



Supporting Intervenors' Answer provides additional information for the Commission's consideration regarding key transmission-related aspects of the Markets+ tariff proposal, in response to discrete requests for clarification filed in this docket. This supplemental information is necessary to ensure an accurate and fulsome record in this proceeding. As active stakeholder participants in SPP's development of Markets+ Tariff provisions, Supporting Intervenors respond to specific questions raised in the comments of several parties about the operation and importance of the Markets+ "Transmission Contribution" mechanism, based on a plain reading of the tariff and Supporting Intervenors' own participation in dialogue and review in the course of the Markets+ Tariff development process. Each of the Supporting Intervenors also participate in the Western Energy Imbalance Market ("WEIM") and participated in the development process of California Independent System Operator Corp.'s ("CAISO") Extended Day-Ahead Market ("EDAM"). These experiences have provided them with insight into how OATT transmission rights are successfully used in organized markets in the region and why the Markets+ transmission framework should be approved. Supporting Intervenors respectfully request that the Commission accept this Answer and consider it when issuing an order on SPP's Markets+ tariff submission.

## **ANSWER**

### **I. CLARIFICATION ON THE USE OF CONTRACT-PATH RIGHTS IN MARKETS+**

In keeping with SPP's extensive deliberations with Western stakeholders in the Markets+ development phase, the Markets+ Tariff filing defines two types of transmission capability that will be available to support Markets+ transactions. First, Markets+ Transmission Service Providers commit to "contribute their flow-based transmission capability," but are permitted to obtain "carve outs" of capability to respect transmission customers that wish to use their transmission rights outside of Markets+.<sup>3</sup> Second, Markets+ Transmission Contributors—who are not transmission

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<sup>3</sup> Transmittal Letter, at 23. *see also* Markets+ Tariff, Section I.1.m ("Any transmission capacity that has been identified to the Market Operator as a Markets+ Transmission Capacity Opt-Out will not be considered available for Markets+ Transmission Capability"); Markets+ Tariff, Att. D, §§ 1.0, 1.2 (titled "Obligation to Communicate Markets+ Transmission Capacity Availability Changes").

service providers (“TSPs”), but rather are transmission customers that hold transmission rights on facilities administered by TSPs that have not elected to participate in Markets+ (*i.e.*, “external” TSPs)—may make their own OATT transmission rights available to support Markets+ transactions.

A wide range of Western stakeholders urge the Commission to approve the Markets+ tariff as filed, without modification to the above-detailed transmission sourcing methods. These supporters include power marketers, large investor-owned utilities, municipal utilities, trade associations, each a state commissioner and political subdivision, and end-use customers.<sup>4</sup> These supporters agree that Markets+, as proposed, will facilitate a more efficient and cost-effective utilization of resources, while also improving the penetration of renewable resources and maintaining reliability in the region.<sup>5</sup>

Consistent with this cross-sector showing of support, three TSPs—Idaho Power, Portland General, and NV Energy—showed an appreciation for the dedicated efforts of the region to create Markets+ but requested clarifications of certain aspects about the Transmission Contribution framework. In particular, they sought clarification that transmission rights contributed by a Markets+ Transmission Contributor will continue to be governed by the customer’s applicable Transmission Service Agreement and by the Open Access Transmission Tariff (“OATT”) of the external TSP that issued the rights.<sup>6</sup>

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<sup>4</sup> See, *e.g.*, Comments of Powerex Corp.; Motion for Leave to Intervene and Comments of Arizona Pub. Serv. Corp.; Comments of Arizona Commissioner Nick Myers; Comments of the Clean Energy Associations; Comments of Xcel Energy Services Inc. on behalf of Public Utility Affiliate Public Service Company of Colorado; Motion to Intervene and Comments of Tucson Electric Power; Comments in Support of Filing of Public Utility District No. 1 of Chelan County, Public Utility District No. 1 of Snohomish County, and City of Tacoma, Department of Public Utilities, Power Division; Motion to Intervene and Comments of Google LLC; Comments of the Clean Energy Buyers Association; Motion for Leave to Intervene and Comment of Salt River Project Agricultural Improvement District.

<sup>5</sup> See, *e.g.*, Comments of the Clean Energy Association, at P 4; Comments of the Clean Energy Buyers Association, at PP 3-4; Motion for Leave to Intervene and Comments of Arizona Pub. Serv. Corp at, PP 6-7, 9-10; Motion to Intervene and Comments of Google LLC, at P 5.

<sup>6</sup> See, *e.g.*, Comments of Idaho Power Company, at 2 (“Idaho Power asks that the Commission confirm that a Transmission Contributor in that position can only take actions consistent with the rights it has as a

Supporting Intervenor believe that the clarifications requested by Idaho Power, NV Energy, and Portland General arise from the potential for a misunderstanding of the Markets+ Tariff—namely, that such contributions would result in transmission customers with contract-path transmission rights on external TSPs’ systems somehow being able to use those transmission rights as “flow-based” rights (instead of contract-path rights) for Markets+ deliveries. This potential misunderstanding may be based on a reading of Tariff language stating “Markets+ will economically dispatch Energy across the Markets+ Footprint *using Markets+ Transmission Contributors’ and Markets+ Transmission Service Providers’ flow-based transmission capability less any capacity not available for market use.*”<sup>7</sup> Similar wording is found in SPP’s transmittal letter.<sup>8</sup>

It is the Supporting Intervenor’s understanding from SPP’s filing and from their own participation in the Markets+ tariff development process that the “flow-based” treatment of transmission capability under the Tariff applies solely to the second part of the above phrase—that is, to the transmission capability brought into Markets+ by TSPs.<sup>9</sup> In particular, in contrast to flow-based usage across the facilities of a Markets+ TSP, Supporting Intervenor understand that transmission capability associated with Markets+ Transmission Contributors’ OATT transmission reservations on non-participating TSPs’ systems will be utilized in the Markets+ solution as *contract-path* delivery schedules, entirely consistent with and limited by the applicable

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transmission customer under its transmission service agreement with the transmission provider[.]”); Motion to Intervene and Comments of NV Energy, at 5 (“SPP should clarify that any capacity offered by Transmission Contributors must be consistent with their underlying rights.”); Motion to Intervene and Comments of Portland General Electric Company, at 4 (“PGE requests that the SPP confirm that the utilization of Markets+ Transmission Contributors’ rights will be consistent with the Transmission Service Provider’s Open Access Transmission Tariff and the Transmission Customer’s Transmission Service Agreement.”)

