Stakeholder Comments Template

Review TAC Structure Revised Straw Proposal

This template has been created for submission of stakeholder comments on the Review Transmission Access Charge (TAC) Structure Revised Straw Proposal that was published on April 4, 2018. The 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.

Submitted by	Organization	Date Submitted
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Upon completion of this template, please submit it to initiativecomments@caiso.com.

Submissions are requested by close of business on **April 25, 2018.**

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

Hybrid billing determinant proposal

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

   Bonneville is neither in favor of nor against the CAISO's move to a hybrid billing approach as long as the implemented approach is transparent, attempts to limit bill revisions, minimizes or eliminates the transmission revenue requirement (TRR) being inaccurately applied to customers, and is applied consistently across all customer classes.

2. Please provide any additional general feedback on the proposed modification to the TAC structure to utilize a two-part hybrid billing determinant approach.

Determining components of HV-TRR to be collected under hybrid billing determinants

3. Does your organization support the proposal for splitting the HV-TRR for collection under the proposed hybrid billing determinant using the system-load factor calculation described in the Revised Straw Proposal?

4. Please provide any additional specific feedback on the proposed approach for splitting the HV-TRR costs for the proposed hybrid billing determinant.

Peak demand charge measurement design for proposed hybrid billing determinant

5. Does your organization support the proposed 12CP demand charge measurement as described in the Revised Straw Proposal?

   No. Bonneville believes that using a 12CP approach to establish a $/MWh rate is unnecessary when attempting to recover the peak demand portion of the HV-TRR. Assigning a rate created by averages can lead to over and under collecting when attempting to recover a specific dollar amount. In addition that same rate will over and under charge customers at different times throughout the year when applying an average rate to actual usage.

6. Please provide any additional feedback on the proposed design of the peak demand charge aspect of the hybrid billing determinant.

   Bonneville suggests a different approach to recovering the amount of revenue assigned to the peak demand component of the HV-TRR. Once the revenue requirement for the peak demand component is identified (step 5 of the "Calculation steps and example figures for system load hybrid HV-TRR split" on page 14 of the Revised Straw Proposal), then divide it by 12 to get the monthly Peak Demand HV-TRR. Next, for each month, find each entity's percentage of CAISO Peak Load by dividing the entity's Peak Load for the Month by CAISO System Coincidental Peak for the Month. Then calculate the Peak Demand Charge for the month by multiplying the Monthly Peak Demand HV-TRR by the Percent of CAISO's Peak Load for the month. Using the amount shown of $1,128,724,050 for the Peak Demand portion of the HV-TRR and an example peak load for UDC "X", here is an example of Bonneville's suggested monthly billing approach.

   Monthly Peak Demand HV-TRR: $1,128,724,050 / 12 = $94,060,338

   Month (1)

   UDC "X" Peak Load for Month (1) = 2,400 MW

   CAISO System Coincidental Peak for Month (1) = 48,000 MW

   UDC "X" Percent of CAISO Peak Load: 2,400 MW / 48,000 MW = 0.05 = 5%

   *UDC "X" Peak Demand Charge for Month (1): $94,060,338 * 0.05 = $4,703,017*

   Month (2)

   UDC "X" Peak Load for Month (2) = 1,840 MW

   CAISO System Coincidental Peak for Month (2) = 46,000 MW

   UDC "X" Percent of CAISO Peak Load: 1,840 MW / 46,000 MW = 0.04 = 4%

*UDC "X" Peak Demand Charge for Month (2): $94,060,338 * 0.04 = $3,762,414*

This formula should address stakeholder concerns regarding seasonal movements in different load types while also ensuring the total HV-TRR is recovered for the peak demand component. Using averages when creating billing structures tends to mute movements in certain kinds of variables (such as load) and can cause cost shifts by smoothing out fluctuations in load. Averages further aggravate the issues when attempting to recover a given amount of revenue based on specific causes (in this case peak demand in each month).

Treatment of Non-PTO entities to align with proposed hybrid billing determinant

7. Does your organization support the proposed modification to the WAC rate structure to align treatment of non-PTO entities with the proposed TAC hybrid billing determinant?

   In order to have equal treatment across all customer classes the WAC and TAC rate structures would need to align. Accordingly, Bonneville still has concerns regarding CAISO's proposed treatment of exports and wheel-through schedules under the hybrid billing approach (see #8).

8. Please provide any additional feedback related to the proposal for modification to the treatment of the WAC rate structure for non-PTO entities.

   Bonneville would like more clarity around the CAISO's response to Bonneville's comments discussed on page 33 of the Revised Straw Proposal.

   The CAISO stated: "The ISO has indicated that this initiative will not consider modifications to the current treatment of WAC for exports, also known as 'wheeling out charges'. The ISO believes this initiative should be focused on the internal TAC structure and potential modifications for recovering the HV TRR from internal loads that the existing ISO transmission system was built to serve. The ISO will continue to calculate the standard WAC rate in the same manner it does currently, on a volumetric basis only."

   Understanding that the CAISO is proposing to retain the current volumetric calculation for "wheeling out charges", Bonneville would like more clarity on whether the CAISO is proposing to also retain the current $10.35 rate or move to the estimated $4.95 volumetric rate referenced in the proposal. If the CAISO is proposing to retain the current $10.35 rate, Bonneville has serious concerns that exports out of the CAISO would be paying more than twice as much per MWh during all hours (except for the peak load hour) than loads internal to the CAISO. In this scenario how would the CAISO propose to address this difference in transmission charges? How would the CAISO show that it is just, reasonable, and non-discriminatory to charge a rate for exports that is more than double the rate for transmission within the CAISO BA?

Additional comments

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