Barrick Comments

Transmission Access Charge Options

September 30, 2016 Second Revised Straw Proposal

Submitted by	Company	Date Submitted
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Comments of Barrick Gold of N.A., Inc.

Barrick Gold of North America, Inc. ("Barrick") maintains a portfolio of operating mines and advanced exploration and development projects across North America. A number of these projects are located in Nevada.

Three of Barrick's gold mining companies with operations in northern Nevada have been granted permission under Nevada law to purchase their energy, capacity, and ancillary services from a provider other than the vertically integrated retail electric utility, Sierra Pacific Power Company d/b/a NV Energy. The loads of these mining companies are served through a combination of purchased power supplied by a marketer and remote self-generation. Barrick uses NV Energy's distribution and transmission systems to deliver energy to the mining projects pursuant to distribution service agreements and Network Integrated Transmission Service Agreements. Accordingly, Barrick has an interest in aspects of the ISO's considerations in the Transmission Access Charge ("TAC") and other initiatives, which could affect transmission customers of NV Energy like Barrick should NV Energy decide to integrate into the proposed new regional ISO.

Second Revised Straw Proposal

1. The ISO previously proposed to allow a new PTO that is embedded within or electrically integrated with an existing sub-region to have a one-time choice to join that sub-region or become a separate sub-region. The ISO now proposes that an embedded or electrically integrated new PTO will become part of the relevant sub-region and will not have the choice to become a separate sub-region. This means that the new embedded/integrated PTO's transmission revenue requirements will be combined with those of the rest of its

sub-region and its internal load will pay the same sub-regional TAC rate as the rest of the sub-region. Please comment on this element of the proposal.

Barrick takes no position on this element of the proposal.

2. An embedded PTO is defined as one that cannot import sufficient power into its service territory to meet its load without relying on the system of the existing sub-region. Whether a new PTO is considered electrically integrated will be determined by a case-by-case basis, subject to Board approval, based on criteria specified in the tariff. Please comment on these provisions of the proposal.

   Barrick takes no position on these provisions of the proposal.

3. The proposal defines "new facilities" as transmission projects planned and approved in an expanded TPP for the expanded ISO BAA. The integrated TPP will begin in the first full calendar year that the first new PTO is fully integrated into expanded ISO BAA. Projects that are under review as potential "inter-regional" projects prior to the new PTO joining may be considered as "new" if they meet needs identified in the integrated TPP. Please comment on these provisions.

   Barrick takes no position on these provisions of the proposal.

4. The ISO previously defined "existing facilities" as transmission assets planned in each entity's own planning process for its own service area or planning region, and that are in service, or have either begun construction or have committed funding to construct. The ISO is now simplifying the proposal to define "existing facilities" as all those placed under operation control of the expanded ISO that are not "new." Please comment on the ISO's proposed new definition of "existing facilities."

   Barrick takes no position on these provisions of the proposal.

5. Consistent with the previous revised straw proposal, the ISO proposes to recover the costs of existing facilities through sub-regional "license plate" TAC rates. The ISO has proposed that each sub-region's existing facilities comprise "legacy" facilities for which

subsequent new sub-regions have no cost responsibility. Please comment on this aspect of the proposal.

Barrick supports this aspect of the proposal. Barrick supports "license plate" cost recovery. In addition, this proposal for pricing "legacy" facilities means a new sub-region will not risk being held responsible for facilities for which it had no input or influence in getting built. It also provides more certainty for a PTO contemplating joining the regional ISO.

6. The ISO proposes to use the Transmission Economic Assessment Methodology (TEAM) to determine economic benefits of certain new facilities to the expanded ISO region as a whole and to each sub-region. Please comment on these uses of the TEAM.

   Barrick takes no position on these provisions of the proposal.

7. For a reliability project that is narrowly specified as the more efficient or cost-effective solution to a reliability need within a sub-region, and has not been expanded or enhanced in any way to achieve additional benefits, the ISO proposes to allocate the project cost entirely to the sub-region with the driving reliability need, regardless of any incidental benefits that may accrue to other sub-regions. Please comment on this provision.

   Barrick generally supports costs being allocated to cost causers. Therefore, Barrick supports this provision of the proposal.

8. For a policy-driven project that is connected entirely within the same sub-region in which the policy driver originated, the ISO proposes to allocate the project cost entirely to the sub-region with the driving policy need, regardless of any incidental benefits that may accrue to other sub-regions. Please comment on this provision

   Because Barrick generally supports costs being allocated to cost causers, Barrick supports this provision of the proposal.

9. For a purely economic project with benefit-cost ratio (BCR) > 1, cost shares will be allocated to sub-regions in proportion to their benefits, and because BCR > 1 this

completely covers the costs. A purely economic project is one that is selected on the basis of the TPP economic studies following the selection of reliability and policy projects, and is a distinct new project, not an enhancement of a previously selected reliability or policy project.

Barrick generally supports costs being allocated to beneficiaries in relation to the benefits received. Therefore, Barrick supports this provision of the proposal.

