

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 13, 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. UAMPS agrees with the FERC principle that costs of transmission should follow the benefits from that transmission to the extent practicable. With the combining of the existing PacifiCorp and CAISO systems, one of the ways to track benefits is by identifying what customer groups will benefit from the expanded system. Based on the Benefits Analysis Paper prepared by E3, the vast majority of the benefits will be realized by power customers in California that will be able to satisfy their RPS requirements by gaining access to additional renewable generation located outside of California. In our case, UAMPS is a transmission only customer of PacifiCorp and will receive minimal, if any, benefits from those items identified in the E3 study yet will pay the cost of upgrading the PacifiCorp transmission system under current ratemaking procedures.

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. Since CAISO and PacifiCorp have very limited transmission capability between the two entities, immediately implementing a single or phased in flow-based TAC does not seem reasonable. 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. Only after other entities join or new transmission is built physically joining the two systems, should a phased in approach to a single TAC be considered.

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. UAMPS recommends starting with the 2 baselines with a case-by-case analysis of specific facilities to see if costs should be allocated to the other BA. The PacifiCorp system has traditionally used above and below 138 kV as the division between system transmission and local transmission facilities. New facilities can be evaluated and cost allocated based on a 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. We believe that transmission should only be built and paid for by the system users if there is a large reliability reason for the facility. Transmission built solely for economic or public policy reasons should be only paid for by the entities benefiting from the facility.

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. New facilities planned for the new expanded footprint should be cost allocated to the extent practicable to follow benefits, and if not practicable, then postage stamped across the BA. For existing facilities and facilities currently planned for the existing BA, costs should remain allocated to that BA since it was deemed to be beneficial to only that area, unless a study can show that benefits would go to the expanded footprint.

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. Since all facilities currently in use were planned for under the two respective planning processes, keeping the two respective baseline rates for those facilities appear reasonable. In the future, if a facility is planned for the combined footprint then the cost allocation should follow FERC policy with the costs allocated to the beneficiaries of the new facility.

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. The two “sub-regional” TAC rates should be used. Going back to the FERC principle that costs should follow benefits to the extent practicable, the existing and current planned transmission facilities within each entity are only beneficial to the current service territories or their respective planning processes and regulatory jurisdictions would not have approved them. But there are most like some existing facilities that are beneficial to both service territories that may be cost allocated. An example of this is the PacifiCorp’s Malin-Indian Springs 500 kV transmission line. There should be a case-by-case analysis to equitably allocate the cost of these kinds of facilities to the beneficiaries. 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. One verbal comment on the October 30th webinar was that PacifiCorp would be benefiting from the infrastructure that CAISO has built over the years for the operation of the CAISO markets. While we recognize that the CAISO ratepayers have made large investments to develop CAISO and we assume meet their needs, we also recognize that transmission customers of PacifiCorp have made large investments in the PacifiCorp system to meet their needs. Because our needs are different, PacifiCorp customers should not now be allocated costs for decisions made by CAISO and their customers in the past.