

BARKOVICH & YAP, INC.

Energy and Utility
Regulatory Consultants

October 20, 2016

Barbara R. Barkovich

Via e-mail

Board of Governors
California Independent System Operator

Re: CAISO Staff proposal to delay consideration of Clean Coalition proposal to change wholesale billing determinants for the transmission access charge (TAC)

Dear Governors,

The California Large Energy Consumers Association (CLECA) strongly supports staff's proposal to delay consideration of the Clean Coalition proposal to change wholesale billing determinants for the TAC. CLECA submitted extensive comments on this proposal on June 30, 2016, demonstrating that the proposal is based on flawed premises as to how the TAC is billed and how transmission costs are recovered. The proposal confuses the role of the Federal Energy Regulatory Commission and the Local Regulatory Authority in setting rates for recovery of transmission costs. Indeed, the CPUC, as a major LRA in California, ceded responsibility for setting transmission rates to the FERC when it unbundled transmission almost 20 years ago. The proposal implies that distributed resources pay the TAC, when it is load that pays the TAC. It misrepresents the premise for the existence of Metered Subsystems. The proposal also incorrectly claims that it would not directly affect what end-use customers pay for transmission service.

The proposal is also based on the incorrect premise that customers of load-serving entities do not need the support of the transmission grid. Load served by local distributed resources is not exclusively served by local DER unless the load is not connected to the larger grid. If the DER is solar, the customer is served by other resources when the sun does not shine. Local storage is not a cost-effective alternative to grid support. The customer is also served by other resources during DER maintenance or outages. In either case, the electricity serving the customer is most likely to come from the transmission grid (unless the customer has disconnected from the grid). Furthermore, the balancing of the grid with increasing amounts of intermittent resources is done by the CAISO using flexible resources that are not local. The grid also provides necessary voltage support and frequency response.

In addition to many incorrect and faulty premises, absent the delay correctly sought by CAISO staff, a stakeholder process to assess the proposal would impose yet another burden on stakeholders already over-burdened by the many regionalization-related stakeholder processes over and above the large number of on-going stakeholder processes and regulatory proceedings before such agencies as the CPUC and the CEC. There is no urgency associated with the Clean Coalition proposal, other than the desire of proponents to shift

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costs among end-use customers. CLECA urges you to support the staff proposal to delay consideration of this proposal.

Respectfully submitted,



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