

February 14, 2018  
Christopher Devin  
CAISO TAC initiative manager  
California Independent System Operator  
250 Outcropping Way  
Folsom, CA 95630



**Re: CAISO TAC INITIATIVE STRAW PROPOSAL**

Dear Christopher Devin,

The [Local Clean Energy Alliance](#) wants to register our opposition to the CAISO TAC initiative straw proposal. The proposal is an attempt to justify the current Transmission Access Charge assessment methodology in the face of a changing energy system in California, one that is rapidly moving toward a decentralized energy model, which requires a new TAC policy.

We strongly urge the CAISO to fix the current Transmission Access Charge (TAC) assessment methodology, which adversely affects and undermines development of distributed renewable generation (DG) resources that is needed by our communities, as described below.

Currently, all electricity customers in the service territories of the State's investor-owned utilities are levied with a transmission access charge, even for electricity that is not delivered over transmission lines. As the Clean Coalition has proposed, the point of measurement for transmission access charges should be moved to the transmission-distribution interface. This change would allow the assessment of transmission access charges to be based on energy delivered through the transmission system.

This means that local renewable projects would not be unfairly charged for a transmission system they do not directly use, thereby increasing the value of these projects and spurring their development.

The growing impacts of climate change require the state to transition to a renewable energy model. This provides the opportunity to transition to a more decentralized and democratized energy system, one that allows our communities to build more resilient infrastructure and economic stability.

The rapid growth of Community Choice energy programs is clear evidence that Californians understand the importance of moving toward such an energy system. Accordingly, Community Choice is increasingly seen as a preferred electricity procurement model by communities across the state.<sup>1</sup>

The development of local renewable energy resources is key to the benefits a Community Choice energy program can deliver, and it contributes significantly to the long-term stability of such programs. It represents an investment in local energy assets that creates new business opportunities, local jobs, community wealth, and stronger, more resilient, and equitable local economies. As such, it is strongly supported by many labor organizations as well as social and environmental justice organizations.

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<sup>1</sup> There are currently [eleven operational Community Choice Energy programs](#) serving over three million Californians. According to the [Center for Climate Protection](#), by 2020, the combined population of areas with existing and about-to-launch programs, as well as large population areas considering Community Choice programs is about 17.6 million Californians. Needless to say, Community Choice Energy programs are and will become an increasingly important market player in California's energy system.

An additional benefit of local renewable energy generation is that it avoids the economic and environmental costs of inefficient long-distance transmission infrastructure. Shifting from remote, centralized generation of electricity to local decentralized generation of renewable electricity could avoid billions of dollars in new and/or upgraded transmission infrastructure, providing cost-savings benefits not only to Community Choice ratepayers, but to electricity consumers throughout the state. The future of electricity is renewable, local, and decentralized, and, once again, California is leading the way.

The starting point for a revamped TAC policy is that the point of measurement for transmission access charges should be moved to the transmission-distribution interface. This is the only way to ensure TAC policy accurately reflects cost causation. This will also end the current cost shift that disadvantages distributed energy resources. It will also make it possible to compensate load serving entities for avoiding the use of the transmission system by developing local renewable energy resources. Finally, this change has the potential to help control ballooning transmission costs, which will benefit all ratepayers.

The TAC initiative is an important opportunity to revamp TAC policy so that local communities can achieve the economic, environmental, and resilience benefits of distributed generation resources.

The CAISO TAC initiative straw proposal, squanders that opportunity. It reinforces the status quo with arguments about embedded costs and hybrid billing determinants that are largely irrelevant to the point of measurement issue. We urge instead that CAISO move the point of measurement for transmission access charges to the transmission-distribution interface, as proposed by the Clean Coalition.

Sincerely,



Al Weinrub

Coordinator, Local Clean Energy Alliance

Cc:

Matthew Renner, Clean Coalition

**Email to: [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com)**

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**The Local Clean Energy Alliance is the** Bay Area's foremost membership organization working at the local, state, and national level to promote a clean energy future through the development and democratization of local renewable energy resources. We see these resources as key to addressing climate change, advancing social and racial justice, and building sustainable and resilient communities. The Alliance believes that it is through the development of local decentralized energy that communities can transition to a clean energy economy, increasing local investment, creating family-sustaining clean energy jobs, and improving community health.