



Stakeholder Comments Template

Review TAC Structure Revised Straw Proposal

This template has been created for submission of stakeholder comments on the Review Transmission Access Charge (TAC) Structure Revised Straw Proposal that was published on April 4, 2018. The Straw Proposal, Stakeholder Meeting presentation, and other information related to this initiative may be found on the initiative webpage at:

<http://www.aiso.com/informed/Pages/StakeholderProcesses/ReviewTransmissionAccessChargeStructure.aspx>.

Submitted by	Organization	Date Submitted
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Upon completion of this template, please submit it to initiativecomments@caiso.com.

Submissions are requested by close of business on **April 25, 2018**.

Please provide your organization's comments on the following issues and questions.

Hybrid billing determinant proposal

- Does your organization support the hybrid billing determinant proposal as described in the Revised Straw Proposal?

At this time, the Six Cities do not oppose the hybrid billing determinant proposal. However, the Six Cities' non-opposition is conditioned upon the CAISO making available workpapers or other information that would allow the Six Cities to understand and replicate the CAISO's analyses of the impacts of this proposal on current UDCs. Thus far, the Six Cities have not been able to verify the CAISO's impact calculations as described in pages 20-21 of the Revised Straw Proposal. While the Six Cities are undertaking their own analyses in order to understand how the billing determinant change may affect their TAC charges and TRR recovery, the Six Cities view the CAISO's analyses as an important part of their understanding of the Revised Straw Proposal.

The Six Cities also urge the CAISO implement a phase-in for the hybrid billing determinant, as discussed below.

2. Please provide any additional general feedback on the proposed modification to the TAC structure to utilize a two-part hybrid billing determinant approach.

In the event that the CAISO adopts the hybrid billing determinant proposal as described in the Revised Straw Proposal, the Six Cities urge the CAISO to adopt a phase-in to full implementation of this change, generally for the reasons outlined by the CAISO. (See Revised Straw Proposal at 17.) First, a phase-in would allow CAISO transmission customers time to adjust to any rate increases that might result from this change in the long-standing TAC methodology. Second, and relatedly, while the CAISO calculates that the anticipated TAC rate changes to some UDCs resulting from this change are relatively modest, the Six Cities have not been able to verify the CAISO's calculations. It may take Participating TOs and TAC and WAC customers several years in order to fully understand how the hybrid billing determinant proposal might impact their costs, planning, and budgeting activities, particularly if actual impacts are different from those the CAISO and affected parties anticipate now. It would also allow for the identification of possible stranded transmission costs, which the CAISO and the Participating TOs could then work to address, before such costs escalate significantly. In short, an incremental approach to implementing the hybrid billing determinant would allow parties to gain experience with how this approach will work.

In terms of the specific phase-in period, the Six Cities support a range of 3-5 years, although the Cities are also open to feedback from the CAISO and other stakeholders regarding the length of a workable transition period. The phase-in could be implemented by gradually increasing the percentage of the CAISO-wide annual High Voltage TRR assessed based on peak demand, for example, in 10% increments until the year in which the next 10% increment would exceed the peak demand component as calculated under system load factor methodology, at which point the CAISO would adopt and use the system load factor methodology on a going forward basis.

Determining components of HV-TRR to be collected under hybrid billing determinants

3. Does your organization support the proposal for splitting the HV-TRR for collection under the proposed hybrid billing determinant using the system-load factor calculation described in the Revised Straw Proposal?

The Six Cities do not oppose the proposal for splitting the HV-TRR using the system load factor calculation described in the Revised Straw Proposal, subject to the Cities' comments regarding a phase-in. It avoids the need to attempt a retroactive analysis of previous transmission projects to identify projects associated with energy delivery versus those that were needed for capacity or reliability purposes. The Six Cities agree that such an exercise likely would be both controversial and imprecise.

4. Please provide any additional specific feedback on the proposed approach for splitting the HV-TRR costs for the proposed hybrid billing determinant.

The Six Cities do not have any additional comments at this time.

Peak demand charge measurement design for proposed hybrid billing determinant

5. Does your organization support the proposed 12CP demand charge measurement as described in the Revised Straw Proposal?

In the event that the hybrid billing determinant is adopted, the Six Cities support the 12 monthly CP demand charge measurement, consistent with the reasoning provided in the Revised Straw Proposal.

The Six Cities do not support a 4 CP or 1 CP approach, nor do the Cities support the use of a non-coincident peak measurement.

6. Please provide any additional feedback on the proposed design of the peak demand charge aspect of the hybrid billing determinant.

The Six Cities do not have any additional comments at this time.

Treatment of Non-PTO entities to align with proposed hybrid billing determinant

7. Does your organization support the proposed modification to the WAC rate structure to align treatment of non-PTO entities with the proposed TAC hybrid billing determinant?

The Six Cities support alignment of the WAC structure for non-PTO entities with the changes being made to the TAC structure. It would be useful to understand whether the CAISO has undertaken any analysis of possible changes in wheeling revenues that might result from this change.

8. Please provide any additional feedback related to the proposal for modification to the treatment of the WAC rate structure for non-PTO entities.

The Six Cities do not have any additional comments at this time.

Additional comments

9. Please offer any other feedback your organization would like to provide on the Review TAC Structure Revised Straw Proposal.

The Six Cities continue to strongly support the CAISO's proposal not to revise the point of measurement for transmission charges for all of the reasons that have been previously discussed at length in this and prior stakeholder initiatives.

With respect to the CAISO's willingness to revisit this topic in the future (see generally Revised Straw Proposal at 24), the Six Cities urge the CAISO to refrain from making

specific commitments as to whether or when it might be appropriate to do so. There could be any number of potential policy changes or legislation that might influence incentives for and levels of distributed generation procurement in the future, and so attempting to anticipate what those might be and when reconsideration of the point of measurement issue might be appropriate is premature.