UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

PacifiCorp	)	
Complainant	)	
	)	
v.	)	**Docket No. EL13-__-000**
	)	
Western Electricity Coordinating Council and Los Angeles Department of Water and Power	)	
	)	
Respondents	)	

COMPLAINT OF PACIFICORP AGAINST THE WESTERN ELECTRICITY COORDINATING COUNCIL AND THE LOS ANGELES DEPARTMENT OF WATER AND POWER

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Pursuant to Rule 206 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("FERC" or "Commission"),[1] Sections 215(e)(3) and (5) of the Federal Power Act,[2] and Sections 39.7(f) and 39.9(a) of the Commission's regulations,[3] PacifiCorp files this Complaint against the Western Electricity Coordinating Council ("WECC") (in its roles as the Reliability Coordinator ("RC") and the Regional Entity for the Western Interconnection) and the Los Angeles Department of Water and Power ("LADWP") to address ongoing violations of mandatory Reliability Standards. PacifiCorp requests that the Commission order WECC and LADWP to comply with those Standards.

This Complaint addresses Reliability Standards compliance issues under Section 215. These issues were not addressed by the Commission's recent order in *Los Angeles Department of Water and Power v. PacifiCorp*, 141 FERC ¶ 61,112 (Nov. 9, 2012), which involved the unreserved use provisions of PacifiCorp's Open Access Transmission Tariff. In its order in that

[1] 18 C.F.R. § 385.206 (2012).

[2] 16 U.S.C. §§ 824o(e)(3) and (5) (2006).

[3] 18 C.F.R. § §39.7(f), 39.9(a) (2012).

case, the Commission concluded that "allegations regarding LADWP's compliance with mandatory reliability standards and the validity of the WECC rating processes are beyond the scope of this proceeding."[4] To ensure that the Reliability Standards violations committed by LADWP—and by WECC— are squarely in front of the Commission, PacifiCorp brings this complaint under Section 215 of the Federal Power Act.

I. SUMMARY OF COMPLAINT

Registered Entities must calculate System Operating Limits ("SOLs"),[5] Total Transfer Capability ("TTC"),[6] and Available Transfer Capability ("ATC")[7] according to the Commission-approved mandatory Reliability Standards. In the Western Interconnection, compliance with these Standards is tied to proper application of the WECC Procedures for Project Rating Review ("Path Rating Process"), which is a process for measuring and mitigating the interactions among various transmission lines. At the end of the collaborative, multi-stage WECC Path Rating Process, a transmission line receives an Accepted Rating for that transmission line. The owner

[4] *Los Angeles Department of Water and Power v. PacifiCorp*, 141 FERC ¶ 61,112 at P 42 (Nov. 9, 2012). In that order, the Commission also noted that "there appears to be an ongoing alternative dispute resolution process at WECC regarding the validity of the WECC rating processes." *Id.* n.72. This process, to the extent it proceeds, is limited to LADWP's dispute concerning whether required WECC procedures were followed in granting Phase 3 status to a portion of PacifiCorp's Energy Gateway Project, and not LADWP's (or WECC's) failure to comply with mandatory Reliability Standards regarding the operating limits for LADWP's facilities, which is the sole subject of this complaint. As detailed in Part IX.C, *infra*, WECC's alternative dispute resolution process cannot address Reliability Standards compliance issues, and therefore is not a proper forum for these issues.

[5] SOLs are defined as "[t]he value (such as MW, MVar, Amperes, Frequency or Volts) that satisfies the most limiting of the prescribed operating criteria for a specified system configuration to ensure operation within acceptable reliability criteria. System Operating Limits are based upon certain operating criteria." These include Facility Ratings, Transient Stability Ratings, Voltage Stability Ratings, and System Voltage Limits. NERC, Glossary of Terms Used in NERC Reliability Standards, at 48 (Oct. 29, 2012) ("NERC Glossary"), *available at* http://www.nerc.com/files/Glossary_of_Terms.pdf.

[6] TTC is defined as the "The amount of electric power that can be moved or transferred reliably from one area to another area of the interconnected transmission systems by way of all transmission lines (or paths) between those areas under specified system conditions." *Id.* at 50.

[7] ATC is defined a "measure of the transfer capability remaining in the physical transmission network for further commercial activity over and above already committed uses. It is defined as Total Transfer Capability less Existing Transmission Commitments (including retail customer service), less a Capacity Benefit Margin, less a Transmission Reliability Margin, plus Postbacks, plus counterflows." *Id.* at 6.

of the transmission line can then confidently calculate SOLs, TTC, and ATC, and operate the line in conformance with the Accepted Rating; and other transmission owners can rely upon that Accepted Rating as they invest in the development of future, neighboring transmission lines. In that sense, the Accepted Rating is the lynchpin of transmission development and reliable operations in the Western Interconnection.

But an Accepted Rating is a result of transmission owners following WECC's Path Rating Process. Where a transmission owner fails to follow that process, transmission line interactions are not fully accounted for, and measures that would otherwise have protected neighboring transmission lines are inadequately implemented, or not implemented at all. Unsurprisingly, such actions show a disregard for Reliability Standard compliance and, more importantly, reliable system operation itself. Consequently, when the offending owner is allowed to operate its transmission line in this manner, it has unpredictable and unreliable operational impacts on neighboring lines. This, in turn, requires the owners of those neighboring lines to accommodate that unpredictability by operating their lines in a constrained fashion to preserve system reliability.

Such is the case here. Despite repeated protests by PacifiCorp, WECC has allowed LADWP to violate WECC's Path Rating Process and thereby, mandatory Reliability Standards, by ignoring the Accepted Ratings for PacifiCorp's and LADWP's lines. To preserve system reliability, PacifiCorp has had no choice but to accommodate LADWP's conduct by operating portions of its system in a fashion that denies PacifiCorp the full benefits of its investment as recognized in the Accepted Rating. LADWP should not be permitted to increase or change its line rating unilaterally to take advantage of capacity created by investments made by another

transmission owner. Doing so undermines WECC's Path Rating Process, on which compliance with many Reliability Standards depends.

The essential facts that led to this Complaint are not complicated. As relevant to this complaint, LADWP entered WECC's Path Rating Process in the context of developing its Intermountain Power Project DC line ("IPPDC line" or "Path 27"). Subsequently, in 2007, LADWP obtained a rating, based on a Plan of Service for its operation of the line ("2007 Plan of Service"). But LADWP then strayed from that 2007 Plan of Service, and thereby from WECC's Path Rating Process in a way that defeats it core purpose. LADWP—with WECC's acquiescence—began violating its Accepted Rating by importing more to the Intermountain Power Project 345 kV station bus ("Intermountain 345k bus") than provided for in its 2007 Plan of Service. Prior to any change in such studied impact levels, LADWP is required by WECC's Path Rating Process to re-study and propose ratings changes or change its 2007 Plan of Service by submitting a new set of studies and gaining the necessary approvals. It did not do so. Moreover, LADWP does not even contend that it is complying with its 2007 Plan of Service.

The consequences of LADWP operating above its maximum import level soon fell on PacifiCorp's neighboring, largely parallel paths, namely TOT 2B1, TOT 2B2, and TOT 2C. Instead of being able to operate its paths to their full Accepted Rating capacity, PacifiCorp has been forced to maintain excess transmission capacity reserves solely to accommodate a potential failure of the LADWP's IPPDC line. Only by doing so can PacifiCorp preserve system reliability against LADWP's unauthorized actions.

If conduct like LADWP's is tolerated, the effects will spread far beyond PacifiCorp. First, violations of Reliability Standards will proliferate as transmission owners either fail to establish proper SOLs, TTCs, and ATCs for WECC path facilities based on the Reliability

Standards and interwoven requirements from WECC's Path Rating Process, or they may establish them but then proceed to operate in violation of them, knowing that they can do so with impunity. Due to LADWP's unauthorized operation of the IPPDC line outside the conditions studied in WECC's Path Rating Process and the 2007 Plan of Service, there is no valid SOL for the IPPDC line consistent with the applicable WECC RC SOL Methodology. Second, the credibility of an Accepted Rating will be undermined, requiring transmission owners to reserve excess transmission capacity to accommodate their errant neighbors and discouraging investment in future transmission lines. Finally, it is only a matter of time before a combination of Reliability Standard violations and ad hoc accommodations, result in harm to the Bulk Electric System ("BES").

To avoid these scenarios, the remedy is simple. PacifiCorp asks the Commission to direct LADWP to immediately conform its operation of the IPPDC line to a rating and a SOL consistent with (i) the 2007 Plan of Service set forth by LADWP in WECC's Path Rating Process for the line, (ii) the WECC RC's SOL methodology, and (iii) applicable Reliability Standards, and to seek any changes to that SOL in a manner consistent with WECC's Path Rating Process and the related Reliability Standards.

Second, the Commission should direct the WECC RC to refrain from permitting SOLs in its Reliability Coordinator Area that are inconsistent with (i) the 2007 Plan of Service, (ii) the WECC RC's SOL methodology, and (iii) applicable Reliability Standards.

Third, the Commission should direct the WECC Regional Entity to ensure that WECC's Path Rating Process is enforced and applied consistent with (i) the 2007 Plan of Service, (ii) the WECC RC's SOL methodology, and (iii) applicable Reliability Standards.

Fourth, the Commission should impose penalties on LADWP and WECC for these Reliability Standard violations as the Commission deems appropriate.

II. COMMUNICATIONS

Persons to whom correspondence and communications concerning this proceeding should be addressed are as follows.

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PacifiCorp respectfully requests that these individuals be placed on the Commission's official service list in this proceeding, and requests waiver of the Commission's regulations, including 18 C.F.R. § 385.203(b)(3), to the extent necessary.

III. BACKGROUND

A. Description of Parties

1. Description of LADWP

LADWP is a user, owner, and operator of the bulk-power system under Section 215(b)(1) of the Federal Power Act and therefore subject to the Commission's reliability jurisdiction and those Reliability Standards approved by the Commission as mandatory and enforceable.[8] LADWP is registered as a Balancing Authority ("BA"), Distribution Provider ("DP"), Generator Owner ("GO"), Generator Operator ("GOP"), Load-Serving Entity ("LSE"), Planning Authority

[8] 16 U.S.C. § 824o(b)(1) ("All users, owners and operators of the bulk-power system shall comply with reliability standards that take effect under this section."); 18 C.F.R. § 40.2(a) (2012) ("Each applicable user, owner or operator of the Bulk-Power System must comply with Commission-approved Reliability Standards developed by the Electric Reliability Organization.").

("PA"), Purchasing-Selling Entity ("PSE"), Resource Planner ("RP"), Transmission Owner ("TO"), Transmission Planner ("TP"), Transmission Operator ("TOP"), and Transmission Service Provider ("TSP") in the WECC Region.[9] As a result, LADWP is subject to those Reliability Standards applicable to these functions.[10]

2. Description of WECC

WECC consists of the WECC RC function, the WECC Regional Entity function, and other WECC functions.

WECC is subject to the Commission's reliability jurisdiction under Section 215(b)(1) of the Federal Power Act and is registered as an RC in the WECC Region.[11] As the RC, WECC is responsible for and has authority over the reliable operation of the BES in the Western Interconnection.

