

February 15, 2018
Christopher Devin
CAISO TAC initiative manager
California Independent System Operator
250 Outcropping Way
Folsom, CA 95630



Re: CAISO TAC INITIATIVE STRAW PROPOSAL

Dear Christopher Devin,

The [California Alliance for Community Energy](http://www.cacommunityenergy.org) writes to oppose the CAISO TAC initiative straw proposal. Instead, we strongly urge the CAISO to properly fix the outstanding and significant Transmission Access Charge (TAC) market distortion adversely affecting development of distributed renewable generation (DG) resources.

The Alliance is a statewide coalition of organizations, initiatives, and individuals that support and defend Community Choice Energy programs in California that advance local clean energy for the environmental, economic, and social justice benefit of our communities.

Currently, all electricity customers in the service territories of the State's investor-owned utilities are levied with a transmission access charge, even for electricity that is not delivered over transmission lines. As the Clean Coalition has proposed, the point of measurement for transmission access charges should be moved to the transmission-distribution interface. This thoughtful reform would allow the assessment of transmission access charges to be based on energy delivered through the transmission system.

This means that local renewable projects would not be unfairly charged for a transmission system they do not directly use, increasing the value of these projects and spurring their development.

The growing impacts of climate change require the state to transition to a decarbonized energy model. This provides the opportunity to transition to a more decentralized and democratized energy system, one that allows our communities to build more resilient infrastructure and economic stability. As a result, Community Choice energy is increasingly seen as a preferred electricity procurement model by communities across the state.¹

The development of local renewable energy resources is key to many of the benefits a Community Choice energy program can deliver, and it contributes significantly to the long-term stability of such programs. It represents an investment in local energy assets that creates new business opportunities, local jobs, community wealth, and stronger, more resilient, and equitable local economies. As such, it is strongly supported by many labor organizations as well as social and environmental justice organizations.

An additional benefit of local renewable energy generation is that it avoids the economic and environmental costs of inefficient long-distance transmission infrastructure. Shifting from remote, centralized generation of electricity to local decentralized generation of renewable electricity could avoid billions of dollars in new and/or upgraded transmission infrastructure, providing cost-savings benefits not only to Community Choice ratepayers, but to electricity consumers throughout the state. The future of electricity is renewable, local, and decentralized, and, once again, California is leading the way.

The bottom line is that the point of measurement for transmission access charges should be moved to the transmission-distribution interface. This is the only way to ensure TAC policy accurately reflects cost causation. This will also end the current cost shift that disadvantages distributed energy resources and adequately compensate load serving entities that procure such resources for the avoided use of the transmission system. Finally, this change has the potential to help control ballooning transmission costs, which will benefit all ratepayers.

The TAC initiative is important for all who wish to see the trifecta of economic, environmental, and resilience benefits of distributed generation realized by local communities. We oppose the CAISO TAC initiative straw proposal, which reinforces the status quo, and urge instead that CAISO move the point of measurement for transmission access charges to the transmission-distribution interface, as proposed by the Clean Coalition.

Sincerely,

Eric Veium

Eric Veium

Co-Coordinator, California Alliance for Community Energy

Cc: Matthew Renner, Clean Coalition

¹ There are currently [eleven operational Community Choice Energy programs](#) serving over three million Californians. According to the [Center for Climate Protection](#), by 2020, the combined population of areas with existing and about-to-launch programs, as well as large population areas considering Community Choice programs is about 17.6 million Californians. Needless to say, Community Choice Energy programs are and will become an increasingly important market player in California's energy system.