Transmission Access Charge Options
February 10, 2016 Straw Proposal &
March 9 Benefits Assessment Methodology Workshop

Submitted by	Company	Date Submitted
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The ISO provides this template for submission of stakeholder comments on the February 10, 2016 Straw Proposal and the March 9, 2016 stakeholder working group meeting. Section 1 of the template is for comments on the overall concepts and structure of the straw proposal. Section 2 is for comments on the benefits assessment methodologies. As stated at the March 9 meeting, the ISO would like stakeholders to offer their suggestions for how to improve upon the ISO's straw proposal, and emphasizes that ideas put forward by stakeholders at this time may be considered in the spirit of brainstorming rather than as formal statements of a position on this initiative.

The straw proposal, presentations 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 **March 23, 2016.**

OVERVIEW

The Staff of the California Public Utilities Commission (CPUC Staff) appreciates the opportunity to comment on the California Independent System Operator Corporation's (CAISO) proposal to revise the structure of its Transmission Access Charge (TAC), which is intended to begin the process of integrating PacifiCorp (PAC) into the CAISO. We understand that the CAISO intends to file tariff changes with the Federal Energy Regulatory Commission (FERC) after obtaining CAISO Board approval at the end of June, to facilitate regional integration by 2019.[1] CPUC Staff proposes that the CAISO's plan to submit stand-alone tariff revisions for FERC's approval before the CAISO has fully addressed other equally or more important issues raised by the PAC-initiated regionalization effort, may impact the ultimate success of the regionalization process.[2]

[1] Timeline for Regional Integration Activities, TAC Stakeholder Meeting Presentation (March 1, 2016), page 4, available at: https://www.caiso.com/Documents/Agenda-Presentation-TransmissionAccessChargeOptions-StrawProposal-Mar1_2016.pdf

[2] See, for example, the letter from Utah Governor Gary R. Herbert to California Governor Edmund G. Brown dated March 2, 2016: "As you seek to build consensus around this expansion, I encourage you and your agencies to prioritize appropriate governance above all other considerations."

CPUC Staff recommends that CAISO approach the regionalization effort, in a holistic manner, by working with PAC, state regulators from all of the affected states, and other stakeholders to address governance, jurisdiction, transmission planning, resource adequacy, and other important open issues *before* submitting to FERC *any* proposal to implement *any element* of the CAISO's expansion plan.

Once all of the initiatives and governance issues have been addressed, the CAISO will be in a position to present a comprehensive, holistic package of regionalization modifications to FERC. In the absence of a holistic package, stakeholders reasonably concerned by the risks presented by regionalization, and with no assurance that those risks are being appropriately addressed, may consider protesting each reform presented to FERC, unnecessarily magnifying and perhaps exacerbating the level of disagreement among stakeholders.

With these concerns foremost in mind, the CPUC Staff offers the following comments on the CAISO's February 10, 2016 "Straw Proposal" regarding TAC options for integrating new Participating Transmission Owners (PTOs) (TAC Straw Proposal).

<u>Section 1: Straw Proposal</u>

CPUC Staff Summary Of The TAC Straw Proposal And CPUC Staff Comments

The CAISO's February 10, 2016 TAC Straw Proposal includes three primary components:

1. Costs associated with existing transmission facilities will be paid for on a "sub-regional" basis, where the existing CAISO Balancing Authority Area (BAA) is one sub-region, and PAC's combined service territory is another sub-region;

2. Costs associated with new "regional" transmission projects will be shared based on the benefits that each sub-region receives from the project; and

3. Three methodologies for determining "benefits" that are briefly described for further discussion "to occur over the coming months."[3]

Given a lack of data and other information to understand the impact of the TAC Straw Proposal, as well as the fact that related issues are being addressed in other CAISO regionalization initiatives, CPUC Staff needs more information in order to support the TAC Straw Proposal.