As the Regional Entity for the Western Interconnection with delegated authority from the North American Electric Reliability Corporation ("NERC"), WECC is subject to the Commission's reliability jurisdiction pursuant to 215(b)(1) of the Federal Power Act.[12] As a Regional Entity, WECC may propose regional Reliability Standards and is responsible for enforcing compliance with Reliability Standards in the Western Interconnection.[13] WECC's

[9] NERC Compliance Registry Matrix Sorted by Entity Name at 85 (July 24, 2012) ("NERC Compliance Matrix"), *available at*: http://www.nerc.com/files/NERC_Compliance_Registry_Matrix_Sorted_by_Entity20120724.pdf.

[10] *See Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242 at P 96 (2007); *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007) ("In sum, the ERO will identify those entities that must comply with Reliability Standards in three steps: (1) the ERO will identify and register those entities that fall under its definition of bulk electric system; (2) each registered entity will register in one or more appropriate functional categories and (3) each registered entity will comply with those Reliability Standards applicable to the functional categories in which it is registered.").

[11] NERC Compliance Registry Matrix at 156.

[12] 16 U.S.C. § 824o(b)(1) ("The Commission shall have jurisdiction, within the United States, over . . . any regional entities . . . for purposes of approving reliability standards established under this section and enforcing compliance with this section.").

[13] 16 U.S.C. § 824o(e)(4).

Regional Entity function operates under the terms of the "Amended and Restated Delegation Agreement Between North American Electric Reliability Corporation and Western Electricity Coordinating Council,"[14] which was most recently approved by FERC in Docket No. RR12-2-000.[15]

WECC also performs a number of functions related to BES operations that directly impact system reliability as discussed in this Complaint.[16]

3. Description of PacifiCorp

PacifiCorp is an indirect, wholly-owned subsidiary of MidAmerican Energy Holdings Company. PacifiCorp provides delivery of electric power and energy to approximately 1.7 million retail electric customers in six western states. PacifiCorp provides transmission service in the Western Interconnection.

PacifiCorp is also a user, owner, and operator of the bulk-power system under Section 215(b)(1) of the Federal Power Act and registered as a BA, DP, GO, GOP, LSE, PA, PSE, RP, TO, TP, TOP, and TSP in the WECC Region.[17] As a result, PacifiCorp is subject to Reliability Standards applicable to these functions.[18]

[14] Referred to herein as the "WECC Delegation Agreement" and available at: http://www.nerc.com/files/WECC_RDA_Effective_20120301.pdf.

[15] Letter Order Approving Amendments to Western Electricity Coordinating Council Delegation Agreement, Docket No. RR12-2-000 (Mar. 1, 2012).

[16] WECC, Company Overview (May 23, 2012), *available at*: http://www.wecc.biz/About/Documents/WECC_FactSheet.pdf.

[17] NERC Compliance Registry Matrix at 113.

[18] *See* Order No. 693 at PP 95-96.

B. Facilities Relevant to This Complaint

1. PacifiCorp's Facilities

PacifiCorp is involved in this dispute by virtue of its ownership and operation of the TOT 2 path and the Accepted Ratings it has obtained through WECC's Path Rating Process for those paths. PacifiCorp has made significant investment and improvements in its TOT 2 transmission path to increase its capacity and will make additional improvements on this path as part of PacifiCorp's Energy Gateway transmission expansion project.

PacifiCorp's TOT 2 path is comprised of the TOT 2B1 path, the TOT 2B2 path, and the TOT 2C path.[19] These paths are illustrated below:

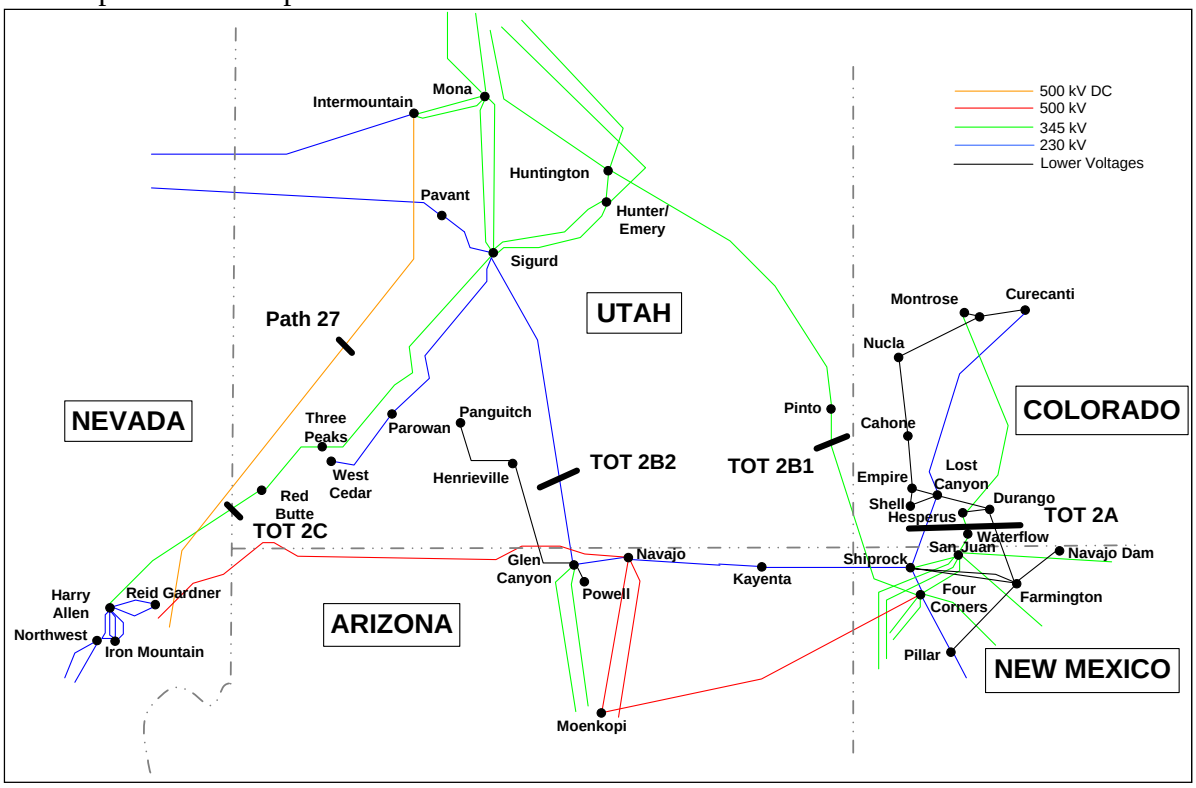

Figure 1: Illustration of PacifiCorp's TOT 2B1, TOT 2B2, and TOT 2C paths

[19] The improvements included installing a new -75/+350 MVAr Static VAR Compensator at the Red Butte 345 kV substation in southwest Utah, a new 60 MVAr shunt capacitor bank at the Red Butte 345 kV substation, a new 345/230 kV (357/416 MVA) transformer at the NV Energy Harry Allen substation, and 59% series compensation on the Huntington–Pinto 345 kV line before the summer of 2011. In addition, by 2015, PacifiCorp will construct a second 345 kV line from PacifiCorp's Sigurd substation to its Red Butte substation as part of the Energy Gateway South project.

The TOT 2B1 path consists of the transmission line from PacifiCorp's Pinto 345 kV bus to Public Service Company of New Mexico's Four Corners 345 kV bus, and has a bidirectional approved rating of 600 MW as determined through WECC's Path Rating Process.

The TOT 2B2 path consists of the transmission line from PacifiCorp's Sigurd 230 kV bus extending to the Western Area Power Administration's Glen Canyon 230 kV bus and, as established through WECC's Path Rating Process, has a north-to-south rating of 265 MW and a south-to-north rating of 300 MW. The TOT 2B1 and TOT 2B2 paths together constitute the TOT 2B path, also called Path 34.[20]

The TOT 2C path, also called Path 35,[21] is made up of the transmission line from PacifiCorp's Red Butte 345 kV bus to NV Energy's Harry Allen 230 kV bus, with an approved north-to-south rating of 400 MW and a south-to-north rating of 580 MW, as established through WECC's Path Rating Process. As a result of additional improvements PacifiCorp is undertaking, in 2015, the TOT 2C path will have an approved north-to-south rating of 600 MW and an approved south-to-north rating of 580 MW.

2. LADWP's Facilities

LADWP's IPPDC line is a ±500 kV DC line running from the Intermountain substation in central Utah to the Adelanto station in southern California, and is also referred to as Path 27.[22] This DC line currently has a WECC-approved rating of 2400 MW northeast-to-southwest and a

[20] *See* Table of Major WECC Transfer Paths in the Bulk Electric System Used in Standards FAC-501-WECC-1, PRC-004-WECC-1, and TOP-007-WECC-1 (Sept. 19, 2007), *available at*: http://www.wecc.biz/Standards/Approved%20Standards/Supporting%20Tables/Table%20Major%20Paths%204-28-08.pdf.

[21] *Id.*

[22] *Id.*

1400 MW rating southwest-to-northeast. Path 27 is interconnected to LADWP's Path 28, the latter of which LADWP claims has a non-simultaneous 1200 MW rating.

In accordance with the 2007 Plan of Service submitted by LADWP and approved by the WECC Planning Coordination Committee ("PCC") for the IPPDC line, reliable operation of the line at the approved rating requires and is subject to a Contingency Arming Scheme ("CAS"). Upon operation, the CAS is required to trip 400 MW of variable wind generation and 1900 MW of coal generation connected to the Intermountain 345 kV bus, directly under the control of the Intermountain Power Project. The rating of the IPPDC line depends on this CAS to disconnect generation facilities owned by or under contract with the Intermountain Power Project because the CAS operates to prevent the monopole or bipole outage of the IPPDC line from overloading other parallel transmission paths due to post-contingency power flows from Intermountain Power Plant generation. The rating is premised on system conditions which simulate a net generation import limitation of 227 MW at the Intermountain 345 kV bus.[23] Without using the required CAS generation tripping levels, significant flow occurs across PacifiCorp's system during an IPPDC line outage.

C. Explanation as to WECC Terminology and Committees

This Complaint addresses issues that involve WECC's current role as both the RC and Regional Entity for the Western Interconnection subject to Section 215 of the Federal Power Act, as well as WECC's historical role as a regional, committee-based organization dedicated to managing and improving system reliability. Given the unique nature of WECC and its historical development, PacifiCorp provides the following overview of the key terminology and committee

[23] *See infra*, Part III.E.

structures used by WECC, which indicates the disconnect between WECC's activities and the Reliability Standards that has contributed to the underlying issues in this Complaint.

1. The WECC Planning Coordination Committee and Path Ratings

WECC has traditionally established ratings for transmission paths in the Western Interconnection through a three-phase path rating process (i.e. WECC's Path Rating Process) described more fully in the following section. These ratings are a calculation of the transfer capabilities under which paths can be operated reliably while protecting the existing operation of other paths. This work, performed under the auspices of the WECC PCC, is similar to, but does not take the place of, the transfer capability calculated by Planning Coordinators under FAC-013-2, which is "designed to ensure that planning coordinators perform annual assessments to identify potential weaknesses and limiting facilities of the bulk electric system."[24] This path rating function is performed through the WECC PCC, which committee was established under the WECC Bylaws and is charged with advising and making recommendations to the WECC Board of Directors, including "evaluat[ing] proposed additions or alterations to the Western Interconnection in relation to NERC Reliability Standards and WECC Reliability Criteria."[25]

2. WECC's OTCPC and Path SOLs

Through WECC's Operating Transfer Capability Policy Committee ("OTCPC"), WECC traditionally established the Operating Transfer Capability ("OTC") for WECC paths, such as the IPPDC line and the TOT 2 paths. The term OTCs has since been replaced by SOLs, but under either terminology this represents the limit at which a path could be operated under specified

[24] *North American Electric Reliability Corp.*, 137 FERC ¶ 61,131 at P 18 (2011) (explaining reason for approving FAC-013-2).

