



SkyCentrics Inc.
214 Grant Avenue
San Francisco, CA 94108

California Independent System Operator
250 Outcropping Way
Folsom, CA
Attn: Christopher Devin

Dear Mr. Devin,

Letter in support of measuring transmission usage at the Transmission-Distribution interface

We are writing to express our opposition to CAISO's current straw proposal to continue measuring transmission usage at the customer meter and propose instead that it be based on measures of transmission usage at the transmission/distribution interface as Transmission Energy Downflow.

We believe that the current approach impedes the adoption of distributed generation by passing the cost of transmission down to end customers whose use of that infrastructure is decreasing. Distributed generation, by not using that transmission capacity, reduces the load on existing infrastructure which, in turn, reduces the cost of maintenance and avoids upgrades. The more distributed generation expands the more regressive these charges become.

The Demand Charge imposed by CAISO at the customer meter can be offset by behind the meter generation but this is available only to customers who own homes and can afford to install these systems. This also undermines customer-driven efforts such as community storage or solar which encourage customers to engage actively in saving energy and supporting the grid through load shifting. Furthermore, this cost increases the challenges faced by customers in evaluating the benefit of the different technologies and actions they can take to achieve these shared goals.

The current TAC structure distorts the cost of procurement by not accounting for the cost and reliability benefits of different grid resources. It is unreasonable to assume that the cost to deliver energy from a generation source close to the point of load as to one hundreds of miles away. Again, this distortion discriminates against efforts by Load Serving Entities to invest in technologies and assets that reduce infrastructure cost.

In summary, the proposed approach fails to recognize the benefits, or accurately account for the costs, of different grid resources. This one-size-fits-all approach is holding back the development of California's wholesale distributed generation market and threatening the state's position as a leader in reducing energy footprint compared to other states and countries which have embraced distributed generation. In the end, it is California's communities who lose out.

We have reviewed the CAISO straw proposal and find it fails to provide a reasonable argument for retaining the current distortive market structure, and therefore oppose it in its current form.

Sincerely,

Tristan de Frondeville, CEO SkyCentrics