



WORLD BUSINESS ACADEMY
Sharing the Vision... Building the Network... Healing the Planet

February 15, 2018

Mr. Christopher Devin
CAISO TAC Initiative Manager
California Independent System Operator
250 Outcropping Way
Folsom, CA 95630

Re: CAISO TAC INITIATIVE STRAW PROPOSAL

Dear Mr. Devin,

The World Business Academy, a nonprofit think tank and action incubator exploring the role of business in relation to critical moral, environmental, and social issues of our time, strongly opposes the CAISO TAC initiative straw proposal as currently configured and urges the CAISO to properly fix the outstanding and significant market distortion created by the Transmission Access Charge (TAC), which adversely affects development of renewable distributed energy resources (DERs).

Currently, all electricity customers of investor-owned utilities in California are levied with a transmission access charge, regardless of whether the electricity is delivered over State transmission infrastructure. The current TAC structure distorts the energy procurement market because it precludes accurate accounting for delivery costs. As proposed by the Clean Coalition, the point of measurement for transmission access charges should be moved to the transmission-distribution interface, allowing for equitable assessment of the TAC only to energy actually delivered via the transmission system. This logical reform prevents local DERs from being unfairly charged for a transmission system not directly used by those resources. Furthermore, the net cost reduction from this measure accurately reflects the true cost and profit potential of DER projects, thereby accelerating development by sending a strong price signal incentivizing investment in distributed energy.

State policy recognizes the growing impacts of climate change and the need to transition to a decarbonized energy model, as well as to a more decentralized and democratized energy system that allows communities to build more resilient infrastructure and increase economic stability. The development of local renewable energy resources represents an investment in local DERs that creates new business opportunities, local jobs, community wealth, and stronger, more resilient local economies. As such, it is strongly supported by many labor organizations as well as social and environmental justice organizations.

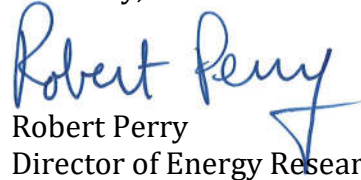
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The lack of any price signal differentiating transmission costs between local and remote energy resources means that local DERs are actively discriminated against because there is no mechanism for accurately valuing the real differences between centralized and distributed resources. This flaw depresses California's wholesale distributed generation market and as a result, California's communities do not benefit from local energy resources as they should.

The bottom line is that fixing the point of measurement for transmission access charges at the transmission-distribution interface is the only method of ensuring that TAC policy accurately reflects cost causation and establishes a level playing field for all energy resources in California.

The TAC initiative is important for all local communities who wish to realize the economic, environmental, and resiliency benefits of distributed generation. The Academy opposes the CAISO TAC initiative straw proposal, which reinforces the status quo, and urges instead that CAISO move the TAC point of measurement to the transmission-distribution interface, as proposed by the Clean Coalition.

Sincerely,



Robert Perry
Director of Energy Research

cc: Matthew Renner, Clean Coalition