[25] Charter of the WECC Planning Coordination Committee (Oct. 13, 2011), *available at*: http://www.wecc.biz/library/Documentation%20Categorization%20Files/Charters/PCC/PCC%20Charter.pdf.

conditions.[26] As WECC explained when proposing this change, SOLs are the equivalent of OTCs, are not calculated differently, and are enforced in the same manner.[27] The OTCPC is no longer an operating committee; this WECC function was merged into the WECC RC in 2011 on the grounds that SOLs should be established pursuant to the Reliability Standards according to the RC's SOL Methodology as applied by each TOP.[28]

D. WECC's Path Rating Process

Paths within the WECC Region, including PacifiCorp's TOT 2B1, TOT 2B2, and TOT 2C paths, as well as LADWP's IPPDC line, are rated in accordance with the WECC Procedures for Project Rating Review, which are contained in WECC's "Overview of Policies and Procedures for Regional Planning Project Review, Project Rating Review, and Progress Report."[29]

Importantly, this process formed the basis for the subsequently-approved mandatory Reliability Standard MOD-029-1a.[30] "[T]he basic premise of the WECC rating process is that

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[26] As explained in the now-defunct TOP-STD-007-0 Regional Reliability Standard, OTC was the "maximum amount of actual power that can be transferred over direct or parallel transmission elements" from one TOP to another TOP. WECC Governance & Nominating Committee, Operating Transfer Capability Policy Committee (OTCPC) Resolution for Elimination of the OTCPC (Jan 6, 2011) ("[T]he purpose of the OTCPC is to provide coordinated standard development for the determination of seasonal System Operating Limits (SOL) within the Western Interconnection."), attached hereto as Exhibit 1.

[27] *Version One Regional Reliability Standard for Transmission Operations*, 135 FERC ¶ 61,062 at PP 33-34 (2011).

[28] WECC OTCPC, Whitepaper on the WECC Operating Transfer Capability Policy (OTCPC) Committee Future (2011), attached hereto as Exhibit 2.

[29] WECC, Overview of Policies and Procedures for Regional Planning Project Review, Project Rating Review, and Progress Report (last revised March 2010) ("WECC Rating Process"), attached hereto as Exhibit 3.

[30] *Mandatory Reliability Standards for the Calculation of Available Transfer Capability*, Order No. 729, 129 FERC ¶ 61,155 at P 239 (2009), *order on reh'g*, Order No. 729-A, 131 FERC ¶ 61,109 (2010), *order on reh'g and reconsideration*, Order No. 729-B, 132 FERC ¶ 61,027 (2010); *see also* NERC, Consideration of Comments—2nd Draft of Standard MOD-029-1—Rated System Path ATC (Project 2006-07) at 7 (Oct. 30, 2007) ("The Rated System Path (RSP) Standard (MOD-029-1) is modeled after the WECC Path Rating Methodology . . . ."), *available at*: http://www.nerc.com/docs/standards/sar/Consider_Comments_MOD-029-1_Draft1_30Oct07.pdf; W. Shannon Black, WECC, Determining ATC in the Rated System Path Model at 2 (undated) ("For those selecting the Rating System Path (RSP), MOD-29 will parallel the existing WECC process with additional inclusion of required FERC mandates. For example, under the current WECC process an Accepted Path rating is derived from a three-stage

new path ratings or a new rating for an upgraded path should not adversely impact the transfer capability of a path with either an accepted or existing rating."[31] Thus, a core principle of WECC's process is that the "amount of power that a rated project can transfer is protected from being diminished due to subsequent projects" and "[p]rotection for a rating is conferred by obtaining an Accepted Rating."[32] This is reflected in MOD-029-1a itself, which requires TOPs to resolve any adverse impacts on existing paths when the TTC for the path being studied is identified as having an adverse impact on the TTC value of an existing path.[33]

WECC's Path Rating Process is conducted in three separate phases. The project sponsor conducts Phase 1, which begins when the sponsor submits a report to WECC or when a formal letter of notification is provided to the WECC PCC and WECC Technical Studies Subcommittee ("TSS"). During Phase 1, the project sponsor must conduct sufficient studies to demonstrate the proposed non-simultaneous rating of the project and prepare a comprehensive progress report documenting study results and describing project details including a preliminary Plan of Service, which contains the terms and conditions under which the project will be operated. In general, the

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rating process wherein a TTC is established and rights are determined. . . . In MOD-29, when determining the TTC of a Posted Path, the WECC [ATC Task Force] made every endeavor to consolidate the crucial elements of the WECC Rating Process . . . ."), *available at*: http://www.wecc.biz/committees/StandingCommittees/OC/ISAS/Lists/Calendar/Attachments/13/White_Paper_ATC_Description%20-%20WSB.pdf.

[31] Order No. 729 at P 240 (discussing commenters' explanations for MOD-029-1 protection of existing ratings).

[32] WECC Rating Process at III-51 to -52.

[33] *See* MOD-029-1a Requirement R2.5 ("The Transmission Operator shall identify when the TTC for the ATC Path being studied has an adverse impact on the TTC value of any existing path. Do this by modeling the flow on the path being studied at its proposed new TTC level simultaneous with the flow on the existing path at its TTC level while at the same time honoring the reliability criteria outlined in R2.1. The Transmission Operator shall include the resolution of this adverse impact in its study report for the ATC Path.").

acceptance of the Comprehensive Progress Report by the TSS Chair signals the completion of Phase 1, at which time the project is granted a Planned Rating.[34]

Phase 2 encompasses a review of the project's Plan of Service by a Project Review Group ("PRG"), comprised of interested WECC members. During this phase, the PRG validates the Planned Rating and the project sponsor must undertake further assessment of the simultaneous transfer capability effects and the impact of the project on neighboring transmission systems. The project sponsor and the PRG must document all of the studies and findings in a report called the Phase 2 Rating Report. Following a comment period, Phase 2 is complete when the Phase 2 Rating Report is accepted by the PCC, at which point the project is granted an Accepted Rating by the PCC Chairperson, which is defined in relevant part as follows:

> This rating is granted by WECC at the conclusion of reviewed planning studies and will be the rating of the project when it is put in service, if it is built in accordance with [the] Plan of Service specified in the Phase 2 Rating Report. This is a comprehensive rating including both the simultaneous and nonsimultaneous transfer capabilities.[35]

Phase 3 is the final part of WECC's Path Rating Process. Phase 3 is a construction and monitoring phase where changes in assumptions and conditions are evaluated to assure the Accepted Rating is maintained. Phase 3 lasts until the project is placed into service and the Plan of Service used in WECC's Path Rating Process is fully complete. A project's Accepted Rating is "at risk" and subject to change during Phase 3 if the project sponsor fails to complete its own Plan of Service as presented in the Phase 2 Rating Report,[36] fails to follow its milestone

[34] A Planned Rating is defined in the WECC Rating Process as the "tentative rating assigned to a project that is in Phase 2 of the rating process." WECC Rating Process at III-33.

[35] WECC Rating Process at III-33.

[36] A rating is granted by WECC and "will be the rating of the project when it is put in service, <u>if it is built in accordance with [the] Plan of Service specified in the Phase 2 Rating Report</u>." *Id.* (emphasis added).

schedule, or if the studied project relied on other projects that subsequently failed when establishing its rating. In this context, an Accepted Rating may be lost if a delay in meeting any project milestones by twelve months or more occurs or a change in the project's Plan of Service adversely impacts the Accepted Rating. If either of these conditions occurs, the project sponsor must promptly notify the TSS, PCC, and the relevant PRG and will consult with the PRG to determine if the project status will revert back to Phase 2 with a Planned Rating or remain in Phase 3 with an Accepted Rating.[37] Also, a determination will be made if additional study work is necessary. The project sponsor is required to promptly notify PCC and TSS regarding the determination by the PRG.

E. LADWP's Established Ratings and 2007 Plan of Service

The IPPDC line rating was established through WECC's Path Rating Process in 2007, resulting in a 2400 MW path rating for the IPPDC line. However, this path rating, as reflected in the supporting study, was based on specific operational limitations contained in the IPPDC line 2007 Plan of Service.[38] These operational limitations are required to ensure that the operation of the IPPDC line would be within the SOL criteria adopted under WECC's Path Rating Process, namely ensuring that a bipole outage of the IPPDC line would not result in voltage, frequency, or thermal limit violations on other facilities in place at the time.[39]

[37] As noted below in Part III.F-G, LADWP ultimately violated each of these requirements, which should have required a re-study of the IPPDC path rating. LADWP added only 300 MW and not the studied 400 MW of wind at the Intermountain station, missed a milestone date by more than twelve months when the project went into service in May 2011, rather than the planned-for April 2009, and as noted herein, operated the line with a net import level in excess of that studied in the 2007 Plan of Service.

[38] WECC PRG, The Intermountain Southern Transmission System DC Path 27 (IPPDC) Upgrade Accepted Rating Study Report (Aug. 17, 2007) ("IPPDC Path Rating Study"), attached hereto as Exhibit 4.

[39] *Cf.* WECC Regional Variation for FAC-011-2.

To meet the required level of reliable operation, under the 2007 Plan of Service, LADWP could operate the line up to 2400 MW, subject to specific operating parameters:

> The proposed [Plan of Service] for IPPDC Upgrade includes, but not limited to, the following:
>
> 1. DC control replacement
> 2. Additional AC filter banks and reactive support,
> 3. Upgrade cooling systems at the DC facilities
> 4. Update the generation tripping scheme, also known as Contingency Arming Scheme, to include tripping of southwest Utah wind generation at Intermountain.[40]

In addition, the analyses performed to support the rating under the 2007 Plan of Service were only performed using a maximum quantity of net remote generation imported to the Intermountain 345 kV bus equal to 227 MW. The report makes clear that imports in excess of this amount were not studied and, therefore, if anyone sought to import higher levels of generation "additional operating studies would need to be performed to ensure the remedial scheme is appropriate."[41] Simply stated, imports in excess of 227 MW are outside the permissible parameters of the 2007 Plan of Service. Under the 2007 Plan of Service, Path 27 would transmit power to California primarily from two facilities, the existing 1900 MW coal-fired Intermountain Power Plant[42] and the planned 400 MW Milford Wind Corridor Project ("Milford") in southwest Utah. The Intermountain Power Plant is located near the Intermountain station that serves as the northeast terminus of Path 27; Milford would radially connect to the Intermountain station via a ninety-mile 345 kV transmission line. After accounting for line losses from Milford and the power needed to operate the Intermountain station itself, it was expected that the following scenarios could occur:

[40] IPPDC Path Rating Study at 6.

[41] IPPDC Path Rating Study at 11.

[42] The Intermountain Power Project is two separate units, each rated at 950 MW.

