

Stakeholder Process: Load Serving Entity Definition Refinement**Summary of Submitted Comments**

Stakeholders submitted two rounds of written comments to the ISO under the Load Serving Entity Definition Refinement stakeholder initiative on the following dates:

- Round One (comments on Issue Paper & Straw Proposal), 09/02/16
- Round Two (comments Draft Final Proposal), 10/05/16

The ISO received comments from the following stakeholders:

California Department of Water Resources (CDWR), California Energy Commission (CEC), Independent Energy Producers Association (IEP), Metropolitan Water District (MWD), Northern California Power Agency (NCPA), Pacific Gas & Electric (PG&E), Powerex, Six Cities, Southern California Edison (SCE), Valley Electric Association, Inc. (VEA)

The ISO posted stakeholder comments at the following location:

<http://www.caiso.com/informed/Pages/StakeholderProcesses/LoadServingEntityDefinitionRefinement.aspx>

Other stakeholder efforts include:

- Issue Paper & Straw Proposal, 08/15/16
- Conference Call, 08/23/16
- Draft Final Proposal, 09/14/16
- Conference Call, 09/21/16
- Draft Final Proposal Addendum, 10/11/2016

Comments of following Market Participants	Update the tariff to allow the congestion revenue rights and resource adequacy provisions to apply to entities that have been granted authority pursuant to state, local law, or regulation, to serve their own load directly through wholesale purchases of electric energy and have chosen to exercise this authority.	Management Response
California Department of Water Resources (CDWR)	CDWR does not oppose altering the LSE definition to accommodate the participation of BART and other similarly situated entities in the CRR process, so long as that definitional change does not alter or affect CDWR's rights and obligations under the ISO tariff.	CDWR will fall under Part (b) of the proposed definition, and therefore the definition refinement does not alter or affect CDWR's rights and obligations under the ISO tariff.
California Energy Commission (CEC)	CEC takes a neutral position, but requested the ISO to clarify the definition to exclude electric generators making authorized retail sales from the definition of an LSE.	Management does not intend to treat these participants as load serving entities. Management added language to the definition to clarify that electric generators and end-users engaging in a transaction allowable by the public utilities code cannot be considered a load serving entity based solely on the fact that they engage in that transaction.
Independent Energy Producers Association (IEP)	IEP takes a neutral position, but requested the ISO to clarify the definition to exclude electric generators making authorized retail sales from the definition of an LSE.	Management does not intend to treat these participants as load serving entities. Management added language to the definition to clarify that electric generators and end-users engaging in a transaction allowable by the public utilities code cannot be considered a load serving entity based solely on the fact that they engage in that transaction.

<p>Metropolitan Water District (MWD)</p>	<p>MWD opposes the definition refinement because it is concerned that the definition is overly broad and would sweep current ETC/TOR holders into the definition of an LSE.</p>	<p>Management updated the proposed load serving entity definition to clarify that an entity must also exercise its right to serve its own load. This ensures that no additional entities will be involuntarily “captured” by the definition.</p> <p>The purpose of the current initiative is to properly define a load serving entity in the tariff, not about expiring ETC rights or ownership of TORs; these topics are already properly addressed within the current tariff with respect to both the CRR program and the RA program. While the ISO initially investigated the issue because of BART’s congestion revenue rights concerns, it became clear that the root problem was a gap in the load serving entity tariff definition as it relates to state/local entities with the authority to serve their own end use needs with the purchase of wholesale power. We are not proposing specific changes to the congestion revenue rights program or the resource adequacy program within this initiative.</p>
<p>Northern California Power Agency (NCPA)</p>	<p>NCPA supports the definition refinement, but asks the ISO to confirm that it agrees the language contained in part (b) of the proposed definition which reads “with respect to such purchases” is intended to ensure that BART is by definition eligible to be a load serving entity.</p>	<p>Management agrees that the language contained in part (b) of the proposed definition which reads “with respect to such purchases” is intended to ensure that BART is by definition eligible to be a load serving entity.</p> <p>Management provided further clarification within the text of its draft final proposal addendum.</p>
<p>Pacific Gas & Electric (PG&E)</p>	<p>PG&E supports the definition refinement.</p>	

Powerex	<p>Powerex requests the ISO to update its tariff to allow non-LSE exporters to receive congestion revenue rights allocations because non-LSE exporters also pay transmission access charges.</p>	<p>Management is not convinced that an update to the congestion revenue rights policy is necessary. Congestion revenue rights are intended for transmission customers that have a continuing obligation to pay the transmission access charges. There are already provisions for exporters to receive congestion revenue rights allocations if they serve load and have a contract with an internal generator. The ISO's current policy to allocate congestions revenue rights in this manner is based on sound principles and has been approved by the Federal Energy Regulatory Commission to be just and reasonable. Therefore, Management does not see a need to open an initiative to reconsider this policy.</p>
Six Cities	<p>Six Cities supports the definition refinement, but requested that the ISO revise the definition of LSE to ensure that an entity serving its own load through self supply will not be excluded from the definition of LSE.</p>	<p>Under the proposed definition, the ISO intends to treat participants that engage in wholesale energy transactions to serve end users or to serve their own end use needs as load serving entities.</p> <p>The entities described by Six Cities engage in wholesale energy transactions to serve end users and therefore are considered load serving entities under the definition.</p>
Southern California Edison (SCE)	<p>SCE supports the definition refinement.</p>	
Valley Electric Association, Inc. (VEA)	<p>VEA supports the definition refinement.</p>	