

Excess Behind the Meter Production Draft Final Proposal

Comments by Department of Market Monitoring

March 5, 2019

DMM appreciates the opportunity to comment on the ISO's *Excess Behind the Meter Draft Final Proposal*.¹ DMM supports the ISO's overall policy objective of clarifying tariff definitions and treatment of *gross load* and *excess behind the meter production* used to settle various ISO charge codes including the Transmission Access Charge (TAC). There is substantial value in creating the same set of rules for all load serving entities to follow when reporting load figures that determine the allocation of large, shared fixed costs such as transmission costs. But the ISO is proposing exemptions to its clarified rules for a non-trivial portion of CAISO load. Therefore, it is difficult for DMM to fully support this aspect of the ISO's proposal without a clear explanation of the proposed exemptions to new reporting requirements.²

The ISO proposes to exempt from its proposed changes "certain entities that have preexisting metering arrangements with the ISO, such as some smaller POUs and certain MSS entities."³ The ISO estimates that roughly 13% of total ISO load would be exempt from changes proposed in this policy.⁴ DMM believes it is important to clarify and explicitly define what qualifies an entity to be exempt from the ISO's proposal so that the ISO and stakeholders can work towards reducing these exemptions over time.

For example, it is not clear what qualifies as a "preexisting metering arrangement" with the ISO. The ISO also notes that proposed exempt entities generally report load figures at a citygate and "generally report Gross Load figures that account for visible distributed resource production."⁵ It is not clear what constitutes "visible" DER production and whether Gross Load figures from exempt entities *must* account for this "visible" DER production behind the citygate. Broadly defined exemptions may remove incentives for entities to minimize the effect of exemptions, potentially exacerbating cost shifting to non-exempt entities.

The ISO characterizes the proposed exemptions as insignificant based on its assessment of today's load and excess behind the meter generation. However, DMM believes the Public

¹ *Excess Behind the Meter Production Draft Final Proposal*, California ISO, January 16, 2019:
<http://www.caiso.com/Documents/DraftFinalProposal-ExcessBehind-MeterProduction.pdf>

² DMM's request that the ISO clarify and justify the exemptions should not be interpreted as DMM supporting the use of Gross Load, rather than net load at the transmission-distribution interface, for allocating TAC. DMM understands that the clarification of the definitions of Gross Load and Excess Behind the Meter Production in this initiative does not preclude the ISO from revising the point of measurement used for TAC allocation in other initiatives.

³ *Draft Final Proposal*, footnote, p.14

⁴ *Excess Behind the Meter Production: Straw Proposal*, November 13, 2018, p. 20:
<http://www.caiso.com/Documents/Agenda-Presentation-ExcessBehind-MeterProduction-Nov132018.pdf>

⁵ *Draft Final Proposal*, footnote, p.14

Advocate's Office (PAO) raises valid concerns that there is already a substantial volume of behind the meter generation within service territories of entities presumed to be exempt from this policy, and that behind the meter production is expected to grow in the future.⁶ Therefore, DMM believes it is important for the ISO to clearly explain its proposed exemptions and also consider whether exemptions can be minimized over time. The ISO could consider suggestions proposed by PAO to work with exempt entities to limit the netting of excess behind the meter production from larger existing and new behind the meter systems with advanced metering capabilities.⁷

⁶ *Excess Behind the Meter Production: Straw Proposal* Comments, The Public Advocates Office, p.6:
<http://www.caiso.com/Documents/PAOComments-ExcessBehind-MeterProduction-RevisedStrawProposal.pdf>

⁷ *Excess Behind the Meter Production: Straw Proposal* Comments, The Public Advocates Office, p.5.