



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?

ITC continues to support the two-part charging structure that the CAISO is developing to include both peak demand and volumetric measures of customer usage. This hybrid approach appropriately reflects the multiple drivers and functions of transmission facilities, as outlined in the CAISO's issue papers – delivery of more economic energy and capacity, meeting renewable and other policy goals, and achieving and improving reliability (among others).

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?

ITC supports the system load factor approach that the CAISO has put forward for the transmission revenue requirement split, and notes that this proposal has the benefits of being both data-driven and administratively efficient to implement. As the CAISO notes in discussing the revised straw proposal, load factor is a well-recognized descriptor for a customer's or group of customers' pattern of system usage. It also has the advantage of being conceptually tied with rate design principles, such that its use in the context of splitting the TRR is unlikely to raise eyebrows. The notion of average load versus peak load usage patterns even relates logically to the "energy delivery-related" and "capacity and reliability-related" functional split that the CAISO was previously considering. In short, this approach is definitely preferable to an arbitrary 50/50 split with no supporting data, or a protracted functional analysis that stakeholders will dispute anyway.

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?

As indicated in previous comments, ITC supports the use of 12CP as the demand-based billing determinant, since a monthly coincident peak demand approach is most reasonably aligned with the CAISO's transmission planning process, and how project solutions are identified in that process. We also note that the 12CP approach makes it less likely that anomalous peak demands in a given year or season could skew the allocation of transmission costs.

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

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?

ITC believes that it may be appropriate to modify the structure of the WAC, as the CAISO has proposed, in order to align the treatment of non-PTO entities with the proposed two-part structure of the TAC. In support of its proposal, the CAISO has pointed out that non-PTO entities are currently treated similarly to internal load in that their load is planned for and served by the CAISO transmission system, and is also currently measured volumetrically. However, non-PTO and Metered Sub Systems may also differ in ways that may drive the need for separate treatment, and so we encourage the CAISO to be open to stakeholder comments that may recommend such different treatment.

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

Additional comments

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

ITC wishes to note here our continued support for the CAISO's proposal to maintain the current point of measurement for the TAC at the end use customer meter. Due to the very limited impact of the TAC as a pricing signal to an end use customer, the primary considerations should be continued allocation of transmission costs to those who use and benefit from the facilities, including customers who own distributed generation but who remain connected to the grid for back-up when that generation is not available.

Regarding the potential reconsideration of the point of measurement in the future, this would require many difficult determinations in order to completely and equitably consider the issue. While certain distributed generation resources may avoid or defer the need for transmission, this is dependent on many factors (resource size, type, location, etc.) and is not universal. Also, even if it is possible to attribute an avoided transmission project or set of projects to a portfolio of distributed resources, it is an equally thorny problem to determine how to credit those resources for the avoided costs. Moreover, the notion of whether to excuse distributed resources from 'embedded' versus future transmission costs is somewhat arbitrary, since new facilities placed into service become indistinguishable in use and function from the surrounding system. As the CAISO notes in the revised straw proposal paper, resolution of these issues to the satisfaction of regulators and the potential scrutiny of the courts would be a significant challenge.