Nevertheless, CPUC Staff makes the following general observations about issues which should inform the CAISO's work on the TAC Straw Proposal going forward:

1. For many of the reasons set forth above, tariff changes to the TAC structure should be proposed as part of a coherent package with, at a minimum, tariff changes to the Transmission Planning Process (TPP) structure, tariff provisions that address how state Integrated Resource Plans (IRPs) will be incorporated into the TPP and the TAC, and tariff provisions that address the benefits test for regional cost allocation.[4]

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[3] CAISO TAC Straw Proposal, p. 4. See *id* at p. 15, Item #7 for a summary of the three benefits methodologies described by the CAISO for potential consideration.
[4] This list is intended to be illustrative, not comprehensive.

2. The CAISO should produce more analysis to support its proposal to determine whether it is appropriate for the costs of existing transmission facilities to remain with the sub-regions.

3. The CAISO should conduct further analysis to determine if a new sub-region should be created by every new entrant to the expanded CAISO.[5]

4. New transmission projects subject to regional allocation based on a "benefits test," such as PAC's Gateway West project, should be subject to competitive solicitation.

5. Any benefits test should be comprehensive – starting with a realistic cost estimate for a project that expressly identifies and incorporates the costs of any incentives that the PTO will seek for the project, and including not only the production cost modelling of the CAISO's TEAM methodology, but other components including the job-related and environmental benefits to a sub-region.

6. Any TAC Straw Proposal should be designed to accommodate the entry of other potential participants, aside from PAC.

Each of these above issues, except for the first, is addressed in more detail in the discussion below.

1. <u>The proposed cost allocation approach relies on the designation of "sub-regions," such that the current CAISO BAA would be one sub-region and each new PTO with a load service territory that joins the expanded BAA would be another sub-region. Please comment on the proposal to designate sub-regions in this manner.</u>

The Proposal To Allocate All Existing Project Costs To The Sub-Regions Requires More Factual And Analytical Support

The TAC Straw Proposal argues that costs of existing transmission facilities should be paid by the existing sub-regions that originally authorized the construction of those facilities.[6] Here, the CAISO BAA would be one sub-region and PAC's six-state service territory would be another sub-region. Only "new" transmission projects authorized under the new expanded CAISO TPP would be eligible to be classified as "regional" facilities for which the benefits would be shared by any sub-region benefitting from the project as measured by a "Benefits Test."

The TAC Straw Proposal lists three "rationales" in support of its cost-allocation proposal:

1. Both sub-regions made decisions to build for existing ratepayers without any anticipation of other parties paying part of these costs. By keeping these costs separate, neither area experiences either a positive or negative impact that might occur if costs of existing transmission were merged or allocated;

[5] See CPUC Staff Response to Question 2 for how the Straw Proposal can be clarified.
[6] *See* CAISO TAC Straw Proposal, pp. 14-15.

2. There is no consistent voltage-only bright-line criterion for allocating costs across a geographically large BAA. For example, it would be difficult to show that a San Diego facility provided benefits to Utah customers based solely on its voltage level; and
3. The approach mitigates the risk of a new PTO developing costly transmission in the hopes of transferring the costs to the expanded CAISO upon joinder.

The CPUC staff believes additional analysis is required to support these rationales.

For example, the CAISO PTOs have made significant investments in transmission infrastructure, including multi-billion dollar expenditures over the past decade on high voltage lines to deliver California and Nevada renewables to the grid. To the extent PAC states have RPS requirements, carbon emission reduction obligations (either now or in the future), or merely desire access to low cost renewable power, those states will benefit from this transmission infrastructure that will facilitate the delivery of California renewables to their states.

PAC has not made similar investments over the same period. Specifically, in 2007, PAC announced its Energy Gateway transmission plan, which adds approximately 2,000 miles of new transmission lines across the West.[7] The cost of Energy Gateway is approximately $6 billion.[8] Currently, PAC has completed: (1) the $832 million Populus to Terminal Line; and (2) the $364 million Mona to Oquirrh project.[9] However, outreach, siting, and permitting efforts continue for several other segments of Energy Gateway – including Gateway West.[10] Thus, approximately $4.9 billion in transmissions costs have gone unspent, which could result in future socialized costs of PAC transmission upgrades that will be borne by California ratepayers.

