

**Comments of Powerex Corp. on Review of
TAC Wholesale Billing Determinant**

Submitted by	Company	Date Submitted
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Powerex appreciates the opportunity to submit comments on CAISO's June 2, 2016 Issue Paper on the Transmission Access Charge ("TAC") Wholesale Billing Determinant. In the Issue Paper, CAISO explains that it is commencing this initiative to consider whether to modify the billing determinant used to calculate a market participant's exposure to the TAC. Under CAISO's existing approach, CAISO assesses the TAC on each MWh of exports and internal load, with a customer's internal load based upon the sum of end-use customer meter data. In response to comments submitted by the Clean Coalition in a separate stakeholder proceeding, CAISO states that it is considering whether to modify the TAC billing determinant such that internal load would be measured at the transmission-distribution interface. CAISO explains that the effect of such a proposal would be to reduce the TAC billing determinant by load that is served by behind-the-meter generation during hours when the generation produces more energy than is consumed on-site.

Powerex welcomes CAISO's decision to consider changes to its existing TAC framework, which Powerex believes can be modified in a manner that improves grid efficiency and better aligns with cost causation. Powerex believes, however, that CAISO should not limit the scope of this initiative to an evaluation of the manner in which internal load is calculated. Instead, Powerex believes that CAISO should use this proceeding to engage in a more holistic review of the existing TAC structure to determine whether there are any modifications that could improve grid efficiency and provide additional benefits for CAISO stakeholders.

As Powerex has noted in previous stakeholder comments,¹ Powerex believes that changes to the existing application of the TAC to certain types of export transactions has the potential to promote greater participation in CAISO's markets by external flexible resources, which in turn can help CAISO meet the challenges of renewable integration. In particular, Powerex believes that CAISO's existing practice of applying the TAC to all export schedules creates a significant impediment to participation in CAISO's markets, and can deter a range of economically beneficial activities such as exports that can help alleviate oversupply conditions and avoid the need to curtail renewable generation within California. At the same time, Powerex recognizes that any TAC structure must ensure that internal and external market participants relying upon the CAISO transmission grid to serve firm load continue to bear an appropriate share of the cost of the CAISO grid. For that reason, Powerex has encouraged CAISO to explore modifying the

¹ See Comments of Powerex Corp. on Flexible Resource Adequacy Criteria and Must Offer Obligation – Phase 2 Straw Proposal at 18-21 (Jan. 6, 2015), *available at* <http://www.caiso.com/Documents/PowerexComments-FlexibleResourceAdequacyCriteriaMustOfferObligation-StrawProposal.pdf>.

existing TAC structure in a manner that distinguishes between export transactions for economic displacement—which would be exempt from the TAC—and exports to meet firm load obligations in external balancing authority areas—which would, and should, continue to bear the costs of the CAISO transmission grid.

Powerex encourages CAISO to use this proceeding to engage in a broader review of whether the TAC framework continues to serve the best interest of CAISO and its customers. In particular, Powerex asks CAISO to incorporate within this initiative an examination of the application of the TAC to export transactions.