10. For an economic project that results from modifying a reliability or policy-driven project to obtain economic benefits greater than incremental project cost, the ISO proposes to first, allocate avoided cost of original reliability or policy-driven project to the relevant sub-region, then allocate incremental project cost to sub-regions in proportion to their economic benefits determined by TEAM. This is called the "driver first" approach to cost allocation. The proposal also illustrated an alternative "total benefits" approach. Please comment on your preferences for either of these approaches.

    Barrick generally supports costs being allocated to cost causers, but also generally supports costs being allocated to beneficiaries in relation to the benefits received. This proposal considers cost causers first and then looks to beneficiaries for additional cost recovery. Therefore, it appears to be the fairest combination of recovery for these types of projects. Barrick supports the "driver first" provision of the proposal. Without the driver, the project would not be built, so the driver should bear the primary responsibility.

11. The proposal outlined two scenarios for policy-driven projects involving more than one sub-region. In scenario 1, where a project built within one sub-region meets the policy needs of another sub-region, costs would be allocated to sub-regions up to the amount of their economic benefits (per TEAM) and the remaining costs would be allocated to the sub-region that was the policy-driver. Please comment on this cost allocation approach for scenario 1.

    Barrick asks for clarification of this proposal. Page 13 of the Second Revised Straw Proposal appears to make it clear that the costs in this scenario would only be allocated to the sub-region in which the project is built and the sub-region which drives the policy. However, the statement above is unclear whether costs would be allocated to any other sub-regions. As long as the costs are only allocated to the policy driving sub-region and the project location sub-region, costs would be allocated to cost causers and cost beneficiaries. Therefore, Barrick could support this proposal. However, if it is contemplated that other sub-regions might also be allocated costs due to some perceived benefits, Barrick cannot support this proposal.

12. In scenario 2, where a policy project meets the policy needs of more than one sub-region, costs would be allocated to sub-regions up to the amount of their economic benefits (per TEAM) and the remaining costs would be allocated to the relevant sub-regions in proportion to their internal load for project in-service year. Please comment on this cost allocation approach for scenario 2.

    Barrick asks for clarification of this proposal. How are policy needs determined? Is it to meet a specific law or mandate of a state, or is it something more ephemeral? Who would determine whether the project meets the policy needs of more than one sub-region? Does this contemplate allocating costs to any sub-region other than the sub-regions with the policy need? Why should policy project cost allocation be treated differently than reliability cost allocation? The costs should only be allocated to the policy driving sub-regions, and perhaps the project location sub-regions if different from the policy drivers.

13. Competitive solicitation to select the entity to build and own a new transmission project would apply to all new transmission projects rated 200 kV or greater, of any category, regardless of whether their costs are allocated to only one or more than one sub-region, with exceptions only for upgrades to existing facilities as stated in ISO tariff section 24.5.1. Please comment on this proposal.

    Barrick takes no position on this provision of the proposal.

14. The ISO proposes to drop the earlier proposal to recalculate benefit and cost shares for sub-regions and the proposal to allocate cost shares to a new PTO for a new facility that was planned and approved through the integrated TPP but before that new PTO joined the expanded ISO. Please comment on the elimination of these proposal elements.

    Barrick supports elimination of these proposal elements. This appears to be more in line with the proposal set forth in (5) above. Eliminating these elements means a sub-region will not be held responsible for costs of facilities for which it had no input or influence in getting built. It also provides more cost certainty for all involved, including potential new PTOs.

15. The ISO proposes to establish a single region-wide export rate ("export access charge" or EAC) for the expanded region, defined as the load-weighted average of the sub-regional TAC rates. Please comment on this proposal.

    Barrick's only comment on this is more of a question. How will this work with the current Energy Imbalance Market ("EIM")? It is our understanding that EIM members pay no charges for transmitting imbalance energy amongst the various members. The members of a regional ISO may not match the members of the EIM. So, for example, if PacifiCorp were to join with CAISO, would the EAC charge be imposed on NV Energy and other EIM members for the transmission of imbalance energy with PacifiCorp and CAISO? Or, would transmission of imbalance energy be treated separately from the EAC?

16. Under the EAC proposal, non-PTO entities within a sub-region would pay the same sub-regional TAC rate paid by other loads in the same sub-region, rather than the wheeling access charge (WAC) they pay today. Please comment on this proposal.

    Barrick takes no position on this provision of the proposal.

17. The ISO proposes to allocate EAC revenues to each sub-region in proportion to their transmission revenue requirements. In the August 11 working group meeting the ISO presented the idea of allocating EAC revenues to each sub-region in proportion to its quantity of exports times its sub-regional TAC rate. Please comment on these two approaches for EAC revenue allocation, and suggest other approaches you think would be better and explain why.

    Barrick takes no position on this provision of the proposal.

18. Please provide any additional comments on topics that were not covered in the questions above.

    Barrick has no additional comments at this time.