Additionally, the TAC Straw Proposal does not appear to consider that PAC and some of the CAISO PTOs are currently paying each other to use their facilities. Specifically, CPUC Staff understands that PAC pays more than $50 million per year in wheeling revenues for the offset of the high voltage TAC. This exchange of revenue would end under CAISO regionalization, and it is not clear who would benefit – PAC or the existing CAISO PTOs. At a minimum, this is evidence that having each sub-region pay for its existing investment will *not* result in a neutral impact. These are multibillion-dollar issues with long-term impacts that deserve specific, detailed study before irreversible changes are made to the configuration and governance of the CAISO.

2. **The proposal defines "existing facilities" as transmission facilities that either are already in service or have been approved through separate planning processes and are under development at the time a new PTO joins the ISO, whereas "new facilities" are facilities that are approved under a new integrated transmission planning process for the expanded BAA that would commence when the first new PTO joins. Please comment on these definitions.**

CPUC Staff currently has no significant concerns with how the TAC Straw Proposal defines "existing facilities" and "new facilities."

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[7] *See* Edison Electric Institute, Transmission Projects *At a Glance,* March 2015.
[8] *Id.*
[9] *Id.*
[10] *Id.* PAC and CAISO have determined that the Gateway West project can deliver large amounts of wind to California.

3. **<u>Using the above definitions, the straw proposal would allocate the transmission revenue requirements (TRR) of each sub-region's existing facilities entirely to that sub-region. Please comment on this proposal.</u>**

As described in response to Question 1, the proposal to allocate all existing facility costs entirely to each sub-region requires more factual and analytical support.

4. **<u>If you believe that some portion of the TRR of existing facilities should be allocated in a shared manner across sub-regions, please offer your suggestions for how this should be done. For example, explain what methods or principles you would use to determine how much of the existing facility TRRs, or which specific facilities' costs, should be shared across sub-regions, and how you would determine each sub-region's cost share.</u>**

Please see the concerns raised in the response to Question 1. The issues raised there – such as significant differences between transmission investments in sub-regions – need to be taken into account in any proposal regarding whether or how to allocate costs of existing facilities across sub-regions. The existence of such imbalances suggest that there should be some attempt to develop a methodology to measure benefits across sub-regions, rather than simply allocating costs of existing facilities to each sub-region with no further inquiry. Additionally, development of a robust regional benefits test, as described in the response to Questions 6 and 10 below, should also inform the approach to development of a sub-regional benefits test.

5. **<u>The straw proposal would limit "regional" cost allocation – i.e., to multiple sub-regions of the expanded BAA – to "new regional facilities," defined as facilities that are planned and approved under a new integrated transmission planning process for the entire expanded BAA and meet at least one of three threshold criteria: (a) rating > 300 kV, or (b) increases interchange capacity between sub-regions, or (c) increases intertie capacity between the expanded BAA and an adjacent BAA. Please comment on these criteria for considering regional allocation of the cost of a new facility. Please suggest alternative criteria or approaches that would be preferable to this approach.</u>**

At this time, CPUC Staff do not object to the Straw Proposal's criteria for what qualifies as "new regional facilities" for cost allocation consideration.

6. **<u>For a new regional facility that meets the above criteria, the straw proposal would then determine each sub-region's benefits from the facility and allocate cost shares to align with each sub-region's relative benefits. Without getting into specific methodologies for determining benefits (see Section 2 below), please comment on the proposal to base the cost allocation on calculated benefit shares for each new regional facility, in contrast to, for example, using a postage stamp or simple load-ratio share approach as used by some of the other ISOs.</u>**

As a general rule, CPUC Staff agrees with the concept that cost allocation should be based on *calculated* benefits. In other words, CPUC Staff agrees with the concept of developing a benefits test that would quantify benefits received from a facility. That said, until parties have an opportunity to fully consider what a benefits test would look like and how it would operate, it is premature for CPUC Staff to comprehensively comment. CPUC Staff looks forward to commenting on this issue upon the release of the Final TAC Proposal where this issue is fully developed on the record.