- the 1900 MW from the IPP, plus
- the 400 MW from Milford, plus
- up to approximately 227 MW of electricity from other generating sources could be imported using the 2400 MW of transmission capacity on Path 27.[43]

These were the only parameters studied and relied upon to support the 2400 MW rating and, therefore, they form the limits of the 2007 Plan of Service. This means that net imports up to 227 MW at the Intermountain 345 kV bus were acceptable, but only under the conditions identified in the study report.[44] Importantly, the CAS originally evaluated in the IPPDC path rating study was designed to trip the Intermountain Power Plant units and 400 MW from Milford in the event that there was a bipole outage of Path 27.[45]

PacifiCorp made clear, and LADWP acknowledged at the time, the importance of being able to trip the 400 MW from Milford, rather than 400 MW of imported power from remote,

[43] The combined coal and wind generation connected to the Intermountain 345 kV bus, minus transmission losses, is 2282 MW. Subtracting the 104 MW of station service for the Intermountain station results in 2178 MW available for transfer over the IPPDC line. Because the rated capacity of the line is 2400 MW, only 222 MW of remote generation could have been studied. An adjustment for the conversion of the modeling software used by LADWP to the software used by PacifiCorp results in an increase in the maximum amount of imported generation to 227 MW. These imports use LADWP's Path 28 to reach the Intermountain 345 kV bus, but Path 28 was not studied as part of the IPPDC line rating or included as part of the 2007 Plan of Service.

[44] The CAS would have to trip 400 MW of directly-connected wind generation in the event the triggering contingency (i.e. loss of Path 27) occurred.

[45] IPPDC Path Rating Study at 11. Although the CAS was modified in 2010, that modification did not, and under applicable procedures, could not affect the ratings and 2007 Plan of Service for the IPPDC line. *See* E-mail from Gene Henneberg, WECC Remedial Action Scheme Reliability Subcommittee Chair, to Craig Quist, PacifiCorp (May 11, 2011), Attachment I-3 to Mona/Clover Phase 2 Rating Review Group, Final Gateway South – TOT 2B/2C Transmission Paths Rating Report (June 6, 2011) ("Gateway South-Stage 1 TOT 2B/2C Path Rating Study Report"), attached hereto as Exhibit 5 ("RASRS [the Remedial Action Scheme Reliability Subcommittee] reviews concentrate on the reliability aspects of a specific proposed scheme design: hardware, communications, operations, etc. The RASRS does not provide a detailed evaluation of studies or other work that determines facility ratings which may be affected by the RAS . . . .").

unidentified facilities in Wyoming.[46] The IPPDC Path Rating Study includes PacifiCorp's statement as an affected party, which was described as follows:

> The system configuration utilized in the upgrade studies model a 400 MW resource radial to the Intermountain 345 kV bus to load the IPP DC line to the 2400 MW level. (Note: This 400 MW wind generation resource does not currently exist.) Studies indicate that tripping of this 400 MW resource is required for the DC bi-pole outage to meet criteria for heavy simultaneous IPP DC and TOT 2B/2C path flow conditions. The necessary caveat to the 2400 MW IPP DC rating is that the rating study results only apply for a 400 MW resource connected radial to the Intermountain bus that is incorporated into the required remedial action scheme. This 2400 MW rating is not applicable when other resources are utilized.[47]

The ability of LADWP to trip the 400 MW from Milford was an operating requirement stated by PacifiCorp during the development of LADWP's IPPDC line path rating and 2007 Plan of Service because, in the event of a bipole outage on Path 27, LADWP's post-contingency electricity would immediately flow onto PacifiCorp's TOT 2C, TOT 2B1 and TOT 2B2 paths toward the untripped LADWP customer loads in California, causing overloads on PacifiCorp's existing system.[48] Tripping the entire 1900 MW of Intermountain Power Plant generation and 400 MW of Milford generation with untripped imports limited to 227 MW would provide immediate and certain relief to avoid such overloads and thereby meet the applicable Reliability StandardsWECC's reliability requirements, now embodied in FAC-011-2. In contrast, a pledge to trip remote, unidentified facilities would not ensure system reliability and would violate these Reliability Standards because the laws of physics dictate that resources located remote from the Intermountain 345 kV bus are less effective at providing relief than those resources located at the Intermountain 345 kV bus. Therefore, at the time it obtained a WECC-approved rating for the

[46] *See* IPPDC Path Rating Study at Appendix F, 4-5.

[47] *Id.* at Appendix F, 4 (emphasis in original).

[48] IPPDC Path Rating Study at 9-11.

IPPDC line, LADWP did not intend to import generation from remote locations. However, if in the future it chose to do so, it needed to update its 2007 Plan of Service so that the simultaneous interactions between Path 27 and PacifiCorp's TOT 2B1, TOT 2B2, and TOT 2C paths could be properly studied, impacts determined, and reliability issues mitigated. PacifiCorp again noted this requirement in its comments on the IPPDC Path Rating Study, which were incorporated into the study:

> During the course of this study, PACE reported that it had conducted a pre- and post-IPPDC Upgrade sensitivity as part of its 2007 Summer Study (see Appendix G). It assumed that up to 400 MW was imported from some future wind generation in Wyoming instead of from Southern Utah as simulated in this study on account that the study plan mentioned possible wind generation in Wyoming. Results showed that tripping of the 400 MW wind generation in Wyoming cause low voltages at PACE's Pinto 69kV and Moab 69kV load buses in excess of criteria. PACE study results showed generation tripping scheme is effective only if the generations [sic] are in proximity to the source of the IPPDC bipole contingency. At this time, it should be pointed out that there is no transmission service or interconnection request on the IPPDC from any generation (wind or otherwise) in Wyoming. LADWP does not anticipate such would happen in the near future. <u>If there is any desire by any party to import wind or any generation remote from Intermountain via IPPDC, additional operating studies would need to be performed to ensure the remedial scheme is appropriate</u>.[49]

In other words, while the 2007 Plan of Service could accommodate 227 MW of generation imports—the only amount accounted for in the 2007 Plan of Service—any imports over 227 MW would require LADWP to seek a revised rating based on an update to its 2007 Plan of Service.[50]

[49] *Id.* at 11 (emphasis added).

[50] As noted below, LADWP's current use of an interim operating limit for the IPPDC line that is based on net imports in excess of 227 MW and interruptible Milford capacity of only 306 MW do not reflect the 2007 Plan of Service or the rating established using WECC's Path Rating Process. Therefore, LADWP does not have an accepted rating for the line under its intended, current, operations.

F. LADWP's Unapproved Operation Outside Its 2007 Plan of Service and Its Effects on PacifiCorp's Established Path Ratings

After receiving an Accepted Rating for its IPPDC line, LADWP began to deviate from the 2007 Plan of Service, an action that undermined WECC's Path Rating Process and system reliability because WECC's Path Rating Process—and compliance with agreed-upon limits on those ratings—forms the basis of Reliability Standards compliance and subsequent path rating studies.

In accordance with the protection of Accepted Ratings in WECC's Path Rating Process, the IPPDC Path Rating Study (including the 2007 Plan of Service) was part of the studies for subsequent transmission developments in the region such as PacifiCorp's TOT 2 path upgrades, which included PacifiCorp's Gateway South project.[51] After extensive consultations with interested utilities, including LADWP, the rating review group for the Gateway South project issued its final report based in part on the 2007 Plan of Service for the IPPDC line[52] and PacifiCorp was granted Phase 3 rating status from the PCC, granting Accepted Ratings to PacifiCorp for the TOT 2B1, TOT 2B2 and TOT 2C paths and permitting PacifiCorp to operate its facilities within those ratings.[53] PacifiCorp relied upon these Accepted Ratings for the TOT 2B1, TOT 2B2 and TOT 2C paths in its operations planning for these lines. During these

[51] PacifiCorp's TOT 2 path upgrades received Phase 2 status on February 6, 2009. On November 18, 2010, the PRG unanimously approved the Phase 2 Rating Report for the TOT 2 projects, and PacifiCorp requested Phase 3 status. After discussions with other utilities in which LADWP did not participate, a revised Phase 2 Rating Report was issued on March 25, 2011. This March 25 report addressed various technical issues, including the interaction between PacifiCorp's TOT 2B1, TOT 2B2, and TOT 2C paths and LADWP's IPPDC path, based on the 2007 Plan of Service for the IPPDC line.

[52] Gateway South-Stage 1 TOT 2B/2C Path Rating Study Report, Exhibit 5.

[53] *See* Letter from WECC Planning Coordination Committee Chair to WECC Planning Coordination Committee, Operating Committee, and Technical Studies Subcommittee Regarding "Gateway South – TOT2B/2C Transmission Paths Achieves Phase 3 Status" (June 21, 2011), attached hereto as Exhibit 6. It is this decision by the PCC that is the subject of an alternative dispute resolution process at WECC. LADWP's failure to comply with its 2007 Plan of Service is not directly subject to any dispute resolution procedures at WECC, and to the extent that failure represents a violation of Reliability Standards, it cannot be the subject of such procedures. *See* Part IX.C, *infra*.

consultations, PacifiCorp learned for the first time that LADWP had not implemented key aspects of the 2007 Plan of Service, and had no intention of doing so.

LADWP had tried to implement the 2007 Plan of Service for its IPPDC line upgrade project. Unfortunately, the Milford wind farm as ultimately constructed in 2009 produced only 306 MW instead of the planned production of 400 MW. At the same time, LADWP faced ever-increasing pressure to diversify its portfolio to include greater use of renewable energy.[54] LADWP therefore redoubled its efforts to import additional wind generation from remote locations, using the 2400 MW rated capacity of Path 27. At that point, LADWP should have known that its Accepted Rating was at risk "due to its failure to complete its own plan of service as presented in the Phase 2 Rating Report or the failure of other projects that were relied on in establishing the rating or failure to follow its own milestone schedule."[55] LADWP was required to notify the PCC, TSS, and PRG for the Path 27 upgrade that Milford would not produce 400 MW and that LADWP consequently planned to significantly increase its wind imports from remote locations.[56] LADWP was also obliged to "consult with the [PRG] to determine if the project status will revert back to Phase 2 with a Planned Rating or remain in Phase 3 with an Accepted Rating."[57] LADWP took none of these steps.[58]

[54] *See* LADWP Renewable Portfolio Standards Policy (Dec. 22, 2011), attached hereto as Exhibit 7.

[55] WECC Rating Process at III-58.

[56] *Id.* at III-59.

[57] *Id.*

[58] Any path rating and associated Plan of Service is also dependent on the project sponsor meeting the deadlines and milestones approved with the path rating, and LADWP had missed important milestones. As noted, LADWP exceeded the IPPDC line 2400 MW in-service milestone date by more than twelve months. The Phase 2 study report indicates the project would be in-service in April 2009, but the project did not go into commercial operation until May 4, 2011. Missing the in-service date by more than twelve months normally would have warranted reconvening the PRG to discuss the next steps, independent of the deliberate failure of LADWP to follow the other aspects of the 2007 Plan of Service. *See* WECC Rating Process at III-59.

Instead, LADWP simply ignored key aspects of the 2007 Plan of Service. Specifically, LADWP (1) lacked the ability to trip 400 MW of wind generation directly connected to the IPPDC line in the event of a bipole outage of Path 27 due to the lower levels of wind directly connected and (2) would be importing more than 227 MW of remote generation to the Intermountain 345 kV bus.[59]

LADWP's decisions placed it outside the studied import limits that were essential to the 2007 Plan of Service that had formed the basis of WECC's decision to grant the path ratings as part of WECC's Path Rating Process. LADWP's decisions also meant that the IPPDC line had no valid SOL (because it was outside its Accepted Rating) and would not satisfy the Reliability Standard Requirements for WECC Region entities in FAC-011-2.

