

Stakeholder Comments Template

Review TAC Structure Straw Proposal

This template has been created for submission of stakeholder comments on the Review Transmission Access Charge (TAC) Structure Straw Proposal that was published on January 11, 2018. The Straw Proposal, Stakeholder Meeting presentation, and other information related to this initiative may be found on the initiative webpage at:

<http://www.caiso.com/informed/Pages/StakeholderProcesses/ReviewTransmissionAccessChargeStructure.aspx>

Upon completion of this template, please submit it to initiativecomments@caiso.com.

Submitted by	Organization	Date Submitted
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Submissions are requested by close of business on **February 15, 2018**.

Please provide your organization's comments on the following issues and question.

EIM Classification

1. Please indicate if your organization supports or opposes the ISO's initial EIM classification for the Review TAC Structure initiative. Please note, this aspect of the initiative is described in Section 4 of the Straw Proposal. If your organization opposes the ISO initial classification, please explain your position.

Ratemaking Approaches

2. Please provide your organization's feedback on the three ratemaking approaches the ISO presented for discussion in Section 7.1 of the Straw Proposal. Does your organization support or oppose the ISO relying on any one specific approach, or any or all of these ratemaking approaches for the future development of the ISO's proposals? Please explain your position.

Bonneville Power Administration (BPA) supports rate structure one (1) in Section 7.1 because Bonneville believes that any change to the TAC rate structure be applied going forward and not applied to facilities already constructed or in the process of being finalized for construction. A change in the TAC cost structure could influence decisions around upgrades to existing systems or new builds. This potential influence did not exist when the decision was being made to build the existing system and therefore should not be applied to them.

Rate structure two (2) could be considered for new builds that have not started the evaluation process as of some future date from implementation of the new TAC structure.

Hybrid Approach for Measurement of Usage Proposal

3. Does your organization support the concept and principles supporting the development of a two-part hybrid approach for measurement of customer usage, including part volumetric and part peak-demand measurements, which has been proposed by the ISO as a potential TAC billing determinant modification under the current Straw Proposal? Please provide any additional feedback on the ISO's proposed modification to the TAC structure to utilize a two-part hybrid approach for measurement of customer usage. If your organization has additional suggestions or recommendations on this aspect of the Straw Proposal, please explain your position.

Bonneville does not support a hybrid approach at this time based on the following questions and concerns.

- 1) A change to the TAC formula will cause a cost shift. From what Bonneville can tell loads that have higher demand in the typical heavy load or peak hours would receive most of the cost shift. Flat loads will see some increase in cost, while loads with Distributed Generation (DG) that are able to reduce peak load will notice a reduction in TAC cost. Is it the intention of the CAISO to shift costs in this manner?
- 2) A volumetric rate still incentivizes DG because the CAISO uses Net Energy Metering (NEM) to assess TAC charges. Any generation located on the load side of the meter from where the CAISO takes a reading to apply TAC charges will effectively lower the overall charge due to the use of NEM. If this statement is true Bonneville wonders why the need to move to a hybrid approach, unless the CAISO feels that specific types of loads described in comment (1) are not paying their fair share of the TRR.
- 3) Bonneville also does not understand the need to increase (add additional) incentives around generation placement through a hybrid TAC structure. Bonneville thought that is the purpose of Locational Marginal Prices (LMP). If the current incentive method (LMP) is not working well enough, maybe it would be better to evaluate the reasons behind its underperformance before adding an additional incentive that might not be needed.
- 4) With the need to plan a transmission system around the possibility of a DG resource not producing during peak hours it would seem counter intuitive to give entities with these resources further discounts (beyond NEM) when they are generating during peak hours since the Total Transmission Capacity (TTC) of a line is not variable (for the most part) and does not significantly change based on usage. If infrastructure has been built to meet peak demand (NEM load + BTM resources = Total Load) then TRR should be allocated to entities based on the system's ability to reliably meet that load and not usage.

Split of HV-TRR under Proposed Hybrid Approach for Measurement of Usage

4. The ISO proposed two initial concepts for splitting the HV-TRR under two-part hybrid approach for measurement of customer use for stakeholder consideration in Section 7.2.1.2 of the Straw Proposal. Please provide your organization's feedback on these initial concepts for determining how to split the HV-TRR to allocate the embedded system costs through a proposed two-part hybrid billing determinant. Please explain your suggestions and recommendations.
 - a. Please provide any additional feedback or suggestions on potential alternative solutions to splitting the HV-TRR costs for a two-part hybrid approach.
 - b. Please indicate if your organization believes additional cost data or other relevant data could be useful in developing the approach and ultimate determination utilized for splitting the HV-TRR under the proposed two-part hybrid approach. Please explain what data your organization believes would be useful to consider and why.
5. The ISO seeks feedback from stakeholders regarding if a combination of coincident and non-coincident peak demand charge approaches should potentially be used as part of the two-part hybrid approach proposed in Section 7.2.1.2. Does your organization believe it would be appropriate to utilize some combination of coincident and non-coincident peak demand methods to help mitigate the potential disadvantages of only use of coincident peak demand charges? Please provide any feedback your organization may have on the potential use of coincident versus non-coincident peak demand measurements, or some combination of both under the proposed two-part hybrid measurement of usage approach.
 - a. What related issues and data should the ISO consider exploring and providing in future proposal iterations related to the potential utilization of part coincident peak demand charge and part non-coincident peak demand charge? Please explain your position.

Treatment of Non-PTO Municipal and Metered Sub Systems (MSS) Measurement of Usage

6. Under Section 7.2.1.2 of the Straw Proposal the ISO indicated there may be a need to revisit the approach for measuring the use of the system by Non-PTO Municipal and Metered Sub Systems (MSS) to align the TAC billing determinant approaches for these entities with the other TAC structure modifications under any hybrid billing determinant measurement approach. Because the Straw Proposal includes modifications for utilization of a two-part hybrid measurement approach for measurement of customer usage the ISO believes that it may also be logical and necessary to modify the measurement used to recover transmission costs from Non-PTO Municipal and Metered Sub Systems (MSS) entities. The ISO has not made a specific proposal for modifications to this aspect of the TAC structure for these entities in the Straw Proposal, however, the ISO seeks feedback from stakeholders on this issue. Please

indicate if your organization believes the ISO should pursue modification to the treatment of the measurement of usage approach for Non-PTO Municipal and Metered Sub Systems to align treatment with the proposed hybrid approach in the development of future proposals. Please explain your position.

Point of Measurement Proposal

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.

Point of measurement should be irrelevant to cost allocation unless current practices allow for one party to receive unintended benefits from another due to the location of the meter read. If this outcome is occurring then it should be addressed on a case-by-case basis to insure costs are properly allocated under the existing rate structure.

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.
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.

Additional Comments

10. 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.

Bonneville would like to know how the CAISO intends to apply the hybrid rate structure to export tags that are assessed a WAC?