<sup>7</sup> Markets+ Tariff, Att. D § 1.0; Motion to Intervene and Comments of NV Energy, at 5 (emphasis added).

<sup>8</sup> Markets+ Transmittal Letter, at 5.

<sup>9</sup> *Id.* (“Transmission usage will be optimized in Markets+ by relying on the full flow-based capability of the Markets+ Transmission Service Provider’s system while respecting the transmission rights of non-participating transmission service providers . . .”).

transmission service agreement and the tariff of the non-participating TSP. To remedy the current potential misunderstanding of the key Tariff provision, Supporting Intervenor suggest that FERC's order on the Markets+ Tariff state that the relevant tariff language—"Markets+ will economically dispatch Energy across the Markets+ Footprint using Markets+ Transmission Contributors' and Markets+ Transmission Service Providers' flow-based transmission capability less any capacity not available for market use[]"—is intended for Markets+ to use Markets+ Transmission Contributors' transmission capability in the Markets+ solution as a contract-path delivery schedule, not as flow-based usage.

## **II. THE MARKETS+ TRANSMISSION CONTRIBUTOR FRAMEWORK DOES NOT ALTER NON-PARTICIPATING TRANSMISSION SERVICE IN ANY WAY**

From their own extensive participation in the development process of Markets+, Supporting Intervenor understand that the Transmission Contributor model was intentionally designed by SPP, in collaboration with regional stakeholders, to fully respect and preserve OATT rights on non-participating transmission systems. OATT-based transmission rights will continue to be held by the transmission customer and scheduled by the transmission customer using e-Tags that are subject to validation by the applicable non-participating TSP. These transmission rights will continue to be governed by the terms and conditions of the respective transmission service agreement, by the Commission-approved tariff of the TSP that granted those rights, and by the business practices and protocols of that TSP. As explained above, this includes retaining the existing contract-path treatment of those rights, as flow-based transmission modeling would not be applied to the use of the transmission systems of non-participating TSPs.

Supporting Intervenor understand that nothing in the Markets+ Tariff changes which entity is the transmission customer or which entity is the TSP, nor does the Tariff in any way change or interfere with the rights and responsibilities of the transmission customer or TSP. Instead, the Markets+ Transmission Contributor model and related Tariff provisions enable the Markets+ optimization to determine the optimal MWh quantity of transfers between different portions of the

Markets+ footprint to achieve the least-cost solution. Under the Markets+ Tariff, the market operator will communicate these optimal transfer quantities to the contributing transmission customer, who then schedules and delivers using conventional OATT transmission rights, under the contract-path paradigm, across one or more transmission systems that do not participate in Markets+. Importantly, the Markets+ Transmission Contributor provisions of the proposed Tariff define only how Markets+ is informed about the transmission customers' transmission availability and its intention to use those external rights to deliver energy between areas within the Markets+ footprint. The Markets+ Tariff does not—and cannot—modify any aspect of the terms of service for those rights.<sup>10</sup>

In summary:

1. Nothing in the Markets+ Tariff will interfere with the role of non-participating TSPs providing transmission service on their systems;
2. Nothing in the Markets+ Tariff changes the relationship between a non-participating TSP and its transmission customers; and
3. Nothing in the Markets+ Tariff assigns to SPP either the role of a TSP or of a transmission customer.

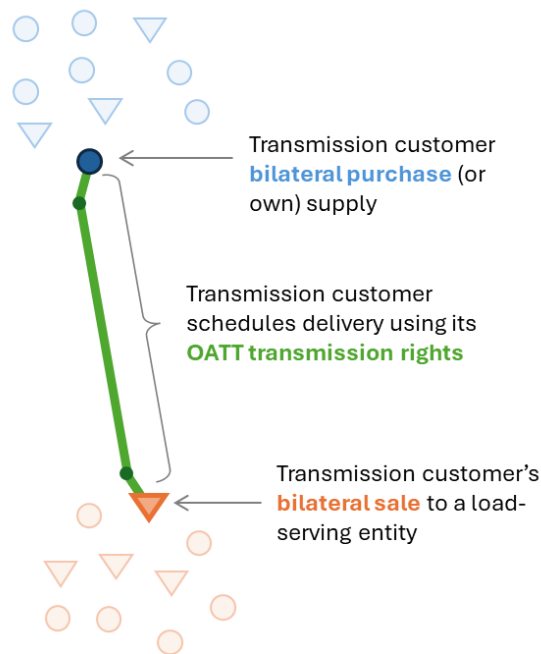
The scope of what the Markets+ Transmission Contributor framework accomplishes (and what it does not) is readily demonstrated by first considering how OATT transmission rights are currently used to deliver supply from one part of the West to load in a different part, and next by considering how those rights will be used once that same supply and load participate in an organized (rather than bilateral) market.

The graphic below illustrates the current approach to how a transmission customer transacts under the existing bilateral market and OATT transmission scheduling constructs:

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<sup>10</sup> See, e.g., Markets+ Tariff, § I.1.M (definition of “Markets+ Transmission Contributor”). This definition provides that a customer may donate only its “rights,” but such “rights” are defined by the non-participating TSP’s OATT and service agreement(s) with the customer.

