

Stakeholder Comments Template

Review TAC Structure Second Revised Straw Proposal

This template has been created for submission of stakeholder comments on the Review Transmission Access Charge (TAC) Structure Second Revised Straw Proposal that was published on June 22, 2018. The Second Revised 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
<i>(submitter name and phone number)</i>	<i>Northern California Power Agency</i>	<i>7/18/18</i>

Submissions are requested by close of business on **July 18, 2018**.

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

NCPA is pleased to provide its comments in response to the CAISO's June 22, 2018 Second Revised Straw Proposal.

Hybrid billing determinant proposal

1. Does your organization support the hybrid billing determinant proposal as described in the Revised Straw Proposal?

NCPA generally supports the hybrid billing determinant proposal as described in the Revised Straw Proposal and the Second Revised Straw Proposal, so long as there is no change in the point of measurement.

2. Please provide any feedback on the proposal to utilize PTO-specific FERC rate case forecasts to implement the hybrid billing determinant proposal.

For context, under the second revised straw proposal, the ISO modified the proposal to use PTO specific rate case forecasts to set the HV-TRR bifurcation and resulting HV-TAC volumetric and demand rates. Does your organization support this modification to the proposal?

- a. Please provide any feedback on the possibility that this proposal causes a need for PTO's FERC transmission rate case forecasts to be modified to include coincident hourly peak load forecasts.

As proposed, the CAISO's suggested methodology would require significant changes in the way PTOs file their transmission rate cases at FERC, in order to produce workable load forecasts on an annual basis. These changes are numerous, and would entail a sharp divergence

from current practice, raising the possibility of gaming the numbers. On the most basic level, most PTOs currently do not file monthly forecast coincident peak demand information in their rate cases at FERC, so the CAISO Tariff would have to require such filings.

Additionally, PTOs do not necessarily file a rate case each year. PTOs with formula rates file annual updates with true-ups that reflect actual load numbers and PTOs with stated rates might file a rate case every three years or even less frequently. There is no mechanism at FERC to force PTOs to file an annual rate case, so the CAISO Tariff would have to impose that requirement as well. Without such requirements, there is a logistical problem with expecting PTOs to file monthly forecast coincident peak demand information each year.

Not all PTOs file Gross Load numbers in the same fashion. Currently, Gross Load forecast numbers are trued up for many PTOs year-to-year – for those choosing to file formula rates, the load forecasts are trued up at through their formula rates. For PTOs without a service territory, the CAISO trues up load through the TRBAA. But the CAISO does not appear to contemplate a true-up mechanism for the monthly coincident peak demand forecasts.

In addition, the changes in FERC transmission rate case filings this proposal will entail place a significant burden on the stakeholders who litigate rate cases. They will now have to review and potentially litigate monthly coincident peak demand forecasts. It is not clear stakeholders will be able to do so adequately. With so much specific forecast information provided by PTOs, the PTOs will have many more opportunities to massage those numbers in ways that ratepayers might not be able to detect at FERC. So in addition to putting a great burden on customers to monitor monthly coincident peak forecasts, it may actually not be possible for customers to fully ensure that those forecasts are reasonable.

The ISO should consider other possibilities, such as truing up monthly coincident peak demand data and recalculating rates at the end of each year. At minimum, to the extent that the existing TRBAA mechanism will not true up monthly coincident peak demand forecasts for PTOs without a service territory, CAISO should modify the TRBAA mechanism so that it does.

- b. Does your organization believe that the use of historic data from the prior annual period could be a viable alternative for this aspect of the proposal? Please explain your response; if you believe this would be more appropriate or potentially problematic please indicate support for your position.

Use of historical data is a viable alternative that would avoid many of the problems created by using forecast data. However, using data from the prior annual period could introduce anomalies created by, for instance, unusual weather conditions or other unpredictable factors. Accordingly, NCPA suggests use of a three-year average in order to ensure that an anomalous year does not drive the development of rates.

3. Please provide any additional feedback on any other aspects of the hybrid billing determinant proposal.

Additional comments

4. Please offer any other feedback your organization would like to provide on the Review TAC Structure Second Revised Straw Proposal.