Operating outside the 2007 Plan of Service significantly altered the interaction between the TOT 2 paths and the IPPDC path, and should have required additional analyses as specified in the study supporting the IPPDC path rating.[60] Operations outside the studied and coordinated limits agreed upon in the 2007 Plan of Service, as LADWP has done, threatens the established process for coordinating the interactions between paths in the Western Interconnection, which forms a cornerstone of reliable operation—and Reliability Standard compliance.

G. LADWP's "Interim" Operating Limit

1. LADWP's Efforts to Bypass WECC's Path Rating Process

In an effort to achieve what it otherwise could not through the proper WECC Path Rating Process, and without submitting technical studies to support the higher import limit at the

[59] Gateway South-Stage 1 TOT 2B/2C Path Rating Study Report Transmittal Letter, Exhibit 5, at 1; E-mail from Tim Wu, LADWP, to Craig Quist, PacifiCorp (Apr. 22, 2011), Gateway South-Stage 1 TOT 2B/2C Path Rating Study Report Attachment I-1.

[60] IPPDC Path Rating Study at 11 ("If there is any desire by any party to import wind or any generation remote from Intermountain via IPPDC, additional operating studies would need to be performed to ensure the remedial scheme is appropriate.").

Intermountain 345 kV bus, LADWP sought and ultimately received an "interim" operating limit or SOL from WECC's OTCPC, permitting imports higher than the studied amount.

This interim operating limit was granted by the OTCPC in April 2011, but without following the procedures for changes to ratings contained in WECC's Path Rating Process, which covers the re-rating of existing facilities or facility upgrades, including the changes to the 2007 Plan of Service unilaterally undertaken by LADWP.[61] Indeed, the OTCPC's action to establish these operating limits was flatly inconsistent with WECC's own acknowledgement that disputes over OTCs and path ratings are to be addressed through WECC's Path Rating Process, not by the OTCPC.[62]

Moreover, the new interim operating limit granted by the OTCPC was flatly inconsistent with WECC's Path Rating Process, which is required by Reliability Standard MOD-029 and is intended to prevent new projects (including re-ratings and upgrades) from degrading existing Accepted Ratings:

> Protection is a fundamental element of what an Accepted Rating provides. An Accepted Rating is fully peer reviewed, recognized in future planning studies, and directly usable in operations for both scheduled and actual flows. An Accepted Rating addresses both simultaneous and non-simultaneous transfer capabilities, and may involve the use of nomograms or remedial action schemes. <u>It is not acceptable for a new project to cause a reduction in an Accepted Rating unless mitigated or compensated by the new project</u>.[63]

[61] WECC Rating Process at III-62 ("A project is defined as a new transmission path or a change in rating of an existing path through facility additions, facility upgrades, or the re-rating of existing facilities. The primary focus [of] the Procedures For Project Rating Review is to establish a set of well-defined principles for determining Accepted Ratings for Transmission Paths."). *Id.*

[62] Whitepaper on the WECC Operating Transfer Capability Policy (OTCPC) Committee Future, Exhibit 2, at 3 ("OTC dispute resolution is now primarily addressed in Phase 2 of the WECC Three Phase Rating Process for System or ratings upgrades and the addition of new bulk electric system facilities, including the default procedures to apply when parties are unable to resolve interaction disputes.").

[63] WECC Rating Process at III-63 (emphasis added).

The OTCPC procedures require technical studies to develop operating limits—not ratings—but LADWP did not provide the necessary technical studies to the OTCPC in developing those limits. Despite repeated comments from PacifiCorp expressing concern that there were no IPPDC line studies at the 2400 MW level indicating that the rating would be valid under all Intermountain local area generation conditions (such as the lower levels of wind generation than previously studied), no such studies were provided by LADWP or any other party prior to the OTCPC's issuance of an "interim" operating limit. In fact, the minutes of the OTCPC meeting reflect the committee's decision to approve the limit on an interim basis, regardless of the reliability concerns presented by PacifiCorp:

> LADWP did studies to rate IPPDC to 2400 MW – tripping requirements were 2300 MW – not sure what "imports" were studied. Subsequently – PACE began their Gateway studies; interaction between IPPDC @ 2400 MW and TOT2B1 @ 600 MW and 2C @ 400 MW. Doesn't seem to be an issue with the non-simultaneous limits – it's who shall take cuts when there are simultaneous issues.
>
> . . .
>
> LA has an Approved Rating of 2400 MW. There was no nomogram at the spring meeting. LA had the understanding that their February-era nomogram was agreed-to. Now that is not the case – the parties have NOT agreed to the curtailments. The OTCPC cannot agree to a nomogram when the Parties have not agreed to curtailments. OTCPC should review the Criteria section of the Policy – all these provisions have not been met . . . .
>
> Approve Path 27 and TOT2B (Path 78) TOT2C (Path 35) on an interim basis to operate under the nomogram showing the 600 MW import as depicted on the screen at this time – March study report for summer 2011 - subject to LA and PACE revisiting and agree on revisiting the rating studies on both IPPDC and TOT2B/2C. This is only applicable for the summer 2011 operating season.[64]

As a result, the proper OTCPC procedures were—like WECC's Path Rating Process—simply bypassed when the "interim" operating limit for the IPPDC line was granted. While the unstudied nature of this change was problematic by itself, the new "interim" operating limit was

[64] OTCPC April 14, 2011 Meeting Agenda and Minutes, attached hereto as Exhibit 8 (emphasis added).

flatly inconsistent with WECC's Path Rating Process, making it inconsistent with the Reliability Standards for calculating SOLs, TTC, and ATC, and risking regional reliability.

2. The OTCPC Did Not Establish Valid SOLs and Lacked the Authority to Do So

The OTCPC "interim" limits were only purported to be seasonal SOLs, and were therefore distinct from the next-day and current-day SOLs that TOPs use to plan for real-time operations and operate their systems within limits.[65] The OTCPC limits did not claim to be valid for next-day or current-day studies, and, due to their seasonal nature, lacked the ability to "reflect current system conditions" as required for SOLs.[66] Therefore, they did not claim to be valid for real-time operations or next-day planning and, indeed, could not be valid for those timeframes because they did not rely on current system conditions.

Furthermore, the OTCPC lacked the authority to establish any SOL. SOLs for the operating horizon are established by TOPs based on the RC's SOL Methodology.[67] The RC must then ensure that those SOLs are established consistent with its SOL Methodology.[68] The OTCPC was not a TOP; LADWP is the TOP for the IPPDC line and PacifiCorp is the TOP for the TOT 2B and TOT 2C paths. The OTCPC also did not perform the RC role for LADWP and PacifiCorp; that role is performed by the WECC RC. WECC's own whitepaper on the OTCPC indicated that the TOPs—not the OTCPC—are responsible for establishing SOLs.[69] Thus, while the OTCPC did claim to set the SOLs for the IPPDC line and the TOT 2B/2C paths, it lacked the

[65] TOP-002-2b Requirement R11.

[66] *Id.*

[67] FAC-014-2 Requirement R2.

[68] FAC-014-2 Requirement R1.

[69] Whitepaper on the WECC Operating Transfer Capability Policy (OTCPC) Committee Future, Exhibit 2, at 2 ("The Transmission Operator has the responsibility to determine SOLs . . . .").

authority to do so and even if it had that authority (or was acting with the WECC RC's authority) it failed to calculate the SOLs correctly or ensure that LADWP did so. In any case, the OTCPC "interim" SOLs were ineffective, unsupported, and invalid for reliable utility operations. Further, the interim operating limits only applied to Summer 2011. Although LADWP and PacifiCorp have agreed to subsequent seasonal nomograms, any agreement was subject to resolution of the underlying dispute by PacifiCorp of LADWP's claimed right to operate outside its 2007 Plan of Service for the IPPDC line, and is intended only to preserve system reliability in the interim.[70]

IV. RELIABILITY IMPLICATIONS OF LADWP'S EXCESSIVE IMPORTS

PacifiCorp has been forced to reduce ATC on its system below the ratings approved under WECC's Path Rating Process due to LADWP's deliberate attempt to operate outside of its 2007 Plan of Service, which limited the imports to the Intermountain 345 kV bus that now threaten the reliability of PacifiCorp's facilities. Operating at the Accepted Ratings for the TOT 2B/2C paths while LADWP simultaneously operates at an import level higher than that studied and authorized could have significant reliability repercussions. As PacifiCorp explained in the Appendix to the final path rating for the TOT 2B/2C paths in addressing interactions with the IPPDC line:

> Q33. Based on Based on Figure I-2, if the IPPDC Line is scheduled at 2400 MW and net imports into Intermountain 345 kV are increased above the 227 MW (imports modeled in the 2007 IPPDC Line path rating study), what impact do the increased imports have on the southern Utah transmission system?
>
> A33. With IPPDC Line flows at 2400 MW, if imports from Utah to Intermountain are increased from 227 MW to above 435 MW, double pole outage of the IPPDC Line (with only local Intermountain area generation tripping) will

[70] The Commission's statement to the contrary in *Los Angeles Department of Water and Power*, 141 FERC ¶ 61,112 at P 10 is in error.

> result in the non-tripped "remote" generation trying to reach southern California (see Figure I-3) via either the TOT 2B1 (Pinto – Four Corners), TOT 2B2 (Sigurd – Glen Canyon) or TOT 2C (Red Butte – Harry Allen) transmission paths. If these paths are at their . . . path rating, increased emergency flow conditions in southern Utah would violate WECC/NERC planning standards.[71]

As the attached affidavit from Mr. Craig Quist explains, if LADWP operates the IPPDC line as intended, outside its Accepted Rating and 2007 Plan of Service, and PacifiCorp operates the TOT 2B/2C paths according to its Accepted Rating and a bipole outage occurs on the IPPDC line, "up to 600 MW of LADWP's generation imports will be redistributed onto other parallel transmission lines because of the lower capability of LADWP's CAS," resulting in, for example, thermal overloads on PacifiCorp's Pinto substation phase shifting transformers.[72]

V. THE LEGAL BASIS FOR A COMPLAINT UNDER SECTION 215 OF THE FEDERAL POWER ACT

Section 215 of the Federal Power Act has two primary functions—developing Reliability Standards and enforcing Reliability Standards. While both the Commission and NERC have the authority to enforce Commission-approved Reliability Standards, Section 215(e)(3) of the Federal Power Act provides that the Commission may, "upon complaint," order an entity subject to its reliability jurisdiction to comply with a Reliability Standard and impose a penalty "if the Commission finds, after notice and opportunity for a hearing, that the user or owner or operator of the bulk-power system has engaged or is about to engage in any acts or practices that constitute or will constitute a violation of a reliability standard."[73] In Order No. 672 the Commission explained that it would accept "a formal complaint filed with the Commission in

[71] Gateway South– Stage 1 TOT 2B/2C Path Rating Study Report, Exhibit 5, at Appendix I: PacifiCorp Response to LADWP's April 22, 2011 Email Concerning Proposed Gateway South - TOT 2B/2C Path Rating Report, Relative to Possible Simultaneous Interaction with the IPPDC Line (2400 MW) Path Rating, at I-14 to I-15.

[72] Affidavit of Craig Quist, P.E. ¶¶ 6-7, attached hereto as Attachment A.

[73] 16 U.S.C. § 824o(e)(3).

which a complainant alleges the existence of a violation and requests that the Commission assess a penalty for it."[74] This pleading requests that the Commission exercise that authority to remedy the Reliability Standard violations described below.