## Current Approach



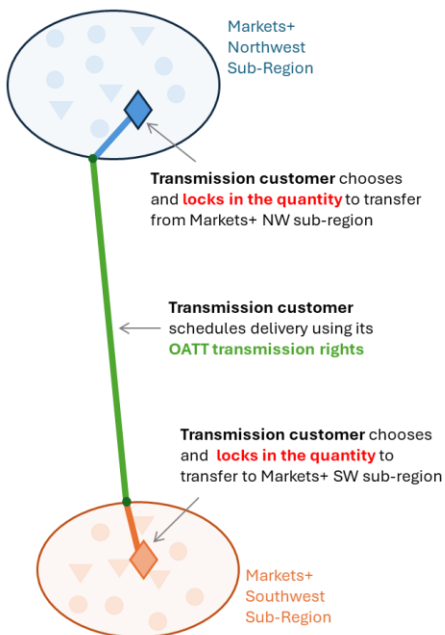
Under the current approach in today's Western bilateral markets, a transmission customer must (1) identify a source (from which it purchases or otherwise owns energy supply), (2) identify a load-serving entity (to whom it sells or otherwise has an obligation to deliver energy), and then (3) schedule the desired quantity of energy from source to sink using its OATT transmission rights, in keeping with applicable tariff and other scheduling requirements. The efficiency of the current bilateral market environment is limited, however, by a lack of full information, as the transmission customer is not necessarily able to identify the most economic source of supply or the most economic load to deliver the energy supply to, as well as by bilateral market transaction or friction costs, and by the need to transact in hourly or multi-hour blocks in the bilateral markets.

Supporting Intervenors believe that Markets+ will eliminate many of these inefficiencies, by having full information on all available resources and loads in the participating footprint, and by optimizing schedules with hourly and sub-hourly granularity. Once Markets+ is operational, a transmission customer will be able to use its OATT rights to deliver energy from one location in the Markets+ footprint to a different location in the Markets+ footprint, using the same OATT

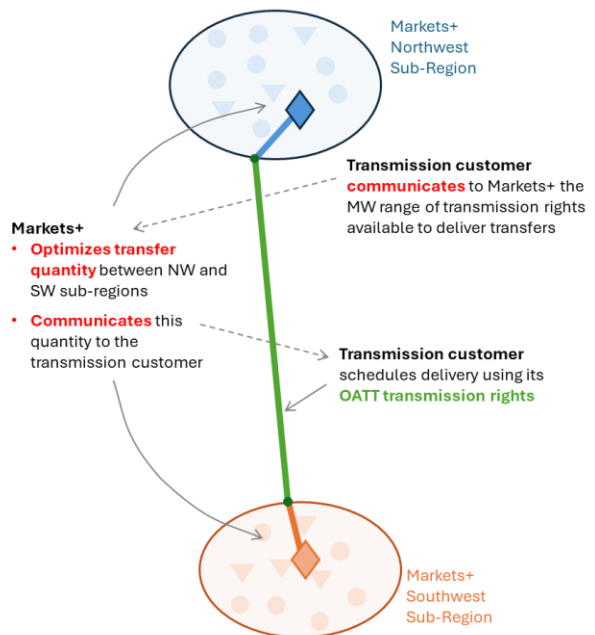
scheduling conventions that exist today. The transmission contract path used for such deliveries and the maximum quantity able to be delivered will not be altered by the existence of Markets+ and will continue to be consistent with the transmission customer's transmission service agreements.

Next, the graphic below illustrates the distinctive benefits of the Markets+ Transmission Contributor framework for entities that seek to use their OATT rights on a non-participating transmission system to deliver energy from one Markets+ subregion to another. The left-hand panel below illustrates an approach in which the transmission customer decides, prior to the Markets+ optimization process, the quantity of energy it will deliver in the Markets+ footprint utilizing firm OATT transmission rights of one or more transmission systems. Since the quantity of energy scheduled by the transmission customer on its contract path rights and transferred between areas of the Markets+ footprint is determined entirely outside of the market optimization, it is unlikely to lead to the most efficient outcome in each interval.

**Transfers Between Markets+ Sub-Regions Are Independently Scheduled But Are Not Optimized**



**Transfers Between Markets+ Sub-Regions Use Transmission Contributor Approach And Are Optimized**





The right-hand panel of the graphic shows how the Markets+ Transmission Contributor framework addresses this inefficiency. Rather than the transmission customer simply choosing the quantity of transfers, it will communicate to Markets+ the quantity of available transmission rights it holds on third-party systems to deliver transfers between the two Markets+ sub-regions. The Markets+ software can then select the quantity of transfers that minimize the total bid-in cost of serving demand in the entire Markets+ footprint. This optimal quantity of transfers is communicated to the transmission customer, which schedules delivery of that quantity using its OATT transmission rights.

Importantly, it is the existing OATT framework in place across the region that provides the functionality to permit individual OATT transmission customers to utilize their rights under existing transmission service agreements to schedule transfers from one part of the Markets+ footprint to another (left-hand panel of above graphic). Supporting Intervenors understand that the purpose of the Markets+ Transmission Contributor framework is only to make the quantities of those transfers more efficient by allowing the Market Operator, for each interval, to timely inform the Markets+ Transmission Contributor of the most efficient energy quantity to schedule using its OATT rights on the transmission systems of non-participating TSPs. The Markets+ Transmission Contributor Tariff provisions are necessary to provide Markets+ with the ability to efficiently coordinate and optimize transfer volumes across the Markets+ footprint.

### **III. RESPONSE TO THE SPECIFIC CLARIFICATIONS REQUESTED BY IDAHO POWER, NV ENERGY AND PORTLAND GENERAL**

Some of the Supporting Intervenors are long-standing firm point-to-point (“PTP”) transmission customers of Idaho Power, NV Energy and Portland General. For instance, Powerex has an extensive and collaborative relationship spanning decades with each and appreciates the constructive dialogue it has had to date with various TSPs regarding the use of Powerex’s firm transmission rights for optimized Markets+ deliveries. Like others, Powerex believes the ability

to more efficiently schedule deliveries on its OATT rights is a significant benefit that will support its continued transmission investment in firm rights on transmission systems external to Markets+.

In addition to the concern about the contract-path transmission contributions under the Transmission Contributor model (addressed above), Idaho Power, NV Energy, and Portland General requested several additional clarifications. Supporting Intervenors believe that the responses to these requested clarifications are entirely consistent with their joint understanding and expectations under the Markets+ Transmission Contributor framework, as discussed below.

