



ORA

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THE OFFICE OF RATEPAYER ADVOCATES' QUESTIONS ON CLEAN COALITION'S TRANSMISSION ACCESS CHARGE (TAC) STRUCTURE USE TRANSMISSION ENERGY DOWNFLOW (TED) AS THE TAC BILLING DETERMINANT AUGUST 29, 2017 STAKEHOLDER PRESENTATION

September 18, 2017

The Office of Ratepayer Advocates (ORA) is the independent consumer advocate within the California Public Utilities Commission (CPUC), with a mandate to obtain the lowest possible rates for utility services consistent with reliable and safe service levels, and the state's environmental goals.

ORA provides the following questions on the Clean Coalition's Transmission Access Charge (TAC) Structure proposal to use transmission energy down flow (TED) as the TAC billing determinant. Clean Coalition explained its "TAC-fix" proposal,¹ in its August 29, 2017 presentation to CAISO stakeholders (Clean Coalition's Presentation). Clean Coalition's TAC-fix proposal would remove distributed generation (DG) and distributed energy resources (DER) exports to the grid from the TAC billing determinant. The CAISO provided the opportunity for stakeholders to submit questions on the TAC-fix proposal in advance of the forthcoming stakeholder meeting on September 25, 2017. The following questions relate to the assumptions used by Clean Coalition to forecast the TAC savings associated with the implementation its proposal.²

1. Please provide the DER impact analysis on existing transmission costs.

Existing transmission costs are sunk costs for transmission lines in service today. These costs include both capital, and operating and maintenance expenses. Maintenance (non-capacity) capital costs can represent up to 50% of the total existing transmission capital costs.³

Clean Coalition's presentation stated that DER reduce existing transmission costs.⁴ Clean Coalition also explained that DER increases line capacity and reduces congestion and line losses, and thereby reduces grid stress.⁵

¹ Clean Coalition Presentation, August 29, 2017, slide 32.

² Clean Coalition Presentation, August 29, 2017, slide 32.

³ Table Pacific Gas and Electric (PGE) 9-1, PGE Forecast Capital Expenditures (\$000) in EXHIBIT PGE 9, Page 65 of 216, PG&E Transmission Owner Tariff 18 Filing, July 29, 2016.

⁴ Clean Coalition Presentation, August 29, 2017, slide 25.

- A. Provide the analysis, including any assumptions used as part of the analysis that demonstrates that DER impacts reduce existing transmission operating and maintenance costs.

During the August 29, 2017 presentation discussion, Clean Coalition staff stated that the TAC-Fix analysis assumes that existing transmission capital costs are not reduced.

- B. Confirm that the TAC-Fix analysis does not assume a reduction in existing transmission capital costs. Please refer to the calculations on *TAC Impact 20 Years* excel workshop of Clean Coalition's TAC Fix Impact Analysis model, cell D109, which is a function of cells D103, and D106.
- C. Explain the assumed relationship between existing capital cost and changes in load in the TAC-Fix analysis.
- D. Confirm that the TAC-Fix analysis assumes that High Voltage TAC rate increase requiring new transmission (referred to as the CapEx and ROE portion in the model) is solely a function of load growth from one year to next. Please refer to the calculations on *TAC Impact 20 Years* excel worksheet of Clean Coalition's TAC Fix Analysis model, cell D196, which is a function of cells D195 and D109.

2. Please provide the DER output assumption used for the TAC-Fix analysis.

Clean Coalition's presentation states that DER output includes energy from wholesale DG and DERs as well as net energy metering exports.⁶

- A. Provide the analysis used to determine the output from wholesale DG and DERs as well as net-metering exports in the TAC-Fix analysis.

3. Please describe the assumptions used to account for solar DER variability in the TAC-Fix analysis.

The Clean Coalition presentation illustrates that solar production can reduce a portion of the evening peak at reduced capacity, i.e. 46% is maximum capacity at 6 p.m. on September 10, 2016.⁷ However, this solar production may be greater in the summer months and reduced in the winter months.

- A. Explain how the TAC-Fix analysis accounts for variations in the production of solar during peak demand periods in the morning, afternoon, and evening and throughout the year.

⁵ The Clean Coalition Presentation, August 29, 2017, slide 25.

⁶ The Clean Coalition Presentation, August 29, 2017, slide 5.

⁷ The Clean Coalition Presentation, August 29, 2017, slide 28.

- B. Provide the assumed percent of DER output that serves morning, afternoon and evening peak load, excluding possible line losses, for all the DER types included in the TAC-Fix analysis.

4. Please explain how the load served by DER would continue to pay for existing transmission costs in the TAC-fix analysis.

During the Clean Coalition presentation discussion, Clean Coalition staff stated that load served by DER would continue to pay for existing transmission costs that could not be avoided with DER.

- A. Confirm that load served by DER would pay for existing transmission capital costs. If so, please provide the method used to determine the existing transmission capital costs that load served by DER would pay.
- B. Provide the methodology or formula used in the TAC-Fix analysis to determine the existing transmission operating and maintenance costs that load served by DER would continue to pay.
- C. Provide the assumptions and/or analysis that support these cost recovery methods or formula.

To address these questions, ORA recommends that the September 25, 2017 stakeholder meeting on Clean Coalition’s TAC billing determinant proposal focus on a review of the assumptions for DER outputs, variability and capacity to serve load, including all peak loads as well as the assumptions used to determine the impact of DER on existing transmission capital, “maintenance” related capital projects, and operating and maintenance costs. To support a robust discussion at the September 25th stakeholder meeting, ORA recommends that Clean Coalition provide written responses to stakeholders’ questions on September 22, 2017.

If you have any questions on this submittal, please contact
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