

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Advance
Demand Flexibility Through Electric Rates.

Rulemaking 22-07-005
(Filed July 14, 2022)

**REPLY COMMENTS ON ASSIGNED COMMISSIONER'S PHASE 1 SCOPING MEMO
AND RULING OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION**

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I. Introduction

The California Independent System Operator Corporation (CAISO) submits reply comments on the *Assigned Commissioner's Phase 1 Scoping Memo and Ruling* (Ruling).

II. CAISO Provides Corrections to the Record Regarding Transmission Access Charges Comments.

In its opening comments, the Clean Coalition makes several statements in support of assessing the Transmission Access Charges (TAC) only at the transmission-distribution (T-D) interfaces, rather than at the end-use customer meters.¹ The Clean Coalition advocates for this change because of a perceived cost shift between customers with and without distributed generation. The Clean Coalition further notes that the "CAISO stated that the CPUC needed to make the first move, [sic] by adjusting retail tariffs to align with CAISO's fix to meter and assess TAC correctly at the T-D substations for IOUs."²

The CAISO provides several corrections to the record regarding this specific TAC issue. In 2016, the CAISO launched its own stakeholder initiative on TAC design generally, and one of the questions considered was where to measure load to assess TAC specifically. As the CAISO describes in detail in its 70-page draft final proposal on the subject,³ Clean Coalition first raised

¹ The Clean Coalition further states that it "co-led (with CAISO) a stakeholder proceeding" and "secured CAISO agreement that this massive cost shift is real and should be addressed." (Clean Coalition Comments at 3.) The CAISO disagrees with Clean Coalition's representations. The CAISO conducted its own stakeholder process, does not agree there is a cost shift, and the CAISO has not recommended to the Commission that it should re-evaluate rates based on the prevalence of nearby distributed energy.

² *Id.*

³ Available at <http://www.caiso.com/InitiativeDocuments/DraftFinalProposal-TransmissionAccessChargeStructureEnhancements.pdf>.

this issue with the CAISO in that initiative. As the CAISO described in the draft final proposal published in 2018:

The ISO also considered the issue of where to measure transmission usage, *i.e.*, the “point of measurement,” and received considerable stakeholder feedback. A majority of stakeholders opposed moving the current point of measurement away from the end-use customer to the T-D interface. Specifically, stakeholders’ major concerns with moving the point of measurement to the T-D interface is that the embedded costs of the existing transmission grid would simply shift to other areas that do not have distributed generation to serve a comparable portion of their load. Furthermore, significant retail rate design changes would be needed to effectuate the intended purpose of changing the point of measurement, and there is currently no state regulatory consideration of the merit and implementation issues associated with supporting such changes. Due to these concerns, the ISO proposes to maintain its existing practice of measuring customer use at the end-use customer as the point of measurement.⁴

The CAISO did not recommend to the Commission that it should re-evaluate rates based on the prevalence of nearby distributed energy. Instead, the CAISO said it was “willing to revisit the point of measurement issue” *if* state policy makers and regulatory authorities began to provide transmission cost credits to load serving entities that procure distributed generation. The CAISO noted that such “retail rate design changes are outside of the purview of the ISO.”⁵

In any case, the CAISO disagrees with Clean Coalition that the Commission should include re-evaluating the point of measurement in this proceeding. It will not “streamline and expedite the adoption of demand flexibility rates,” as envisioned by the Ruling.⁶

⁴ Transmission Access Charge Structure Enhancements Draft Final Proposal at 4.

⁵ The CAISO also included detailed summaries of California stakeholder comments in its Second Revised Straw Proposal and on the CAISO website, available at <https://stakeholdercenter.caiso.com/StakeholderInitiatives/Transmission-access-charge-structure-enhancements>.

⁶ Scoping Memo at 2.

III. Conclusion

The CAISO appreciates the opportunity to provide comments on the Ruling and looks forward to working collaboratively with the Commission and stakeholders in this proceeding.

Respectfully submitted

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