#### **A. Response to Idaho Power**

Idaho Power requests clarification on several points. First, Idaho Power expresses concern about customer transmission contributions to Markets+ resulting in Markets+ using those transmission rights as “flow-based” rights (instead of contract-path rights) for Markets+ deliveries.<sup>11</sup> This concern is addressed above, and specifically Supporting Intervenors understand that (1) contract-path transmission rights contributed to Markets+ on a non-participating TSP will not be considered or used as “flow-based” in Markets+; and (2) Markets+ communication of an optimized schedule to a Transmission Contributor will respect the contract limits of the available contributed transmission capacity.

Second, Idaho Power seeks confirmation that a transmission customer contributing transmission rights on non-participating TSP facilities can take only actions consistent with that TSP’s OATT and transmission service agreements.<sup>12</sup> Supporting Intervenors also agree that transmission customers may take only such actions that are consistent with the non-participating TSP’s OATT and the customer’s service agreements with that TSP. In particular, regarding the limitations associated with Network Integration Transmission Service (“NITS”), Supporting Intervenors recognize that generally such service may not be used for the purpose of enabling a

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<sup>11</sup> Comments of Idaho Power Company, at 3.

<sup>12</sup> *Id.* at 2.

simultaneous off-system sale. Therefore, NITS on an external transmission provider's system may not be well suited for contribution to Markets+.

Finally, Idaho Power suggests that the Markets+ Tariff should contain a requirement for the non-participating TSP to approve a transmission customer's contribution of transmission rights to Markets+.<sup>13</sup> Supporting Intervenors appreciate Idaho Power's concern but believe that such a requirement is unnecessary because, as described above, the customer must still adhere to all requirements of the non-participating TSP's OATT and related service agreements. The Markets+ operator will not submit a schedule on behalf of the customer, but will instead inform the customer of the optimal scheduling volumes, which the customer will undertake in conformance with the OATT. In other words, Markets+ is designed to ensure that a transmission customer contributing OATT transmission rights to Markets+ is acting in compliance with its pre-existing obligations under the TSP's OATT. In addition to being unnecessary, Supporting Intervenors are also concerned that such an approval requirement—which is not found in the WEIM or EDAM tariffs—could constitute a new restriction on how OATT transmission rights are used (*e.g.*, to whom energy can be delivered) or otherwise open the door to undue discrimination. Nonetheless, Supporting Intervenors fully support communication and coordination between SPP and external TSPs in much the same way that this communication occurs within the WEIM.

## **B. Response to NV Energy**

NV Energy, like Idaho Power and Portland General, seeks confirmation that a transmission customer contributing transmission rights on a non-participating TSP's system “can only take actions consistent with the right that transmission customer has under the agreement with the external transmission provider.”<sup>14</sup> NV Energy also specifically believes that a NITS customer

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<sup>13</sup> Comments of Idaho Power Company, at 3-4.

<sup>14</sup> Motion to Intervene and Comments of NV Energy, at 4.

would need to respect the rights and obligations under the non-participating TSP's OATT.<sup>15</sup> As addressed above in Section II and in response (above) to similar concerns by Idaho Power, Supporting Intervenors agree with these statements.

NV Energy also states that unscheduled rights “do not rest with the transmission customer but revert back to the transmission provider.”<sup>16</sup> Supporting Intervenors agree that the TSP is generally able to make available unscheduled firm PTP capacity for other uses. However, the capacity of unscheduled firm PTP rights can only be offered as lower-priority service. Under the Commission's OATT framework, firm PTP transmission customers retain the priority of their rights, including the right to adjust schedules intra-day.<sup>17</sup> The TSP's use of a transmission customer's unscheduled firm PTP rights for other purposes, including to enable transfers in another organized market, remains subordinate to the customer's use of its firm rights.<sup>18</sup> This includes the non-participating TSP's use of unscheduled firm PTP rights being subordinate to the customer's use of its rights to effectuate deliveries from generation in one Markets+ subregion to load in another Markets+ subregion.

### **C. Response to Portland General**

Similar to Idaho Power and NV Energy, Portland General requests clarification that a Markets+ Transmission Contributor's actions will be consistent with applicable OATT provisions and any applicable agreements related to their use of their OATT rights, including provisions included in their Transmission Service Agreements. Portland General notes the importance of coordination agreements that, among other things, manage dynamic allocation on the Northwest AC Intertie, a primary transmission corridor in the region. Supporting Intervenors agree with

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<sup>15</sup> *Id.* at 4-5.

<sup>16</sup> Motion to Intervene and Comments of NV Energy, at 5 (citing to the Attachment C, Section 7.1 of the NV Energy OATT).

<sup>17</sup> See *Pro Forma* Open Access Transmission Tariff, §§ 13.8, 22.2.

<sup>18</sup> See, e.g., *id.* at § 13.2.

Portland General that transmission customers must continue to adhere to applicable OATT provisions and other applicable agreements including dynamic scheduling arrangements. Supporting Intervenor also support coordination agreements as enhancements that ensure efficient, reliable use of transmission rights for deliveries across multiple TSPs' systems.

Portland General also seeks to ensure interoperability of the Markets+ tariff for Western Resource Adequacy Program ("WRAP") participants, ensuring equal transmission priority for those situated inside or outside the Markets+ footprint. The Markets+ Tariff clearly protects both the supply priority and transmission priority of WRAP deliveries, as described in SPP's transmittal letter<sup>19</sup> and in various intervenors' April 29 comments<sup>20</sup> and it is Supporting Intervenor's understanding that SPP, in its dual role as the Markets+ market operator and the WRAP program operator, is fully committed to ongoing interoperability between these important regional efforts.

