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:

The appropriate scope of the initiative depends in substantial part on the nature of any revisions to the TAC design that may be considered. Certainly the overall impact of any proposed changes to the TAC design must be evaluated fully.

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:

The primary observation that can be drawn from the approaches used in other ISOs/RTOs is that there is no one-size fits all methodology for assessing and allocating transmission charges. There is wide variation in designs and a wide range of designs that satisfy the just and reasonable standard. It is likely that each methodology reflects a balancing of different interests and priorities within those ISO/RTO regions, just as the current TAC methodology within the CAISO reflects a balancing of varied and competing interests within the CAISO at the time the TAC methodology was created. For this reason, while the Six Cities find the information regarding other methodologies to be informative and potentially useful data points, cherry picking aspects of other methodologies may prove challenging and controversial.

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:

The Six Cities do not believe that there has been an adequate quantitative evaluation or assessment by the CAISO of potential alternative approaches that would justify any modifications to the current methodology. As such, any consideration of types of changes that might be appropriate is premature.

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:

The Six Cities do not support revising the current TAC methodology based upon whether stakeholders "think" DG energy production reduces costs associated with the existing transmission system. Before revisions to the current approach are seriously considered, the CAISO should attempt to evaluate whether there is a correlation between distributed generation deployment and reduced usage of the existing grid and, importantly, the extent of the correlation. Only if a material correlation is identified would consideration of changes be appropriate, and it may be that, notwithstanding any such correlation, no changes are perceived to be needed by stakeholders. The existing transmission system was planned based on needs and assumptions that did not and could not have fully accounted for large quantities of distributed generation. It may not be equitable to now shift transmission charges among transmission customers based on DG deployment.

In evaluating whether to revise the current methodology, the Six Cities also urge the CAISO to place significant weight on the views of its stakeholders who are transmission customers of the CAISO and pay the CAISO's access charge rates. Ultimately these are the entities that will be most directly affected by changes to the current methodology, and it is their views that should control the extent of any revisions to the TAC methodology, especially changes that shift the costs of the existing system as between current customers.

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:

This cost shift is a potentially significant problem. If the CAISO intends to consider changes to the current TAC methodology – which the CAISO should not do in the absence of data demonstrating a correlation between DG deployment and reduced use of the existing grid – modifying the methodology in the manner described will result in winners and losers. Before considering any changes, the CAISO should provide quantitative analyses demonstrating how transmission customers and Participating Transmission Owners will be affected by the proposed changes.

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:

The potential for distributed energy resources to reduce future transmission cost merits further exploration. The Issue Paper raised a number of considerations that are obviously relevant here, but understanding how distributed generation is reflected in the identification of needs through the transmission planning process is a crucial prerequisite to considering changes in the TAC methodology that might somehow reflect DG's impact on future transmission needs. While the impact of DG on loads is easy to appreciate, it is less clear how the DG profiles impact the transmission system.

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:

The Six Cities do not have any comments on this issue at this time.

8. Other Comments

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

Comments:

N/A