7. **<u>The straw proposal says that when a subsequent new PTO joins the expanded BAA, it may be allocated shares of the costs of any new regional facilities that were previously approved in the integrated TPP that was established when the first new PTO joined. Please comment on this provision of the proposal.</u>**

As a general rule, CPUC Staff do not object to this proposal. However, CPUC Staff is concerned with the Straw Proposal's suggestion that every new PTO will comprise its own sub-region, which is in contrast to the CAISO Staff's representations during workshops that new PTOs may join existing sub-regions where appropriate. See the response to Question 9 below for additional information regarding CPUC Staff concerns regarding the importance of limiting exceptions to tariff rules.

8. **<u>The straw proposal says that sub-regional benefit shares – and hence cost shares – for the new regional facilities would be re-calculated annually to reflect changes in benefits that could result from changes to the transmission network topology or the membership of the expanded BAA. Please comment on this provision of the proposal.</u>**

Until a robust benefits test is developed, it is premature to consider whether, or how often, the benefits test should be re-calculated. One concern is that if sub-regional benefit shares are re-calculated annually, there is a high risk that settled issues would be re-litigated and remain unsettled, indefinitely or subject to constant contest and litigation.

9. **<u>Please offer any other comments or suggestions on the design and the specific provisions of the straw proposal (other than the benefits assessment methodologies).</u>**

Any TAC Proposal Should Include Fundamental Consumer Protections To Restrain TAC Costs

To ensure the benefits of CAISO regionalization for all ratepayers, consumer protection rules must be established through a deliberative stakeholder initiative process. CPUC Staff recommends that CAISO open a consumer protections initiative to develop customer protection rules with stakeholders.

In addition to the issues identified below, the consumer protection initiative should specifically address issues regarding the future cost allocation under an expanded CAISO of any unbuilt projects that have received (or intend to seek) abandoned plant incentives from FERC.[11]

a. All Regional Projects – Including Gateway – Should Be Subject To Competitive Solicitation

The TAC Straw Proposal contemplates that all regional projects eligible for regional cost allocation would be open for competitive solicitation.[12] However, it then explains that this

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[11] CPUC Staff recently became aware that PAC has FERC-authorization to receive two significant incentives for the Gateway projects: a 200 basis point return on equity incentive and a guarantee for recovery of all prudent abandoned plant expenditures. *See*, *PacifiCorp*, 125 FERC ¶ 61,076 (October 21, 2008), FERC Docket No. EL08-75-000. If Gateway is subject to a competitive solicitation and loses that competition, it is only fair to understand upfront which ratepayers will be subject to those abandonment costs.

[12] CAISO TAC Straw Proposal, p. 15.

competitive solicitation requirement would be "subject to any exception that may be accepted by FERC."[13]

During the March 1, 2016 Stakeholder Meeting to discuss the TAC Straw Proposal the CAISO explained that it was in negotiations with PAC regarding a "transition agreement" that would be submitted to FERC, and that the CAISO was contemplating an "exception" for certain PAC projects from the "general rule" that all new regional projects seeking regional cost allocation should be competitively bid.

CPUC Staff does not support that such "exception" apply to the "general rule."