#### **IV. THE DESIGN OF THE MARKETS+ TRANSMISSION FRAMEWORK IS VITAL TO SUPPORTING TRANSMISSION INVESTMENT**

The Commission should reject comments by PacifiCorp suggesting that the Markets+ Transmission Contribution framework "raises potential operational and reliability concerns," and "could also introduce market inefficiencies and seams concerns."<sup>21</sup> To the contrary, with input from a broad stakeholder group, the Markets+ transmission model has been carefully designed to efficiently optimize deliveries across the West's OATT-based multi-state transmission footprint and to allow transmission customers to utilize their transmission rights to access reliability capacity up to real-time. Importantly, the Markets+ development process reflects a collaboration between SPP and both TSPs and transmission customers across the region, with the unifying aim of ensuring that the design of the Markets+ Transmission Contributor framework respects the

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<sup>19</sup> See, e.g., Markets+ Transmittal, at 34-37.

<sup>20</sup> See, e.g., Comments of Powerex Corp., at 8-10; Motion to Intervene and Comments of Tucson Electric Power, at 6-7; Motion for Leave to Intervene and Comment of Salt River Project Agricultural Improvement District, at 5-6.

<sup>21</sup> Motion to Intervene and Comments of PacifiCorp, at 7.

OATT rights of transmission customers and TSPs. The ability of a transmission customer to use its OATT rights to enable an optimal quantity of energy to be delivered from one part of the Markets+ footprint to another part of the footprint is intended to support the continued use and the value of existing OATT rights, as well as to encourage the long-term investments in transmission capacity that are necessary to expand the western transmission grid. For example, Powerex has made significant investments in long-term firm PTP OATT transmission service across the West, and is a long-term firm transmission customer of Idaho Power, NV Energy, and Portland General. Powerex sees the ability to more efficiently schedule deliveries on its OATT rights (using Markets+) to be a significant benefit that will support its continued transmission investment in firm rights on TSPs' systems that are external to Markets+.

Like a number of entities in the region, Powerex is actively pursuing opportunities to participate in the funding of new or expanded corridors between the Northwest and the Southwest subregions. Such projects will not only unlock the Western region's diversity in electricity demand, they also can unlock tremendous resource diversity, most notably between the large hydro fleets of the Northwest and the rapidly expanding solar fleets of the Southwest. Markets+ was designed with an intent that its transmission donation and usage model—including both the Markets+ TSP and the Transmission Contributor frameworks—would encourage the long-term inter-regional transmission investments that are urgently needed.

Driven in part by the need for—and the value in—expanding the bi-directional connectivity between the Northwest and Southwest sub-regions of the Markets+ footprint, Powerex is currently pursuing substantial new long-term OATT investments on both Idaho Power's system and NV Energy's system, with an intent to utilize its OATT rights as a Markets+ Transmission Contributor. For example:

- In April 2024, Powerex executed 400 MW in long-term firm transmission service agreements with Idaho Power, supporting upgrades that will expand the transfer capability on the soon-to-be constructed Boardman-to-Hemingway line. Each of these transmission

service agreements with Idaho Power explicitly acknowledges Powerex's intention to use the new transmission service on Idaho Power's system with dynamic service "to establish connectivity for use in a western organized market that Idaho Power may or may not be a participant in."

- Similarly, Powerex is pursuing expansion of bi-directional connectivity on NV Energy's system between the Northwest and Southwest sub-regions of the Markets+ footprint. Specifically, Powerex has pending requests in NV Energy's long-term transmission queue for 800 MW of northbound firm transmission service and 800 MW of southbound firm transmission service on a new transmission line to be constructed between NV Energy's north system and the Bonneville Power Administration ("Bonneville") transmission system.

Powerex estimates the combined foregoing investments could be as much as \$1 billion or more.

These expansion projects will not only provide reliability, economic, and environmental benefits to Powerex and the broader Markets+ footprint, they also will provide third-party transmission revenues to Idaho Power and NV Energy that will help offset transmission costs for their native load customers, while also creating economic development within their service territories.

The ability for transmission customers, like Powerex, to use new and existing firm transmission service rights under the existing OATT framework to provide connectivity in Markets+ is virtually identical to the EDAM/WEIM Interchange Rights Holder framework. These frameworks are central to incentivizing the substantial investments needed to drive transmission upgrades and expansion in the region.

## **V. PACIFICORP MISUNDERSTANDS THE MARKETS+ TRANSMISSION CONTRIBUTOR FRAMEWORK**

In contrast to the requests for clarification submitted by Idaho Power, Portland General and NV Energy, PacifiCorp asserts that "the "Markets+ Transmission Contributors' transmission availability option is unjust and unreasonable on its face and that the Commission should reject

the SPP Proposal on this basis.”<sup>22</sup> In explaining its opposition, PacifiCorp states that the Markets+ Transmission Contributors proposal entails a transmission customer “mak[ing] . . . decisions on behalf of transmission providers”<sup>23</sup> and “would allow transmission customers to unilaterally revise how ATC is calculated for their own transmission rights.”<sup>24</sup>

PacifiCorp’s statements indicate a misunderstanding of the Markets+ Transmission Contributor framework, which incorporates the very same structure for “donating” OATT transmission rights that has been used successfully by PacifiCorp and others in the WEIM for a decade, and that is proposed to be in place to support the EDAM. Supporting Intervenors believe this framework is similarly just and reasonable for Markets+. Given that, as explained above, the Markets+ Transmission Contributor framework neither imposes nor requires any changes to non-participating TSPs OATTs or transmission service agreements, PacifiCorp’s statements are unfounded.

**A. Markets+ Will Result in More Efficient Quantities Being Scheduled Each Interval**

PacifiCorp’s core contention appears to be that the Markets+ Transmission Contributor proposal would lead to transmission customers more fully utilizing their existing Firm transmission rights on PacifiCorp facilities, reducing the quantity of unscheduled capacity available for use by the TSP in the organized market that PacifiCorp will join (CAISO’s EDAM).<sup>25</sup> This concern is without merit.

OATT schedules and deliveries occur today and will continue after Markets+ and EDAM are both operational. Any effort to prevent transmission customers’ legitimate use of their PacifiCorp OATT rights would be inconsistent with PacifiCorp’s OATT, with the *pro forma* OATT,

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<sup>22</sup> Motion to Intervene and Comments of PacifiCorp, at 7.

