordinator and the CAISO, the dispute is governed by the CAISO Tariff. A similar
7 process is used for disputes between the PacifiCorp EIM Entity and the CAISO.

8 If the dispute involves a PacifiCorp Transmission Customer or Interconnection Customer
9 and it is not based on the manner in which PacifiCorp sub-allocated a charge but instead
10 involves whether or not it was proper for the CAISO to allocate the cost to the PacifiCorp
11 EIM Entity in the first place, the process is slightly more complicated. PacifiCorp wants
12 to give customers an opportunity to review their individual settlement statements and
13 identify potential problems. Because these customers do not have a contractual
14 relationship with the CAISO, Section 12.4A.4 provides that the issue must first be
15 brought by the Transmission or Interconnection Customer to PacifiCorp and PacifiCorp
16 will submit the dispute to the CAISO on the customer's behalf as permitted under the
17 CAISO's existing settlement timeframes.

18 **Q. What changes does PacifiCorp propose with respect to the liability provisions of its**
19 **OATT?**

20 **A.** PacifiCorp proposes to maintain the existing ordinary negligence standard of liability for
21 its responsibilities as the Transmission Provider under the *pro forma* OATT. However,
22 PacifiCorp is requesting that its new market responsibilities as an EIM Entity be subject

1 to a higher, gross negligence or intentional wrongdoing, standard. This is reflected in a
2 proposed addition to Section 10.2 of PacifiCorp's OATT. The higher standard is
3 consistent with PacifiCorp voluntarily assuming the additional responsibilities required of
4 EIM Entities and is consistent with what the Commission has accepted previously for
5 transmission providers participating in other organized markets.

6 Protection from potentially excessive damage awards is important not only for the
7 Company but also for customers who may bear the higher insurance premiums and
8 higher cost of capital. Approval of a gross negligence or intentional wrongdoing standard
9 for EIM responsibilities can encourage other BAs to take on the similar responsibility of
10 an EIM Entity.

11 **Q. What changes does PacifiCorp propose with respect to provisions of its OATT**
12 **governing the sale or assignment of Transmission Service?**

13 **A.** PacifiCorp has added language to Section 23 of its OATT to clarify that Section 23.1(a),
14 Procedures for Assignment or Transfer of Service, does not apply to EIM transactions.
15 Under Section 23.1(a) of its OATT, a Transmission Customer may sell, assign, or
16 transfer all or a portion of its rights under its Service Agreement, but only to another
17 Eligible Customer (the Assignee). PacifiCorp has added a new Section 23.4 to make it
18 abundantly clear that a PacifiCorp Interchange Rights Holder who has informed the
19 PacifiCorp EIM Entity that it is electing to make its reserved firm transmission capacity
20 available for EIM Transfers is not performing a reassignment.

21 As I explained earlier in my testimony, a dynamic e-Tag will be used to implement EIM
22 Transfers. The e-Tag will be submitted in the preschedule window by the PacifiCorp

1 Interchange Rights Holder indicating the amount of its firm transmission capacity to be
2 made available for EIM Transfers. Through the submission of the e-Tag, the PacifiCorp
3 Interchange Rights Holder is signifying to all parties to the e-Tag that it is utilizing its
4 rights and making those rights available for the EIM. The rights are not being made
5 available to any specifically identified resource or other Transmission Customer. The
6 dispatch for EIM Transfers will be based on the EIM's real-time determination of the
7 most economic resource to meet the needs of the EIM footprint. This does not constitute
8 a sale or reassignment of transmission in the manner contemplated by Section 23 of the
9 OATT.

10 Accordingly, PacifiCorp has proposed this revision to ensure that it is clear that it is not
11 treating the use of transmission for EIM as a sale or reassignment of transmission service.
12

13 **Q. Does this conclude your testimony?**

14 **A.** Yes

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

PacifiCorp

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Docket No. ER14 - ___-000

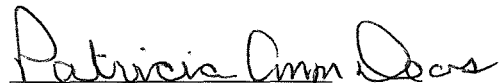
VERIFICATION

I, **Sarah E. Edmonds**, being duly sworn, depose and state that I am the witness identified in the foregoing prepared testimony, and that the statements of fact in the testimony and supporting exhibits are true and correct to the best of my knowledge, information and belief.


Sarah E. Edmonds

Subscribed and sworn before me at Portland, Oregon

This 25th day of March, 2014


Notary Public

My commission expires on: April 18, 2015