Although WECC, as the Regional Entity, is a potential forum for disputes such as this, it is not appropriately so in this instance. First and foremost, as noted below in Part VIII, WECC has consistently refused to take necessary action on the violations alleged here, or even to respond to PacifiCorp's repeated efforts to pursue relief at WECC.

VI. COMPLAINT AGAINST THE LOS ANGELES DEPARTMENT OF WATER AND POWER

LADWP's unauthorized decision to import up to 600 MW of remote generation to the Intermountain 345 kV bus violates WECC's Path Rating Process and has led to violations of mandatory Reliability Standards approved by the Commission related to the calculation of SOLs, TTC, and ATC. A bipole outage on the IPPDC line could result in thermal limit violations on some or all of the TOT 2B/2C paths if PacifiCorp operates the TOT 2B/2C paths pursuant to their Accepted Ratings simultaneous with LADWP's claimed IPPDC line imports and rating. While PacifiCorp has taken steps to preserve system reliability in the face of these aggressive import levels not studied in WECC's Path Rating Process for the IPPDC line, the Commission should, pursuant to Section 215(e)(3) of the Federal Power Act, order LADWP to comply with the applicable Reliability Standards and operate in accordance with a properly established SOL for the IPPDC line, which can be accomplished by directing LADWP to comply with its 2007 Plan of Service for the IPPDC line.

[74] *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards,* Order No. 672, 114 FERC ¶ 61,104 at P 509 (2006).

These violations are continuing as of the date of this complaint. While PacifiCorp has acted to preserve reliability in the face of LADWP's excessive imports by reducing flows on its own facilities, that action has been necessitated by LADWP's ongoing Reliability Standard violations.[75]

A. Violation of FAC-014-2 Requirement R2 and FAC-011-2 WECC Regional Difference

Under FAC-014-2, which is intended to ensure that the SOLs used to reliably plan and operate the system are identified based on an established methodology,[76] LADWP is obligated to establish SOLs for its facilities, including the IPPDC line, that are consistent with the WECC RC's SOL methodology. Instead, LADWP has established a SOL for the IPPDC line that is inconsistent with the WECC RC SOL methodology and the FAC-011-2 Regional Difference approved for the WECC Region, because a bipole outage of the IPPDC line, with the 600 MW imports intended by LADWP, would result in facilities violating their thermal limits.[77] The 2007 Plan of Service respected these limitations. LADWP could have remained in compliance if it had sought to change its 2007 Plan of Service through WECC's Path Rating Process, but it did not. LADWP's end-run around the required process has resulted in an asserted SOL for the IPPDC line that is inconsistent with the WECC RC's SOL Methodology.

FAC-014-2—Establish and Communicate System Operating Limits, Requirement R2, requires that TOPs establish SOLs consistent with their RC's SOL Methodology:

[75] These reductions are reflected in the nomograms agreed to by LADWP and PacifiCorp for the facilities involved, pending resolution of this dispute. PacifiCorp has agreed to the nomograms only under protest and solely to preserve system reliability in the face of LADWP's violation of its 2007 Plan of Service and applicable Reliability Standards.

[76] FAC-014-2.A.3.

[77] *See* Quist Affidavit ¶ 7.

> **R2.** The Transmission Operator shall establish SOLs (as directed by its Reliability Coordinator) for its portion of the Reliability Coordinator Area that are consistent with its Reliability Coordinator's SOL Methodology.

The WECC SOL Methodology in effect in 2011 required that following a bipole outage on a DC transmission line facilities must remain within thermal, frequency, and voltage limits[78]:

> **R2.5.** The following multiple contingency guidelines will be required when establishing SOLs:
>
> **R2.5.3.** Simultaneous permanent loss of both poles of a direct current bipole Facility without an alternating current Fault.
>
> **R2.6.** SOLs shall be established such that for multiple Facility Contingencies in R2.5.1 through R2.5.5 operation within the SOL shall provide system performance consistent with the following:
>
> **R2.6.1.** All Facilities are operating within their applicable Post-Contingency thermal, frequency and voltage limits.

This is essentially identical to the FAC-011-2 Regional Difference approved for the WECC Region that is "more stringent and detailed than the set of contingencies" in FAC-011-2.[79]

The "interim" SOL imposed by WECC's OTCPC for the IPPDC line in 2011 did not meet these requirements because a bipole outage of the IPPDC line occurring with generation imports at the Intermountain 345 kV bus above 227 MW would have resulted in facilities exceeding their thermal limits, namely PacifiCorp's TOT 2B/2C paths.[80] The "interim" SOL permitting 600 MW of generation imports over the IPPDC line was therefore inconsistent with

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[78] WECC FAC 011—System Operating Limits Methodology for the Operations Horizon at 4 (Oct. 27, 2011) ("WECC SOL Methodology"), attached hereto as Exhibit 9. As reflected in the version history for this document, the only change from the February 4, 2010 version of the SOL Methodology in effect during Summer 2011 is that the classification of the document was changed to "Public" on October 27, 2011.

[79] *Facilities Design, Connections, and Maintenance Reliability Standards*, Order No. 705, 121 FERC ¶ 61,296 at P 85 (2007). The WECC Regional Difference requires that SOLs be establish such that following a bipole outage on a DC transmission line facilities must remain within thermal, frequency, and voltage limits. *See* FAC-011-2 Regional Difference for the Western Interconnection § 1.1.3, 1.2.1.

[80] *See* Quist Affidavit ¶¶ 7-8.

the WECC RC's SOL methodology, and in violation of FAC-014-2 Requirement R2. Although subsequent nomograms agreed to by LADWP and PacifiCorp as an interim measure to preserve reliability during this dispute have lowered the amounts of generation imports somewhat, the imports still greatly exceed the level of 227 MW studied in the 2007 Plan of Service and therefore continue to violate FAC-014-2 Requirement R2 and the FAC-011-2 WECC Regional Difference.

B. Violations of MOD-029-1a by LADWP

MOD-029-1a—Rated System Path Methodology establishes the rules that Transmission Operators and Transmission Service Providers using the Rated System Path Methodology (such as all entities in WECC) must follow when calculating TTC and ATC for their paths. By its decision to import up to 600 MW of generation at the Intermountain 345 kV bus in violation of the 2007 Plan of Service, LADWP has violated MOD-029-1a Requirement R2.1.2 and MOD-029-1a R2.5 because those actions are inconsistent with LADWP's 2007 Plan of Service.

Compliance with MOD-029-1a depends on compliance with WECC's Path Rating Process because that ensures the proper evaluation and planning for interactions between paths. Indeed, MOD-029 brings the existing WECC Path Rating Process into the Reliability Standards,[81] and has been described by NERC as modeled on the existing WECC process,[82] and by WECC as paralleling the existing WECC process.[83] In fact, in its comments in response to

[81] Order No. 729 at P 239.

[82] NERC, Consideration of Comments—2nd Draft of Standard MOD-029-1—Rated System Path ATC (Project 2006-07) at 7 (Oct. 30, 2007) ("The Rated System Path (RSP) Standard (MOD-029-1) is modeled after the WECC Path Rating Methodology . . . ."), *available at*: http://www.nerc.com/docs/standards/sar/Consider_Comments_MOD-029-1_Draft1_30Oct07.pdf.

[83] W. Shannon Black, WECC, Determining ATC in the Rated System Path Model at 2 (undated) ("For those selecting the Rating System Path (RSP), MOD-29 will parallel the existing WECC process with additional inclusion of required FERC mandates. For example, under the current WECC process an Accepted Path rating is derived from a three-stage rating process wherein a TTC is established and rights are determined. . . . In MOD-29, when

the Notice of Proposed Rulemaking leading to the approval of MOD-029-1, LADWP itself described WECC's Path Rating Process as a "time-tested system of rating transmission paths through joint participation in WECC processes" and the same methodology that is incorporated in MOD-029-1.[84] According to LADWP:

> Starting many years prior to WECC becoming a Regional Reliability Organization ("RRO"), LADWP along with the other Transmission Operators in the region participated in WECC processes for jointly developing transmission path ratings methodologies. As such, the rated path method used in the WECC by LADWP and others (*i.e.*, the methodology proposed by NERC for inclusion in MOD-029-1) and the path ratings that have developed in the WECC have had a long history of reliable use . . . .[85]

LADWP's decision to ignore the 2007 Plan of Service established through WECC's Path Rating Process and its failure to respect the Accepted Rating granted to PacifiCorp for the TOT 2B/2C path in its operations violates MOD-029-1a. LADWP has violated (a) its obligation to satisfy the reliability criteria under Requirement R2.1 in its TTC calculations, (b) its obligation to resolve any adverse impacts on other paths under Requirement R2.5, and (c) its obligation to establish TTC within the SOL for the IPPDC line under Requirement R3.

First, when modeling system conditions to determine ATC, all Transmission Elements must be modeled at 100% of their continuous rating.[86]

> **R2.** The Transmission Operator shall use the following process to determine TTC:
>
> **R2.1.** Except where otherwise specified within MOD-029-1, adjust base case generation and Load levels within the updated power flow model to determine the

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determining the TTC of a Posted Path, the WECC [ATC Task Force] made every endeavor to consolidate the crucial elements of the WECC Rating Process . . . ."), *available at*: http://www.wecc.biz/committees/StandingCommittees/OC/ISAS/Lists/Calendar/Attachments/13/White_Paper_ATC_Description%20-%20WSB.pdf.

[84] Comments of LADWP, Docket Nos. RM08-19-000 *et al.*, at 3 (May 21, 2009).

[85] *Id.* (emphasis added).

[86] This includes neighboring systems, per MOD-029-1a Requirement R1.1.1.2.

> TTC (maximum flow or reliability limit) that can be simulated on the ATC Path while at the same time satisfying all planning criteria contingencies as follows:
>
> . . .
>
> **R2.1.2.** When modeling contingencies the system shall demonstrate transient, dynamic and voltage stability, with no Transmission Element modeled above its Emergency Rating.

LADWP has not provided any technical studies to justify its current operations for the IPPDC line. In any event, LADWP could not have modeled PacifiCorp's TOT 2B/2C paths at their continuous Accepted Ratings because this would have demonstrated a negative interaction threatening reliability following a bipole outage of the IPPDC line, in violation of MOD-029-1a Requirement R2.1.2, which requires that the power flow model used to calculate ATC cannot result in transient, dynamic, or voltage instability or operation above Emergency Ratings. As noted in Mr. Quist's Affidavit, if the IPPDC line is operated with 600 MW of generation imports and PacifiCorp operates in accordance with its Accepted Rating, a bipole outage on the IPPDC line results in thermal overloads on PacifiCorp facilities above their emergency thermal ratings.[87] This has, in turn, forced PacifiCorp to adjust its ATC to provide for operations below the approved ratings for the TOT 2B/2C paths[88] because only by doing so can PacifiCorp "demonstrate transient, dynamic and voltage stability, with no Transmission Element modeled above its Emergency Rating," which is required under MOD-029-1a R2.1.2.

Second, MOD-029-1a R2.5 requires that TOPs identify circumstances when their path TTC could have an adverse impact on the TTC of an existing path by modeling their proposed TTC against the flow on the other path. The TOP must identify and resolve the adverse impact in its study report for the ATC path.

[87] Quist Affidavit ¶ 7.

[88] *See* Quist Affidavit ¶ 8.

