

# Stakeholder Comments Template

## Transmission Access Charge Options Issue Paper

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the issue paper for the Transmission Access Charge Options initiative that was posted on October 23, 2015. The issue paper and other information related to this initiative may be found at: <http://www.caiso.com/informed/Pages/StakeholderProcesses/TransmissionAccessChargeOptions.aspx>

Upon completion of this template please submit it to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com). Submissions are requested by close of business on **November 13, 2015**.

### *Introduction*

*Renewable Northwest is non-profit coalition of renewable energy companies, project developers and owners, environmental organizations, and also consumers and other diverse groups interested in the advancement of clean energy resources in the Northwest (OR, WA, ID, MT). We are active in the renewable energy policy and transmission discussions in PacifiCorp's footprint. We wish to thank the CAISO for the opportunity to comment on the Transmission Access Charge Options paper and for considering these comments even though they are submitted after the November 20<sup>th</sup> deadline.*

1. One theme emphasized in the issue paper and in FERC orders is the importance of aligning transmission cost allocation with the distribution of benefits. Please offer your suggestions for how best to achieve good cost-benefit alignment and explain the reasoning for your suggestions.

*Renewable Northwest supports and echoes the introductory remarks and the response to this first template question submitted by AWEA, CalWEA, and Interwest. Specifically, we believe that increased transmission access to a diverse set of high-value renewable resources will be critical for the economic prosperity and climate goals of California, Oregon, Washington and*

*the United States as a whole. We also agree that in approaching the question of expanding the ISO, it is important to view the transmission costs and rate design questions in the context of the bigger picture of the overall delivered cost of energy. We agree that there are many different ways to succeed in allocating transmission costs roughly commensurate with benefits and that simplicity is a key principle in doing so. Renewable Northwest also stresses the importance of a cost allocation methodology that addresses the “free-rider” issues that can so often stall the necessary investment in new transmission.*

2. Please comment on the factors the ISO has identified in section 5 of the issue paper as considerations for possible changes to the high-voltage TAC structure. Which factors do you consider most important and why? Identify any other factors you think should be considered and explain why.

*“Type” and “voltage” are the most important and straightforward factors in considering a new TAC or cost allocation methodology. “Scope” is also relevant but not always as straightforward because there could be a high-voltage project that is physically located within a small geographic footprint but relieves a constraint that has broad market benefits. The “purpose” and the “benefit” criteria are important factors to consider when identifying the needs associated with a specific project but we think these factors are less useful for deciding whether or not a project should be eligible for regional cost allocation because a single project may have multiple different purposes for different beneficiaries. The cost obligations associated with a transmission provider’s “exit” from the ISO should be clear and consistent for existing and new transmission providers.*

3. The examples in section 7 illustrate the idea of using a simple voltage-level criterion for deciding which facilities would be paid for by which sub-regions of the combined BAA. Please comment on the merits of the voltage-based approach and explain the reasoning for your comments.

*See comments in #2 above; voltage is a very important, robust and straightforward part of any cost allocation methodology.*

4. Please comment on the merits of using the type of transmission facility – reliability, economic, or public policy – as a criterion for cost allocation, and explain the reasoning for your comments.

*See comments in #2 above; it is extremely difficult to cast a transmission project as purely a “reliability,” “economic,” or “policy” project.*

5. Please comment on the merits of using the in-service date as a criterion for cost allocation; e.g., whether and how cost allocation should differ for transmission facilities that are in service at the time a new PTO joins versus transmission facilities that are energized after a new PTO joins.

*See comments in #2 above; we recognize that the in-service date, or “type,” of a project could be an important part of a new TAC structure, however, it is unlikely to be durable over time as*

*new transmission providers join the ISO, new transmission is built, and as the generation, dispatch and flow patterns change.*

6. Please comment on using the planning process as a criterion for cost allocation; i.e., whether and how cost allocation should differ for transmission facilities that are approved under a comprehensive planning process that includes the existing ISO PTOs as well as a new PTO, versus transmission facilities that were approved under separate planning processes.

*Whether or not a transmission project has gone through a robust planning process that allows for all stakeholders to participate jointly with existing and new PTOs may be a reasonable basis for distinguishing between different TAC options.*

7. The examples in section 7 illustrate the idea of using two “sub-regional” TAC rates that apply, respectively, to the existing ISO BAA and to a new PTO’s service territory. Please comment on the merits of this approach and explain the reasoning for your comments.

*Separating the TACs for the existing ISO BAA and a new PTO’s service territory has the benefit of being simple and relying on the cost allocation decisions already agreed to by the stakeholders in each sub-region. However, the downside of this approach is that it assumes that the benefits of the existing infrastructure will not change under the ISO’s market rules and as new transmission and generation are added to the system. It is likely that this approach would not be durable over the long-term. Below, under question number 8, we also seek clarification of how this approach would be handled from a market dispatch perspective.*

8. Please offer any other comments or suggestions on this initiative.

*Renewable Northwest supports the statement about the use of the term “rate shock” made by Western Grid Group (“NGOs”) in response to question number 8.*

*In addition, we would appreciate more information about how the different TAC options under consideration might impact the dispatch of the expanded market and how the different TAC options may impact PacifiCorp’s wholesale generating transmission customers. Specifically, it is unclear to us how an expanded regional market would dispatch if there were two different TACs for the existing PTOs and PacifiCorp. Would the CAISO’s current model of recovering the TAC from loads and generators paying for only congestion (or Congestion Revenue Rights) and losses be applied to PacifiCorp’s system even if PacifiCorp retains a separate TAC? If this is not the case, more explanation is desired. For example, under such a dual TAC scenario, it is unclear to us how the market would dispatch efficiently if PacifiCorp were still charging wholesale transmission customers for physical transmission rights? We would also appreciate more information about the impact the various TAC options would have on CAISO’s import/export fee, both for the existing ISO footprint and for imports and exports from PacifiCorp’s system under a separate TAC structure. Renewable Northwest is not an expert on the CAISO’s current market structure; we appreciate your consideration of these questions and any additional information you can provide.*

*Lastly, Renewable Northwest sees a connection between the TAC decisions and the governance questions surrounding the new ISO. Currently, it is our understanding that the ISO Board makes the decision about which transmission projects are eligible for cost recovery under the TAC. Stakeholders will want to have a better understanding of what the new governance structure is going to look like before the TAC decisions are made, especially as they relate to new projects. We make this observation simply to point out that procedurally it may be necessary to leave time to finalize the TAC decisions once the governance issues and market rules are similarly advanced.*