<sup>23</sup> *Id.* at 5.

<sup>24</sup> Motion to Intervene and Comments of PacifiCorp, at 6.

<sup>25</sup> *Id.* at 5.



and with open access principles, and would also be an abrogation of the transmission service agreements underpinning those rights. Indeed, even a rejection of the Markets+ Transmission Contributor provisions, as advocated by PacifiCorp, will not stop such deliveries from taking place; it would only result in less efficient quantities of energy being delivered on these transmission rights (from one location in the Markets+ footprint to another, as shown in the left-hand panel of the prior graphic). In sum, deliveries pursuant to long-term firm OATT rights on PacifiCorp's facilities can and will continue to occur, just as they occur today.

**B. The Markets+ Transmission Contributor Concept is Virtually Identical to the Western EIM “Interchange Rights Holder” Design that has Been in Use for a Decade**

There is nothing new about a transmission customer using its OATT transmission rights to deliver energy from one part of an organized market footprint to another, based on optimal delivery quantities determined by that organized market. A decade ago, the WEIM initiated the use of this very concept to enable transactions between different parts of the market footprint. The first WEIM participant—PacifiCorp—needed transmission capability between the PAC-West Balancing Authority Area (“BAA”) and the CAISO BAA. Because there were no remaining (*i.e.*, “unsold”) transmission rights available from PacifiCorp's transmission function, PacifiCorp's merchant arm “donated” the use of its long-term Firm OATT rights for this purpose.<sup>26</sup> Markets+ utilizes the very same framework that PacifiCorp and CAISO pioneered a decade ago to enable PacifiCorp's participation in a new organized market.

In conditionally accepting the Interchange Rights Holder approach, FERC expressed “appreciat[ion] that without transmission rights between PacifiCorp East and PacifiCorp West, and PacifiCorp West and CAISO, respectively, PacifiCorp's ability to participate in, and thus its

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<sup>26</sup> See, e.g., *PacifiCorp*, Filing for Revisions to the OATT to Implement the Energy Imbalance Market, at P 40, Docket No. ER14-1578 (Mar. 25, 2014).

customers' ability to benefit from, the WEIM will be limited."<sup>27</sup> Indeed, the Commission noted, the use of OATT transmission rights ordinarily used for bilateral transactions to enable participation in the EIM "is a novel approach that appears to be reasonable."<sup>28</sup> Just as the Interchange Rights Holder method was necessary to produce the customer benefits attendant to the WEIM, the Transmission Contributor concept is essential to delivering the value underlying Markets+.

The entry of Puget Sound Energy into the WEIM in 2016 provides a further example. Geographically separated from the rest of the WEIM footprint and with no direct interface to any other WEIM participant, Puget connected its geographically distant system to the WEIM using 300MW of bi-directional transmission rights on Bonneville's transmission system between the Puget BAA and the PAC-West BAA, with Bonneville's transmission system external to the WEIM. In its filing of amendments with the Commission to enable WEIM participation, Puget explained that the Puget BAA lacked direct transmission interconnections with any other WEIM entity, and thus PSE "would require the use of intervening transmission facilities owned and operated by BPA to reach the PacifiCorp West BAA."<sup>29</sup> The Commission accepted this proposal, noting that Puget's use of Interchange Rights Holder donations coupled with BPA-based transfer capacity was "reasonable in concept and provide[s] for Puget's ability to participate in the WEIM."<sup>30</sup> Bonneville did not become a WEIM participant until 2022, and thus for six years Puget used donated transmission rights on a non-participating TSP's system to enable transfers in the WEIM, without objection from PacifiCorp.

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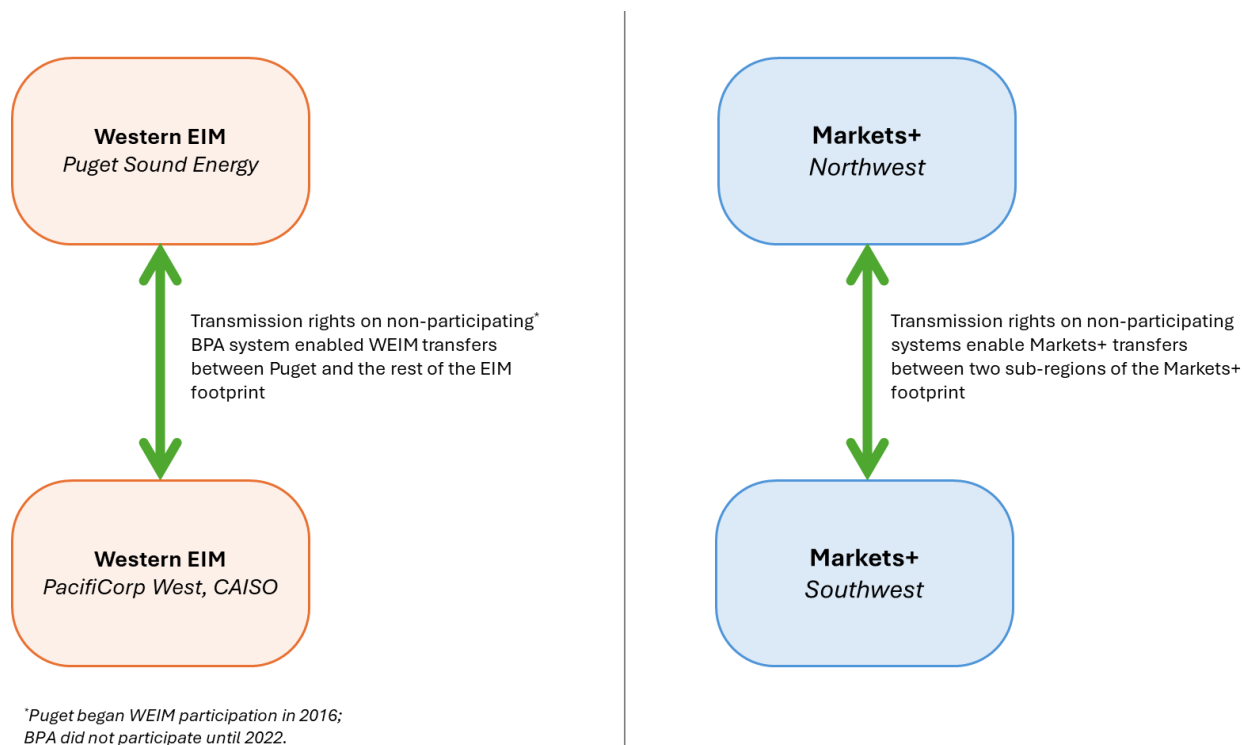
<sup>27</sup> *PacifiCorp*, 147 FERC ¶ 61,227, at P 114 (2014).

