# 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.

Upon completion of this template, please submit it to initiativecomments@caiso.com.

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

| Submitted by | Organization | Date Submitted |
|---|---|---|
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**Please provide your organization's comments on the following issues and questions.**

CLECA appreciates the efforts of CAISO staff to review and improve the allocation methodology for the Transmission Access Charge (TAC). The revised straw proposal focuses primarily on development of the determination of the peak load and energy split to support the CAISO's proposed allocation of TAC costs on the basis of both demand and energy. There is no perfect way to determine cost drivers or to allocate costs. CLECA appreciates the recognition by the CAISO that the use of the grid is changing with behind-the-meter resources, and that the CAISO considered CLECA's and Southern California Edison's proposals of, respectively, standby- or customer-related charge to achieve equitable cost allocation. While perhaps not necessary at this time, CAISO has acknowledged it may be necessary to consider the proposal in a future TAC design.[1]

[1] CAISO Revised Straw Proposal at page 34.

**Hybrid billing determinant proposal**

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

   As mentioned in CLECA's prior comments, the hybrid proposal of a peak demand charge and an energy charge is more reflective of cost causation than the current energy-only charge. The current energy-only charge offers very limited incentive for Participating Transmission Owners (PTOs) with load to reduce their peak demands, which could reduce the need for future transmission capacity increases. Furthermore, a volumetric charge does not reflect their usage of transmission capacity.

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

   CLECA does not have any additional comments on this question.

**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?

   There are many possible ways to determine the split for the hybrid proposal. CLECA would prefer an approach tied to the various uses of the transmission system which is our preferred definition of cost-causation, but we recognize that this can be difficult and subject to controversy. As CLECA noted in its prior comments, the attempt by CAISO to classify historical projects had results that changed significantly depending on how investments prior to 2010 were classified.[2] The current proposal results in about a 50/50 split, which appears a reasonable outcome. In addition, the use of the California Energy Commission (CEC) forecast of energy and peak demand to determine the split will result in a factor that is relatively stable but will allow attention to any future load factor changes over time.[3]

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

   CLECA does not have any additional comments on this question.

[2] CLECA's February 15, 2018, comments on the straw proposal at page 5.

[3] It is CLECA's understanding that the CEC normal weather year forecast will be used. In addition, the forecast will include usage from Valley Electric which located in Nevada.

### 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?

   The CAISO plans to use each PTO's contribution to the CAISO coincident peak (CP) for each month to determine the peak-related charges. The use of this 12 CP approach is an accepted practice by the FERC and is consistent with the retail ratemaking for some of the IOUs.

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

   CLECA does not have any additional comments on this question.

### 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?

   CAISO noted that "These entities are treated similar to internal loads in some important ways that support the ISO's proposal. Similarities include that these entities' loads are planned for and served by the transmission system similarly to other internal loads." Therefore, it makes sense to apply the hybrid billing determinates to non-PTO entities within the CAISO balancing authority.

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

   CLECA has no additional comments at this time.

### Additional comments

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

   The change to the hybrid billing determinates results in an estimated $16 million dollar increase to Southern California Edison (SCE) in 2019.[4] SCE's general rate case (GRC) is in progress which will result in changes in revenue requirement and rate design to be implemented in 2019.[5] While the change in transmission costs may not result in significant cost increases to certain customer groups, the combination of the two may result significant rate changes in 2019. Unfortunately, it is difficult to predict the outcome of SCE's GRC at this time. Therefore, CLECA recommends a two-year phase in for the hybrid billing determinates to mitigate bill impacts to customers facing a rate increase due to the change in the TAC rate.

[4] CAISO Revised TAC straw proposal, table 8, page 21.

[5] This is for the CPUC jurisdictional revenue requirement and rate design.