> **R2.** The Transmission Operator shall use the following process to determine TTC:
>
> **R2.5.** The Transmission Operator shall identify when the TTC for the ATC Path being studied has an adverse impact on the TTC value of any existing path. Do this by modeling the flow on the path being studied at its proposed new TTC level simultaneous with the flow on the existing path at its TTC level while at the same time honoring the reliability criteria outlined in R2.1. The Transmission Operator shall include the resolution of this adverse impact in its study report for the ATC Path.

Like WECC's Path Rating Process, this is intended to protect previously accepted path ratings.[89] LADWP did not follow this procedure when developing its TTC for the IPPDC line. Any study LADWP undertook to support its effort to import 600 MW at the Intermountain 345 kV bus would certainly have indicated an adverse impact on the TOT 2B/2C paths following a bipole outage of the IPPDC line.[90] Instead of resolving the issue, LADWP simply ignored it (and WECC's Path Rating Process), forcing PacifiCorp to resolve that impact by significantly curtailing its own transfers, resulting in a reduction in ATC on the PacifiCorp system. Given LADWP's failure to consider the adverse interactions with PacifiCorp's paths, reduced PacifiCorp operations are necessary to achieve the system reliability criteria for ATC calculation specified in MOD-029-1a R2.1.

Third, MOD-029-1a R3 Transmission Operators must establish TTC at either the value calculated under the R2 criteria or the SOL for the path, whichever is lower. TTC established higher than the SOL for the path violates this Requirement:

> **R3.** Each Transmission Operator shall establish the TTC at the lesser of the value calculated in R2 or any System Operating Limit (SOL) for that ATC Path.

[89] *See* MOD-029-1a Requirement R2.5.

[90] *See* Quist Affidavit ¶¶ 6-7.

An SOL represents the operational limits necessary "to ensure operation within acceptable reliability criteria."[91] LADWP's 2007 Plan of Service for the IPPDC line, including the 227 MW import limit, was studied and determined to be necessary for reliable operation and therefore formed the maximum operating limit for the IPPDC line—the SOL. Presuming that LADWP would operate within the TTC it had calculated for that line, LADWP's operations suggest that LADWP's TTC for the IPPDC line was not established below the SOL established in the 2007 Plan of Service. This violated the requirement to operate no higher than the SOL for an ATC path in MOD-029-1a R3.

VII. COMPLAINT AGAINST THE WESTERN ELECTRICITY COORDINATING COUNCIL RELIABILITY COORDINATOR

By permitting WECC's OTCPC to establish an "interim" SOL for the IPPDC line above the studied import limit mandated by the 2007 Plan of Service and failing to enforce WECC's Path Rating Process, the WECC RC failed to ensure that the SOL for the IPPDC line was established consistent with the WECC RC's SOL methodology or the WECC Regional Difference in FAC-011-2. FAC-014-2 Requirement R1 provides that:

> **R1.** The Reliability Coordinator shall ensure that SOLs, including Interconnection Reliability Operating Limits (IROLs), for its Reliability Coordinator Area are established and that the SOLs (including Interconnection Reliability Operating Limits) are consistent with its SOL Methodology.

The WECC RC's SOL Methodology in effect in 2011[92] largely mirrored the language of the WECC Regional Difference approved by the Commission for FAC-011, and included, as

[91] NERC Glossary at 48.

[92] WECC SOL Methodology, Exhibit 9.

relevant to the IPPDC line, a requirement that following a bipole outage, DC transmission line facilities must remain within thermal, frequency, and voltage limits.[93]

The SOL imposed by WECC's OTCPC for the IPPDC line in 2011, after PacifiCorp received an Accepted Rating for its TOT 2B/2C paths, would not have met these requirements because a bipole outage of the IPPDC line occurring with generation imports at the Intermountain 345 kV bus above 227 MW would have resulted in facilities exceeding their thermal limits, namely PacifiCorp's TOT 2B/2C paths.[94] LADWP's IPPDC line SOL permitting 600 MW of remote generation imports was therefore inconsistent with the WECC RC's SOL methodology, indicating that the WECC RC did not "ensure that SOLs . . . for its Reliability Coordinator Area . . . are consistent with its SOL Methodology" as required by FAC-014-2 Requirement R1.

The "interim" SOLs that WECC's OTCPC imposed for the IPPDC line for summer 2011 was improper. It was not based on the Accepted Ratings for the IPPDC line or the TOT 2B/2C paths. It was also inconsistent with the parameters for determining SOLs and resulted in an SOL inconsistent with the WECC RC SOL Methodology and the WECC Regional Difference for calculating SOLs under FAC-011-2.

Furthermore, the OTCPC lacked the authority under Reliability Standards to establish any SOL, as WECC itself has acknowledged,[95] but the WECC RC permitted the OTCPC to claim to establish such SOLs. SOLs for the operating horizon are established only by TOPs

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[93] *Id.* at 4. The SOL Methodology required that Transmission Operators establish SOLs such that all facilities remain within their Post-Contingency thermal limits after the contingency of a "[s]imultaneous permanent loss of both poles of a direct current bipole Facility without an alternating current Fault." This is essentially identical to the requirements in the WECC Regional Difference approved for FAC-011-2.

[94] *See* Quist Affidavit ¶¶ 7-8.

[95] Whitepaper on the WECC Operating Transfer Capability Policy (OTCPC) Committee Future, Exhibit 2, at 2 ("The Transmission Operator has the responsibility to determine SOLs . . . .").

based on the RC's SOL Methodology.[96] The RC must then ensure that those SOLs are established consistent with its SOL Methodology.[97] The OTCPC was not a TOP; LADWP is the TOP for the IPPDC line and PacifiCorp is the TOP for the TOT 2B/2C paths. The OTCPC also did not perform the RC role for WECC. That role is performed by the WECC RC. Thus, while the OTCPC did claim to set the SOLs for the IPPDC line and the TOT 2B/2C paths, it lacked the authority to do so and even if it had that authority it failed to calculate the SOLs correctly. This made the OTCPC's "interim" SOLs ineffective, unsupported, and invalid for reliable utility operations, indicating that the WECC RC failed to ensure that SOLs in its RC Area were established consistent with its SOL Methodology.

These violations are also ongoing. While PacifiCorp has acted to preserve reliability in the face of LADWP's excessive imports by reducing flows on its own facilities, LADWP's failure to properly establish SOLs based on its 2007 Plan of Service and the WECC RC's failure to ensure that SOLs in its RC Area are properly established have necessitated that action.

VIII. COMPLAINT AGAINST THE WESTERN ELECTRICITY COORDINATING COUNCIL REGIONAL ENTITY

Despite repeated requests from PacifiCorp, the WECC Regional Entity has refused to address the BES reliability implications associated with the failure of WECC or LADWP to comply with WECC's Path Rating Process and the Reliability Standards that depend on that process. The Commission should therefore direct the WECC Regional Entity to enforce these Reliability Standards within the WECC Region. Such action is necessary to "ensure compliance with a Reliability Standard" by WECC's affiliated Reliability Coordinator and LADWP in the

[96] FAC-014-2 Requirement R2.

[97] FAC-014-2 Requirement R1.

WECC Region and therefore fully within the scope of the Commission's remedial authority under 18 C.F.R. § 39.9(a).[98]

On July 12, 2011, PacifiCorp submitted a letter to WECC's Vice President of Operations and Planning explaining that the interim ratings (and therefore SOLs) established by the OTCPC were inconsistent with the 2007 Plan of Service and that WECC and LADWP had failed to follow WECC's Path Rating Process.[99] As noted in the letter, MOD-029 incorporates WECC's Path Rating Process and entities in the WECC Region must follow WECC's Path Rating Process when fulfilling their MOD-029 obligations to ensure that they establish reliability limits properly. WECC took no action in response to this letter.

On August 4, 2011, in response to LADWP's initiation of dispute resolution procedures under WECC's bylaws alleging violations of WECC's Path Rating Process related to PacifiCorp's WECC-approved rating for its Gateway South Project – Stage 1 TOT 2B/2C Path, PacifiCorp sent a letter to WECC reiterating its concerns, explaining that LADWP was operating the IPPDC line outside of the 2007 Plan of Service.[100] PacifiCorp noted again that the purported SOLs LADWP claimed to justify its behavior were not established using WECC's Path Rating Process necessary for MOD-029 compliance and that LADWP's behavior was harming PacifiCorp's system. Again, WECC failed to take action to address these concerns and enforce compliance with applicable Reliability Standards.

[98] 18 C.F.R. § 39.9(a) (2012) provides the Commission the authority to "take such action as is necessary and appropriate against . . . a Regional Entity to ensure compliance with a Reliability Standard . . . ."

[99] Letter from Darrell Gerrard, Vice President, Transmission System Planning, PacifiCorp, to David J. Godfrey, Vice President, Operations and Planning, WECC (July 12, 2011), attached hereto as Exhibit 10.

[100] Letter from Kenneth Houston, Vice President, Transmission Services, PacifiCorp, to Mark Maher, CEO, WECC (Aug. 4, 2011), attached hereto as Exhibit 11.

On August 17, 2011, PacifiCorp sent a letter to the Chair of WECC's Planning Coordination Committee raising concerns about LADWP's compliance with the 2007 Plan of Service, which was having significant impacts on PacifiCorp's transmission system.[101] In that letter, PacifiCorp asked whether LADWP's operations were consistent with the 2007 Plan of Service and whether LADWP needed to follow WECC's Path Rating Process to change its 2007 Plan of Service. PacifiCorp received no response to this letter.

Finally, on September 6, 2012, PacifiCorp submitted to WECC yet another letter requesting a response to its prior requests as to whether LADWP's operations were consistent with the 2007 Plan of Service and whether LADWP needed to follow WECC's Path Rating Process to change its 2007 Plan of Service.[102] PacifiCorp reiterated its concerns regarding LADWP's continued operation outside the 2007 Plan of Service for the IPPDC line, noting the importance of WECC's Path Rating Process for the entire region. PacifiCorp concluded by stating that it reserved the right to file a complaint with the Commission to address these practices because they violate mandatory Reliability Standards. WECC has not responded to this letter.

Regional Entities are obligated to enforce Reliability Standards within their regions.[103] The Delegation Agreement between NERC and WECC states that "WECC shall enforce Reliability Standards (including Regional Reliability Standards and Regional Variances) within the geographic boundaries [of the WECC Region] through the compliance monitoring and

[101] Letter from Darrell Gerrard, Vice President, Transmission System Planning, PacifiCorp, to Scott Waples, Chair, WECC Planning Coordination Committee (Aug. 17, 2011), attached hereto as Exhibit 12.

[102] Letter from Natalie Hocken, Senior Vice President, Transmission and System Operations, PacifiCorp, to Steven F. Goodwill, Vice President and General Counsel, WECC (Sept. 6, 2012), attached hereto as Exhibit 13.

[103] 18 C.F.R. § 39.7 provides Regional Entities with enforcement authority for Commission-approved Reliability Standards.

enforcement program set forth in [the Delegation Agreement]."[104] Despite this charge, WECC has failed to address or even meaningfully respond to the Reliability Standards compliance questions raised by PacifiCorp for more than a year, including whether the "interim" LADWP SOLs for the IPPDC line comply with MOD-029. The Commission should therefore direct the WECC Regional Entity to enforce MOD-029, as well as WECC's Path Rating Process on which compliance with MOD-029 depends, and any other related Reliability Standards, such as FAC-011 and FAC-014.