<sup>28</sup> *Id.*

<sup>29</sup> Puget Sound Energy, Inc., Amendments to the Puget Sound Energy, Inc. Open Access Transmission Tariff to Facilitate Entry into the Energy Imbalance Market, at PP 24-25, Docket No. ER16-932 (Feb. 10, 2016).

<sup>30</sup> *Puget Sound Energy, Inc.*, 155 FERC ¶ 61,111, at PP 134-135 (2016) (FERC made this determination without addressing any proposals to "effectuate those requests under Puget's OATT or making any judgments as to other third-party tariffs.").

As illustrated below, this model is precisely how the Markets+ Transmission Contributor framework would operate in Markets+.



**C. Transmission “Donation” Remains an Integral Part of WEIM Connectivity, Which Would be Lost if PacifiCorp’s Arguments Prevail**

Energy transfers between BAAs in the WEIM are enabled by transmission capacity, which is provided by a transmission service provider in one of two ways:

1. Available transmission capacity of the WEIM participating TSP which has not been sold to any transmission customer (“ATC Methodology”);<sup>31</sup> and
2. Transmission capacity that has been sold as Firm transmission service to a transmission customer, with the transmission customer voluntarily electing to make those rights available to support transfers in the WEIM (“donated” OATT rights).<sup>32</sup>

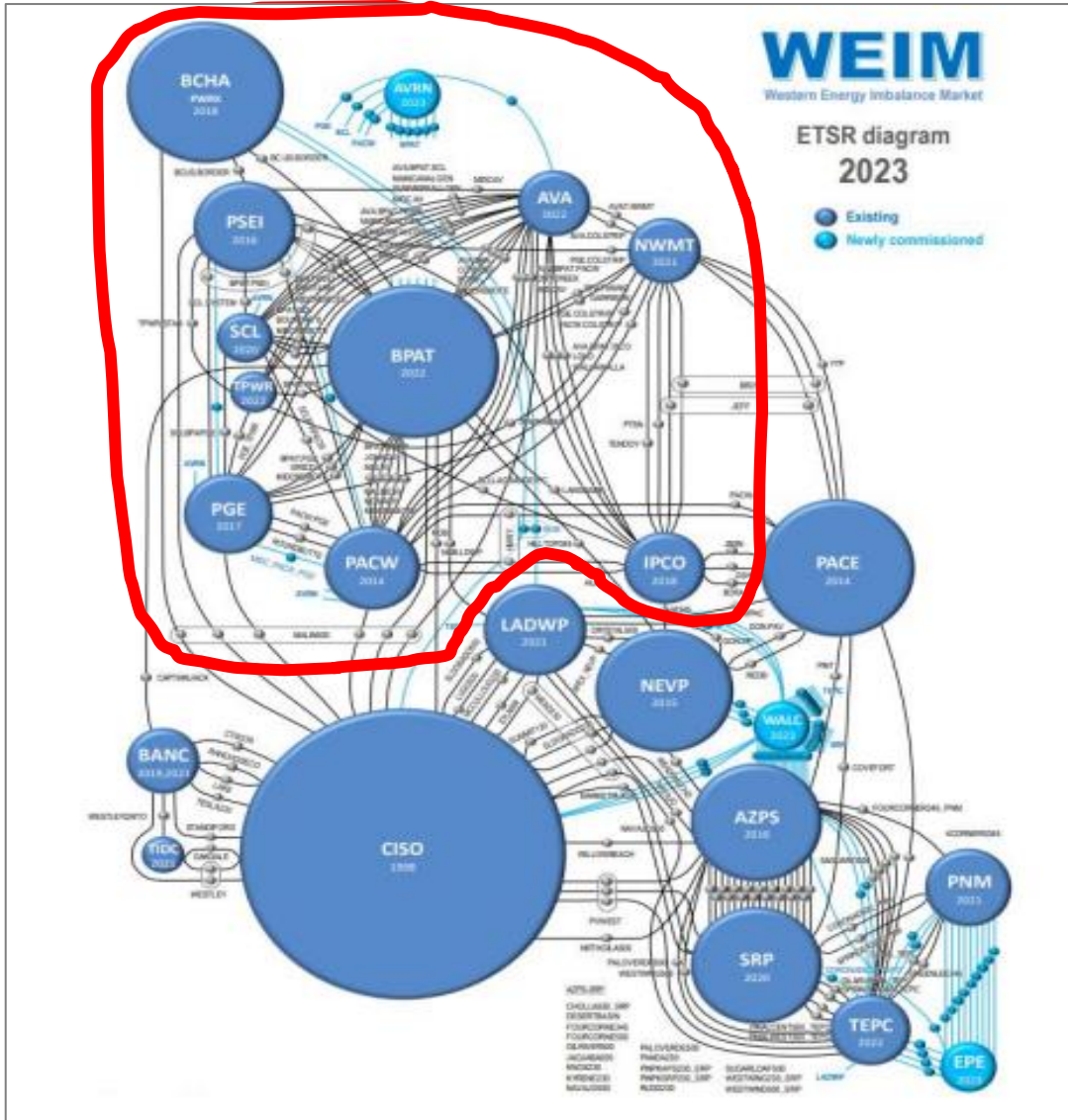
<sup>31</sup> See, e.g., Cal. Indep. Sys. Op. Open Access Transmission Tariff § 29.17; *Id.* at App’x B.17 (EIM Entity Agreement).

