

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. Submissions are requested by close of business on **November 20, 2015**.

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.
 - a. TDPUD agrees with the FERC principle that cost of transmission should follow the benefits from the transmission to the extent practicable. One way to track benefits from the expanded system of combining Pacific Corp with the CAISO system is to identify what customer groups will benefit from the expanded system. The Benefits Analysis Paper prepared by E3, finds that the majority of the benefits will be realized by customers in California that will be able to satisfy their RPS requirements by gaining access to additional renewable generation located outside of California. So, if the transmission charges remain separate, the California customers would be paying their TAC plus the Pacific Corp TAC to receive that one identified benefit. TDPUD does not know of any entity in the Pacific Corp BA that is looking to acquire resources, renewables or otherwise from the CAISO BA. The other identified benefits in the E3 study show California still receives about twice the benefits as Pacific Corp. The current structure of CAISO's TAC charge is approximately 3 times the Pacific Corp TAC. This appears to mirror the benefits from the combined system.

- b. All customers within each of the BA's are not homogenous. TDPUD is a transmission dependent utility of NV Energy with the majority of our resources coming from Pacific Corp's footprint. NV Energy has market power within its BA. TDPUD receives transmission service through UAMPS from Pacific Corp and NV Energy and will receive minimal, if any, benefits from those items identified in the E3 study.
 - c. The E3 study finds savings in four categories, resource procurement savings, more efficient generation management, lower peak capacity needs and more efficient unit commitment and dispatch. None of these categories are transmission savings therefore the TAC charges should remain the same since the benefits do not follow the TAC charges.
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.
 - a. For the existing systems and facilities currently in the planning process to be built, they should be deemed to benefit the existing customer base that is paying for them with a case by case analysis of each facility to determine if they benefit the other BA.
 - b. For new transmission facilities, the most important criteria is #5 on which BA's zones or sub-regions benefit from the project and perform a cost allocation based on that evaluation.
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.
 - a. TDPUD recommends starting with the Baseline 1 with a case by case analysis of specific facilities to see if costs should be allocated to the other BA. New facilities can be evaluated and cost allocated based on a transmission benefits study.
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.
 - a. As stated above, new facilities planned for the new expanded footprint should be cost allocated to the extent practicable (FERC order) to follow benefits and if not practicable, then postage stamped across BA. For existing facilities and facilities currently planned for the existing BA, costs should remain allocated to that BA since it was deemed beneficial to only that area.

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.
 - a. As stated above, new facilities planned for the new expanded footprint should be cost allocated to the extent practicable (FERC order) to follow benefits and if not practicable, then postage stamped across BA. For existing facilities and facilities currently planned for the existing BA, costs should remain allocated to that BA since it was deemed beneficial to only that area.
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.
 - a. FERC principal that costs should follow benefits to the extent practicable should be followed. That being said, an assumption can be made that current and planned transmission facilities are only beneficial to the current service territories or the regulatory jurisdiction would not have approved them. New facilities could be allocated to beneficiaries or postage stamped based on their respective evaluations.
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.
 - a. FERC principal that costs should follow benefits to the extent practicable should be followed. That being said, an assumption can be made that current and planned transmission facilities are only beneficial to the current service territories or the regulatory jurisdiction would not have approved them. New facilities could be allocated to beneficiaries or postage stamped based on their respective evaluations.
8. Please offer any other comments or suggestions on this initiative.
 - a. CAISO ratepayers have made large investments to develop CAISO and we assume to meet their needs. Also, the transmission customers of Pacific Corp have made large investments to their transmission system to meet their needs. Because the needs are different, Pacific Corp customers should not now be allocated costs for decisions made by the CAISO and their customers in the past.