



Stakeholder Comments Template

Review TAC Structure Revised Straw Proposal

Submitted by	Organization	Date Submitted
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Sierra Club limits its comments on the Revised Straw Proposal to Section 7.2 on the point of measurement issue. Sierra Club continues to prefer the adoption of the transmission-distribution (T-D) interface point of measurement because the T-D interface provides a more accurate reflection of actual benefits and use of the transmission grid than the end use customer meter. Furthermore, the T-D interface point of measurement would lead to more accurate valuations of distributed energy resources. Despite continued preference for the T-D interface point of measurement, Sierra Club makes the following recommendations to improve the final ISO proposal in this initiative without reiterating previous points.

First, Sierra Club recommends that ISO staff revise Section 7.2 of the Revised Straw Proposal to frame and analyze the point of measurement issue with a focus on fair allocation of transmission costs and whether adopting the T-D point of measurement would defer or avoid both embedded and future transmission costs. The Revised Straw Proposal rejects the T-D point of measurement proposal because it “would not create an appropriate or effective incentive for load serving entities to procure additional DG resources.”¹ This standard of review does not accurately reflect the ISO’s role in this matter and is an inappropriate justification for the ISO position. The ISO is neither charged with (nor authorized to) setting incentives for procurement, and its rejection of the T-D point of measurement proposal on those grounds is not appropriate. Rather, the ISO’s role in this context is to ensure fair allocation of transmission grid costs and to ensure embedded and future transmission costs are fully justified. Similarly, the ISO should not base its rejection of the T-D point of measurement on the proposal’s failure to provide a universal fix to DER valuation. Instead, the ISO should base its position on why the current point of measurement represents a more fair allocation of transmission costs. For this reason, Sierra Club recommends that the final ISO proposal review the point of measurement issue in the context of fair allocation of transmission costs and which point of measurement would better reduce embedded and future transmission costs.

Second, Sierra Club recommends that the ISO’s final proposal capture discussion and general consensus on the potential for distributed energy resources to defer or avoid future transmission costs. While the Revised Straw Proposal repeatedly emphasizes that a change in point of measurement produces no impact to embedded costs, it fails to capture stakeholder discussion on the extent to which distributed energy resources can reduce future transmission costs. All parties

¹ Revised Straw Proposal at 23.

would be served by including these findings in the final staff proposal, as it would prevent repetition and rework in future stakeholder initiatives.

Sierra Club appreciates the work done by ISO staff and looks forward to participating in any future consideration on this topic.