<sup>32</sup> See, e.g., *id.*

Many of the key transfer paths in the WEIM are enabled by “donated” OATT rights. This includes:

- Connectivity for nine different Northwest BAAs provided by Bonneville transmission rights (approximately 700-800 MW on average in each direction in last two years);
- Connectivity for Powerex to and from the BC Hydro transmission system; and
- Connectivity for five Northwest BAAs to connect with the CAISO BAA across the California-Oregon Intertie (approximately 950-1150 MW Northbound; 400-600 MW Southbound on average during the last two years).

The map below illustrates the BAA-to-BAA transfer paths currently used to facilitate economic transfers in the WEIM. The use of “donated” OATT rights supports most of the connectivity within the area in the red outline.



[Source: WEIM 2024 Q1 Benefits Report, P 7]

If the Commission was to find the Markets+ Transmission Contributor framework unjust and unreasonable, the same outcome would presumably apply equally to all other frameworks for an organized market to optimize deliveries on OATT transmission rights scheduled by transmission customers that participate in that market. This would immediately deprive the WEIM of much of its Northwest connectivity and would also prevent such OATT transmission rights from enabling connectivity in EDAM. Supporting Intervenor believe such an outcome would be

counter to the objective of increasing the overall efficiency of inter-region transfers in the West, and supporting continued and hopefully expanded, third-party transmission investment.

It is now widely anticipated that there will be two day-ahead and real-time organized markets operating in the West (Markets+ and EDAM), and many of the major TSPs in the region will have transmission customers that desire to participate in the organized market that the TSP has not joined. It is notable that at the same time PacifiCorp is seeking to prevent the use in Markets+ of OATT transmission rights on transmission systems that do not participate in Markets+, PacifiCorp is seeking to ensure that it will be able to use the transmission rights *it* has on Bonneville's system in order to participate in EDAM. Specifically, PacifiCorp recently commented that:

How Bonneville manages its transmission network in a day-ahead market will have widespread implication for Pacific Northwest customers. Therefore, PacifiCorp believes it is important for Bonneville customers to understand how Bonneville's transmission will be used if there are customers with rights on Bonneville's system that are not in the same market.<sup>33</sup>

Supporting Intervenors believe it is fully workable and appropriate for OATT transmission rights to be efficiently utilized through transmission "donation" frameworks such as the virtually identical WEIM Interchange Rights Holder approach and the Markets+ Transmission Contributor proposal. Such frameworks are "market neutral" and ensure that access to transmission service, the cost of existing transmission infrastructure, and incentives to fund the expansion of the Western grid are not restricted as a result of the organized market decisions of transmission service providers and their customers.

#### **D. Response to Specific PacifiCorp Statements**

PacifiCorp's filing makes various other references that indicate a potential misunderstanding of the Markets+ framework. First, PacifiCorp states, "the 'Markets+

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<sup>33</sup> PacifiCorp Comments on BPA Day-Ahead Market Policy Paper and Staff Recommendation, available at <https://publiccomments.bpa.gov/CommentList.aspx?ID=509>.

Transmission Contributors' option treats similarly situated transmission providers and customers differently."<sup>34</sup> Explaining this claim, PacifiCorp states that "the 'Markets+ Transmission Contributors' option purportedly empowers transmission customers to 'contribute' their transmission rights on non-participating systems. SPP does not, and cannot, explain how customers would be entitled to make such decisions . . . ."<sup>35</sup> PacifiCorp's comments erroneously suggest the long-term firm PTP transmission rights at issue here belong to the TSP; instead, the rights at issue have expressly been purchased by a transmission customer for use or or transfer in conformance with the TSP's tariff. Notably, contributions of customers' rights on non-participating systems represent a time-tested mechanism in the West to expand market participation among customers, akin to PacifiCorp's Interchange Rights Holders and Puget's use of the Bonneville system. PacifiCorp's concern thus raises no substantive issue and is unfounded.

Second, PacifiCorp maintains that "it is unclear how transmission 'contributions' from a transmission system utilizing a rated path ATC calculation methodology could be integrated into SPP's flow-based security constrained economic unit commitment and energy dispatch system."<sup>36</sup> PacifiCorp's concern appears to be focused on the technical implementation details related to how SPP will integrate contract-path rights into a predominantly flow-based security constrained economic unit commitment and energy dispatch system. Certainly, implementation must be enabled to ensure neither the right of the transmission customer nor the ability of the TSP to reliably operate its system are infringed upon. Such technical implementation details are outside the scope of the Tariff, however, and are properly addressed through applicable business practices, protocols, and market software as they do not significantly affect the terms, rates, or conditions of service. Moreover, Supporting Intervenors are confident SPP will be able to achieve

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<sup>34</sup> Motion to Intervene and Comments of PacifiCorp, at P 4.

<sup>35</sup> *Id.*

<sup>36</sup> *Id.* at P 6.

such technical solutions given its extensive expertise in designing and operating multi-state organized markets for roughly two decades, just as the CAISO has achieved this outcome by integrating contract-path rights in the WEIM in conjunction with a flow-based transmission approach applied to its own BAA.

## **VI. CONCLUSION**

Markets+ was designed with extensive and broad stakeholder input, and with due consideration to the costs and benefits of a new centralized day-ahead market, while fully respecting the role of TSPs and the transmission tariffs and transmission service agreements in place in the West today. As explained herein, the limited opposition to Markets+ is readily addressed by an accurate understanding of how the Markets+ Tariff will operate and by recognizing that the Transmission Contribution framework was well established (and approved by the Commission) in similar circumstances, like the WEIM. Indeed, much of the Markets+ design was intentionally based on well-demonstrated market mechanisms that the Commission has already accepted in other markets. The Commission should not be distracted by arguments that seek to obfuscate the Markets+ proposal, which is the product of an intensive, transparent, and highly focused stakeholder process. For the foregoing reasons, Supporting Intervenors urge the Commission to accept the Markets+ proposal as filed by SPP.

Respectfully submitted,

The Supporting Intervenors

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