IX. ADDITIONAL INFORMATION REQUIRED BY RULE 206

A. Financial Impact (Rule 206(b)(4))

As a result of LADWP's use of PacifiCorp's transmission system without a transmission service reservation, PacifiCorp has been deprived of ATC that would have otherwise been used by PacifiCorp or its other transmission customers. To address this financial impact PacifiCorp assessed unreserved use penalties to LADWP to cover LADWP's unreserved use of PacifiCorp's transmission system. While the Commission has recently found that PacifiCorp's tariff does not permit unreserved use charges in these circumstances, the economic harm to PacifiCorp and its other transmission customers nevertheless exists. An order directing LADWP and WECC to comply with the mandatory Reliability Standards by complying with the 2007 Plan of Service for the IPPDC line will ensure that this financial harm does not continue in the future.

B. Nonfinancial Impact (Rule 206(b)(5))

The negative effects on BES reliability are discussed in Part IV, above. Unless those effects are remedied by LADWP's compliance with the 2007 Plan of Service for the IPPDC line,

[104] Amended and Restated Delegation Agreement Between North American Electric Reliability Corporation and Western Electricity Coordinating Council at Section 6 (Mar. 1, 2012) ("WECC Delegation Agreement") (emphasis added).

the Reliability Standard violations will continue, presenting continuing risk to system reliability in the Western Interconnection.

Furthermore, transmission planning, development, investment, and operations within the Western Interconnection depend on the stability of Accepted Ratings developed through WECC's Path Rating Process and MOD-029. If parties can unilaterally disregard Accepted Path Ratings, needed transmission investment will be hindered.

C. Other Proceedings (Rule 206(b)(6))

In accordance with Rule 206(b)(6), PacifiCorp states that the specific matters raised herein regarding violations of mandatory Reliability Standards by LADWP and WECC are not pending before the Commission in any other docket to which PacifiCorp is a party.

The facts underlying these violations are the basis for the dispute in Docket No. EL12-87-000 regarding unreserved use penalties assessed by PacifiCorp to LADWP for LADWP's use of transmission service on PacifiCorp's TOT 2B/2C paths. While the Commission recently found that PacifiCorp could not charge unreserved use penalties to LADWP for LADWP's use of PacifiCorp's system, the Commission based that decision only on the unreserved use penalty language "set forth in PacifiCorp's Tariff" and specifically ruled that LADWP's compliance with mandatory Reliability Standards was "beyond the scope of [Docket No. EL12-87]."[105] Therefore, the Reliability Standard compliance issues in this Complaint are separate from the tariff interpretation dispute in Docket No. EL12-87-000. Furthermore, the dispute in Docket No. EL12-87-000 is subject to Section 206 of the Federal Power Act, not Section 215 of the Federal Power Act as in this Complaint. The Commission cannot under Section 206 order LADWP and

[105] *Los Angeles Department of Water and Power*, 141 FERC ¶ 61,112 at PP 40, 42.

WECC to conform LADWP's operations to the 2007 Plan of Service, but can do so under Section 215 because it is necessary to address ongoing Reliability Standard violations.

On July 29, 2011, LADWP initiated dispute resolution procedures under WECC's Bylaws alleging procedural violations of WECC's Path Rating Process related to the granting of Phase 3 status to PacifiCorp's Gateway South Project – Stage 1 TOT 2B/2C Path. However, the issues in that proceeding involve the procedures followed in developing PacifiCorp's Gateway South Accepted Ratings, not the failures of LADWP and WECC to ensure compliance with the 2007 Plan of Service and interrelated Reliability Standards. The WECC dispute resolution process does not—and cannot—address issues related to compliance with mandatory Reliability Standards. Indeed, the WECC Bylaws prohibit the dispute resolution process from addressing compliance issues.[106] Only the NERC Compliance Monitoring and Enforcement Program procedures can address compliance concerns.[107] Moreover, the WECC Regional Entity function, which is charged with enforcing Reliability Standards,[108] does not oversee the dispute resolution process. The existing WECC dispute resolution process therefore cannot consider or provide a remedy for the issues in this Complaint.

Finally, only the Commission can provide certainty regarding the Reliability Standards compliance obligations of LADWP and WECC because it is the Commission itself that holds the

[106] Section 11 of the WECC Bylaws expressly forbids the WECC dispute resolution process from addressing Reliability Standards compliance issues, stating "[m]atters subject to the jurisdiction of the WECC Compliance Hearing Body are not subject to the procedures in Appendix C." Bylaws of the Western Electricity Coordinating Council, Exhibit B to the WECC Delegation Agreement.

[107] Appendix 4C to the NERC Rules of Procedure at Section 1 ("This Compliance Monitoring and Enforcement Program ('Compliance Program') is the program to be used by the North American Electric Reliability Corporation ('NERC') and the Regional Entities to monitor, assess, and enforce compliance with Reliability Standards within the United States."). The Commission retains independent authority to enforce compliance with Reliability Standards. 18 C.F.R. § 39.7(f).

[108] *See* 18 C.F.R. § 39.8(a).

primary responsibility for regulating BES reliability,[109] and WECC has an incurable conflict of interest when presented with a question of its own compliance with Reliability Standards.

D. Specific Relief or Remedy Requested (Rule 206(b)(7))

PacifiCorp requests that the Commission, pursuant to the authority granted by Section 215(e)(3) of the Federal Power Act, direct LADWP to comply with the Reliability Standards identified in Part VI, above, by conforming its operation of the IPPDC line to the 2007 Plan of Service approved by WECC in granting ratings for the IPPDC line.

PacifiCorp also requests that the Commission, under the same statutory authority, direct the WECC RC to comply with the Reliability Standards identified in Part VII, above, by refraining from permitting SOLs in its Reliability Coordinator Area that are inconsistent with the 2007 Plan of Service, its SOL methodology, and applicable Reliability Standards.

PacifiCorp also requests that the Commission, pursuant to Section 215(e)(5) of the Federal Power Act, direct the WECC Regional Entity to enforce compliance with the Reliability Standards at issue in this Complaint, as discussed in Part VIII, by ensuring that WECC's Path Rating Process is enforced and applied consistent with the 2007 Plan of Service, the WECC RC's SOL methodology, and applicable Reliability Standards.

Financial penalties assessed to LADWP and the WECC RC may also be appropriate to encourage future compliance.

E. Supporting Documents Included with This Complaint (Rule 206(b)(8))

PacifiCorp submits the following attachments in support of the facts set forth in this Complaint:

- Exhibit 1: WECC Governance & Nominating Committee, Operating Transfer Capability Policy Committee (OTCPC) Resolution for Elimination of the OTCPC (January 6, 2011)

[109] 16 U.S.C. § 824o(b)(1) (defining the reliability jurisdiction of the Commission).

- Exhibit 2: Whitepaper on WECC's Operating Transfer Capability Policy (OTCPC) Committee Future (2011)

- Exhibit 3: WECC Overview of Policies and Procedures for Regional Planning Project Review, Project Rating Review, and Progress Report (2010)

- Exhibit 4: The Intermountain Southern Transmission System DC Path 27 (IPPDC) Upgrade Accepted Rating Study Report (August 17, 2007)

- Exhibit 5: Final Gateway South – TOT 2B/2C Transmission Paths Rating Report (June 6, 2011)

- Exhibit 6: Letter from WECC Planning Coordination Committee Chair to WECC Planning Coordination Committee, Operating Committee, and Technical Studies Subcommittee Regarding "Gateway South – TOT2B/2C Transmission Paths Achieves Phase 3 Status" (June 21, 2011)

- Exhibit 7: LADWP Renewable Portfolio Standards Policy (December 22, 2011)

- Exhibit 8: OTCPC April 14, 2011 Meeting Agenda and Minutes

- Exhibit 9: WECC FAC 011 – System Operating Limits Methodology for the Operations Horizon (October 27, 2011)

- Exhibit 10: Letter from Darrell Gerrard, Vice President, Transmission System Planning, PacifiCorp, to David J. Godfrey, Vice President, Operations and Planning, WECC (July 12, 2011)

- Exhibit 11: Letter from Kenneth Houston, Vice President, Transmission Services, PacifiCorp, to Mark Maher, CEO, WECC (August 4, 2011)

- Exhibit 12: Letter from Darrell Gerrard, Vice President, Transmission System Planning, PacifiCorp, to Scott Waples, Chair, WECC Planning Coordination Committee (August 17, 2011)

- Exhibit 13: Letter from Natalie Hocken, Senior Vice President, Transmission and System Operations, PacifiCorp, to Steven F. Goodwill, Vice President and General Counsel, WECC (September 6, 2012)

F. Attempts to Resolve This Dispute (Rule 206(b)(9))

The issues subject to this Complaint are violations of Reliability Standards by LADWP and the WECC RC and the appropriate remedies and sanctions to address those violations; also at issue is the failure of the WECC Regional Entity to enforce the applicable Reliability Standards. As noted above, PacifiCorp has repeatedly communicated with LADWP and WECC to resolve the Reliability Standards violations presented here. Those efforts have not been successful, and with respect to the WECC Regional Entity, have not even been met with a written response.

WECC's dispute resolution procedures are not appropriate to address violations of Reliability Standards, which are not subject to WECC's dispute resolution process and which can only be enforced by the WECC Regional Entity, NERC, and the Commission, pursuant to the Compliance Monitoring and Enforcement Program. Furthermore, the WECC Regional Entity has an incurable conflict of interest when presented with a question of its affiliated RC's compliance with Reliability Standards.

The Commission's alternative dispute resolution procedures would not assist in disposing of these issues because ADR procedures will not result in an enforceable order from the Commission as needed to remedy the Reliability Standards violations by LADWP and WECC.

G. Form of Notice (Rule 206(b)(10))

PacifiCorp has included a Form of Notice suitable for publication in the Federal Register as Attachment B.

H. Service (Rule 206(c))

PacifiCorp is serving a copy of this Complaint on LADWP and WECC simultaneously with filing at the Commission.

X. CONCLUSION

LADWP's decision to operate the IPPDC line in violation of its 2007 Plan of Service and WECC's Path Rating Process has resulted in multiple Reliability Standard violations that undermine system reliability in the Western Interconnection. Similarly, WECC's decision to permit operating limits inconsistent with WECC's SOL methodology and WECC's failure to enforce its Path Rating Process has also violated Reliability Standards. And finally, the failure of the WECC Regional Entity to enforce path ratings and Reliability Standards related thereto, continues to threaten reliability in the Western Interconnection.

For these reasons, PacifiCorp respectfully requests that the Commission grant this Complaint and the following relief:

- Direct LADWP to conform its operation of the IPPDC line to a rating and a SOL consistent with the 2007 Plan of Service set forth by LADWP in WECC's Path Rating Process for the line, with the WECC RC's SOL methodology, and with the applicable Reliability Standards and to seek changes to that SOL in a manner consistent with WECC's Path Rating Process and the applicable Reliability Standards;
- Direct the WECC RC to refrain from permitting SOLs in its Reliability Coordinator Area that are inconsistent with the 2007 Plan of Service, its SOL methodology, and applicable Reliability Standards;
- Direct the WECC Regional Entity to ensure that WECC's Path Rating Process is enforced and applied consistent with the 2007 Plan of Service, the WECC RC's SOL methodology, and applicable Reliability Standards; and
- Impose penalties on LADWP and WECC for these Reliability Standard violations as the Commission deems appropriate.

Respectfully submitted,

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