



350 East Bay
350 San Francisco
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350 Sonoma

Stakeholder Comments: Review of Transmission Access Charge Structure Straw Proposal

Submitted By	Organization	Date Submitted
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Introduction

350 Bay Area is nonprofit organization representing more than 22,000 people primarily concentrated in the nine Bay Area counties, whose primary focus is on pushing for deep reductions in carbon emissions. Our members include ratepayers of an Investor Owned Utility and participants in Community Choice Aggregation. In these roles, we have standing to comment on the CAISO proposal.

DER's are an important strategy to produce locally generated power, to facilitate grid stability, minimize transmission losses, and minimize investment in new transmission infrastructure, thereby saving money for ratepayers and CCA communities, as well as contributing to renewable energy and minimizing peak load. We have been involved in advocating for policies that incentivize Distributed Energy Resources (DER's) at the California Public Utilities Commission (CPUC) and in the state legislature, as we believe we cannot reach our state climate goals without accelerated use of them, locally, throughout the state. We were strongly in support of SB 692 in its initial form because this issue has distorted the costs for DER's for years, and is overdue to be addressed by CAISO.

While we appreciate the attention to detail in the Straw Proposal, we focus on the issue of the point of measurement in the Proposal. In summary, we are strongly in support of measurement of the energy flow at the Transmission-Distribution interface.

Our Response to Questions:

CAISO QUESTION 7. Does your organization support the concepts and supporting justification for the ISO's current proposal to maintain the current point of measurement for TAC billing at end use customer meters as described in Section 7.2.3.2 of the Straw Proposal? Please explain your position.

350 Bay Area strongly disagrees with the CAISO section 7.2.3.2 straw proposal; the Transmission Access Charge (TAC) should be charged at the Transmission Energy Downflow point (TED), not at the customer interface (CED), in order that cost causation for transmission infrastructure is appropriately assigned and financial incentives fairly support Distributed Energy Resources (DER). DER including distributed generation, storage, and energy efficiency are critical factors for meeting California's climate goals.

Charging the TAC at the customer interface distorts the cost of DER's by adding several cents per kilowatt hour for costs which by definition DER's do not incur. It is therefore inconsistent with the principle of linking charges to cost causation. CAISO should be structuring TAC billing to align with California state policy, not undermine it.

CAISO QUESTION 8. The ISO has indicated that the recovery of the embedded costs is of paramount concern when considering the potential needs and impacts related to modification of the TAC point of measurement. The ISO seeks additional feedback on the potential for different treatment for point of measurement for the existing system's embedded costs versus future transmission costs. Does your organization believe it is appropriate to consider possible modification to the point of measurement only for all future HV-TRR costs, or additionally, only for future ISO approved TPP transmission investment costs? Please provide supporting justification for any recommendations on this issue of point of measurement that may need to be further considered to be utilized for embedded versus future transmission system costs. Please be as specific as possible in your response related to the specific types of future costs that your response may refer to.

As argued above, we think the appropriate TAC is at the transmission interface, TED. Since actual and forecast DG and DER have contributed to minimizing the need for transmission upgrades for years, past embedded costs have been minimized due to DER's. It is therefore appropriate at this

time and for future TAC to apply the TAC at the TED to have a chance to correct some part of this past cost-shifting, in addition to aligning charges to cost causation in the future.

As battery storage is increasingly combined with PV generation in DER's, the need for cost calculations that provide accurate market signals will be all the more important; the acceleration of battery availability on distribution circuits will help provide needed grid services. Ultimately this will help save money for ratepayers and LSE's who prioritize DER's, by relieving distribution circuit congestion and the need to use costly, polluting gas generation, consistent with achieving our climate goals.

9. The ISO seeks additional stakeholder feedback on the proposal to maintain the status quo for the point of measurement. Please provide your organizations recommendations related to any potential interactions of the point of measurement proposal with the proposed hybrid billing determinant that should be considered for the development of future proposals. Please indicate if your organization has any feedback on this issue and provide explanations for your positions.

As per above responses, we do not agree with the straw proposal to maintain the status quo for the TAC. We do not support demand charges at the residential customer meter. As the Regulatory Assistance Project has demonstrated, residential demand charges are unnecessary to smooth load, send a price signal which it is difficult for residential customers to understand or respond to, and distort fair and equitable residential rates.

If a hybrid billing determinant formula as proposed, or alternatives, is implemented, it is even more critical to measure the TAC at the TED, so that Distribution System Utilities get appropriate incentives to install in-front-of-the-meter DER's, since DER's including storage can make substantial contributions to reducing peak demand.

Additional Comments

Please offer any other comments your organization would like to provide on the Review TAC Structure Straw Proposal, or any other aspect of this initiative.

We would like to point out that correcting the point of measurement has implications for environmental justice. When the point of measurement is the customer interface, there is extra incentive for wealthy individuals to add

storage and panels and minimize grid consumption, leaving transmission costs to be covered by those in their community that can't afford to do that.

There is legislation that has already passed that incentivizes DER in communities that are poor or who have been most at risk from the pollution from fossil fuel infrastructure in their communities. By measuring at the TED the market incentive is correct, and projects in these communities that need extra relief will be more cost efficient. 350 Bay Area is an organization very concerned that our transition to 100% renewable energy solutions should be socially equitable.

Sincerely,

A handwritten signature in black ink that reads "Ken Jones". The signature is written in a cursive style with a large, looping "K" and "J".

Ken Jones