Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your written comments on the stakeholder initiative:

"Review Transmission Access Charge Structure"

Submit comments to InitiativeComments@CAISO.com

Comments are due July 26, 2017 by 5:00pm

The Issue Paper posted on June 30, 2017 and the presentations discussed during the July 12, 2017 stakeholder meeting can be found on http://www.caiso.com/informed/Pages/StakeholderProcesses/ReviewTransmissionAccessChargeStructure.aspx.

Please use this template to provide your written comments on the issue paper topics listed below and any additional comments that you wish to provide.

1. Suggested modifications or additions to proposed scope of initiative.

The issue paper proposed two main topics for the scope of this initiative. If you want to suggest modifications or additions to the proposed scope, please explain how your proposed changes would fit with and be supportive of the two main topics.

Comments:

SCE is in partial agreement with the two main topics proposed for this initiative:

1. Whether to modify the TAC billing determinant to reduce TAC charges in PTO service areas for load offset by DG output as described above and, if so, what modification would be most appropriate, including but not limited to the Clean Coalition proposal (SCE notes that the original Clean Coalition proposal contained errors that made it infeasible as originally stated); and

2. Whether to modify the current volumetric structure of the TAC to consider, for example, using a demand-based charge, either instead of or in addition to a volumetric charge, or a time-of-use pricing structure.

SCE also agrees that the list of issues not to be addressed in this stakeholder initiative is appropriate (the Regional/local structure of the Transmission Access Charge ("TAC"), the ISO's role in collecting the TAC, any expanded membership issues, and alternative types of transmission service).

2. Structure of transmission cost recovery in other ISOs/RTOs.

Please comment on any lessons learned or observations from the other ISO/RTO approaches that you think will be useful to the present initiative.

Comments:

Examining other ISOs/RTOs is an interesting exercise to provide ideas for possible ways to bill and recover TAC costs. However, due to the uniqueness of each ISO/RTO, including the types of transmission service that each provide and the historical evolution of each, the applicability of any specific TAC approach from other ISOs/RTOs to the CAISO is limited. For example, the vast majority of CAISO TAC costs are attributable to Participating Transmission Owners ("PTOs") whose Transmission Revenue Requirement ("TRR") is entirely collected through FERC-jurisdictional retail transmission rates, and CAISO transmission service is an hourly service provided to Scheduling Coordinators (there is no pro forma network transmission service or Point-to-Point transmission service). SCE is not aware of any other ISO/RTO that is similarly situated, and the CAISO's TAC must reflect the CAISO's unique circumstances.

3. Today's volumetric TAC rate structure.

Do you think it is appropriate to retain today's volumetric TAC rate structure ($ per MWh of internal load or exports) going forward? If so, please explain why. If not, please indicate what type of change you think is preferable and why that change would be appropriate.

Comments:

SCE believes that it is appropriate to consider whether there may be alternative TAC billing determinants for the CAISO to use in its collection of the net Regional TAC bills from PTO/UDCs ("Utility Distribution Companies"). SCE is not in favor of revising the volumetric design of the Wheeling Access Charge at this time from a $/MWh volumetric charge, as that would likely have significant impacts on the efficient operation of the market (although it is an open question as to whether the Wheeling model should apply to UDCs that are not PTOs that are internal to the CAISO BAA). Any alternative Regional TAC billing determinant used by the CAISO in determining its Regional TAC assessment to PTO/UDCs should still fairly reflect the use of the transmission grid by all end-use retail customers, and not affect the ability of each PTO to recover its total TRR costs from its retail transmission customers (bundled load, direct access load, and any Community Choice Aggregation load).

4. Impact of distributed generation (DG) output on costs associated with the existing transmission system.

Do you think DG energy production reduces costs associated with the existing transmission system? Please explain the nature of any such cost reduction and suggest how the impact could be measured. Do the MWh and MVAR output of DG provide good measures of transmission costs avoided or reduced by DG output? Please explain your logic.

Comments:

By definition, DG energy production cannot reduce the costs associated with the existing transmission system, since existing transmission system costs are effectively 100% fixed. If there may be any reduction in transmission costs associated with DG, it must be due to longer-term reduced expansion of the transmission grid (see response to #6 below).

5. Potential shifting of costs for existing transmission infrastructure.

If the TAC rules are revised so that TAC charges are reduced or eliminated for load offset by DG output, and there is no reduction in the regional transmission revenue requirements that must be recovered for the existing transmission infrastructure, there will be an increase in the overall regional TAC rate that presumably will be paid by other load. How should this initiative take into account this or other potential cost shifts in considering changes to TAC structure?

Comments:

If the TAC billing determinants were to be revised to reflect DG output, then there will be cost shifts between and among PTO/UDCs and other transmission customers. This initiative should attempt to quantify that impact.

6. Potential for DG and other DER to avoid future transmission costs.

The issue paper and the July 12 presentation identified a number of considerations that the transmission planning process examines in determining the need for transmission upgrades or additions. Recognizing that we are still at an early stage in this initiative, please provide your initial thoughts on the value of DG and other DER in reducing future transmission needs.

Comments:

In order to determine whether DG or DERs may avoid future transmission costs, a clear definition of the attributes of transmission grid "use" would need to be developed, and how those attributes may translate into the need to transmission expansion. Transmission use attributes would have to reflect, at a minimum, the reliability provided by the transmission grid to all transmission customers, any CAISO services that would have to be provided to maintain reliability, and remaining flows over the transmission grid under all conditions.

7. Benefits of DERs to the transmission system.

The issue paper and the July 12 discussion identified potential benefits DERs could provide to the transmission system. What are your initial thoughts about which DER benefits are most valuable and how to quantify their value?

Comments:

SCE has not at this time determined which potential DER benefits may be most valuable to the transmission system.

8. Other Comments

Please provide any additional comments not covered in the topics listed above.

Comments:

SCE believes that it is important to maintain the current basic structure of the TAC, which has two main characteristics:

1) The TAC is assessed on a Regional/Local basis (sometimes referred to as High Voltage / Low Voltage).

2) PTOs are responsible for recovering their own TRR costs (Regional and Local) directly from their own retail customers (and in some cases, wholesale contract customers), and that the CAISO effectuates the Regional /Local TAC structure through a billing or rebate of Regional TAC costs on a net billing basis to PTO/UDCs. SCE is open to considering the underlying definition of "Regional TAC costs" attributable to the retail load of PTO/UDCs, which could mean a redefinition of the billing determinants to determine the total Regional TAC costs for each PTO/UDC.

Non PTO/UDC CAISO transmission customers (i.e., Wheeling customers) should continue to pay on a volumetric basis in order to ensure the most efficient operation of the market possible. It is an open question to SCE whether non PTO UDCs or any other entity serving load within the BAA of the CAISO should continue to be treated as pure Wheeling customers comparable to Wheeling customers with load external to the CAISO BAA (where such entities with "DG" internal to their system are billed Wheeling charges on a net basis).

Any revision to the billing determinants used to determine a Regional TAC bill for TAC customers must reflect sound pricing principles including that any such billing determinants should reflect a sound definition of the underlying "use" of the transmission grid of each kind of customer, and the benefits of the transmission grid provides to all customers.