CPUC Staff are aware of at least three other proposed transmission projects – TransWest Express, Zephyr, and SWIP North – that could compete with PAC's Gateway West Project to deliver energy from Wyoming wind projects to meet California's Renewables Portfolio Standard (RPS) goals.[14] CPUC opposes CAISO's suggestion that it might foreclose this competition by supporting PAC's request for an exemption for such a critical, and potentially expensive, project.

b. All Project Cost Estimates Should Be Regularly Updated And Expressly Identify And Include The Costs Of Any FERC Transmission Investment Incentives

The estimated cost of a transmission project is often a meaningful input into whether the project will be approved, for example, in cost/benefit analyses. The accuracy of an estimate is especially significant where a project is subject to a competitive solicitation. However, it appears that basic cost components, such as the cost to ratepayers of various FERC transmission investment incentives, are not identified, and often not included, in cost estimates considered by the CAISO for a wide variety of analytical purposes. Further, there does not appear to be any requirement for cost estimates to be updated.

CPUC Staff recommends that going forward, all CAISO analyses that rely upon estimated project costs expressly identify and include in the cost estimate all FERC incentives (such as those described in FERC Order 679)[15] that the PTO intends to seek from FERC, or that have already been authorized. Further, project cost estimates should be required to be updated with each TPP cycle.

c. Currently Undefined "Deviations" From the Proposed Process for New Sub-regions Should Be Explicitly Defined or Else Clearly Bounded, and Prospective PTOs Should Have Reasonable Insight into Cost Exposure For "Existing" Regional ISO-approved Transmission

The TAC Straw Proposal provides that each new participating transmission owner (PTO) who joins the expanded ISO will be considered a new sub-region responsible only for the costs of its own existing facilities at the time it joins.

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[13] CAISO TAC Straw Proposal, p. 15.

[14] These projects were featured in the Western Electric Coordinating Council's latest Transmission Expansion Planning Policy Committee (TEPPC) 2024 and 2026 Common Cases. See 2024 PC1 Common Case Report, available at: https://www.wecc.biz/Administrative/150805_2024%20CCV1.5_StudyReport_draft.pdf

[15] Order 679, 116 FERC ¶ 61,057 (2006) ("Order No. 679"), *order on reh'g*, Order No. 679-A, 117 FERC ¶ 61,345 (2006)("Order No. 679-A").

During the March 1, 2016 Stakeholder Meeting to discuss the TAC Straw Proposal CAISO representatives explained that this rule would not apply in every instance and that the CAISO would address deviations from the rule in "transitional" agreements filed with FERC, where appropriate based on geography and network configuration.

CPUC Staff is concerned that given the possibility of the CAISO's general rule representing the exception, rather than the rule, the CAISO should consider a more defined rule to determine whether a new PTO will be required to join an existing sub-region, or be permitted to form its own sub-region. The disparate treatment, which could have significant impacts on TAC allocation, seems ripe for abuse, resulting in disparate impacts among PTOs.

If deviations from a proposed process are explicitly expected for the outset, but without providing details or limits regarding those deviations, then we cannot see how anyone can have either an informed opinion regarding the process or confidence in being protected from undesirable and unpredictable consequences down the road. Rather, the CAISO should propose a process that:

1. Explicitly and specifically defines what process variations can occur under what conditions, so that this becomes part of the process (as defined variations) rather than remaining as undefined outside-the-process deviations.

2. If this leaves any remaining desirable "potential deviations" that for whatever reason cannot be adequately defined ex ante within the process, then the CAISO should narrow and clarify what specific parts of the process may be subject to deviations, even if the deviations cannot be specified.

3. Where Condition 2 above applies, the process should include defined "safe harbor" terms (bounds on potential deviations) that will be preserved, so that prospective future PTOs and stakeholders generally can depend on them and, thus, adequately assess their costs and risks.

4. Deviations not fully conforming to concepts 1 through 3 above might be allowed if entities directly subjected to the deviations all agree to those deviations, and furthermore it can be reasonably shown that no other participants in the expanded CAISO would incur significant increases in costs or risks. For example, two new PTOs might wish to jointly become a single new sub-region rather than becoming two separate sub-regions, and if these two PTOs reach mutual agreement and there is no consequent cost or risk burden for other RISO members, then this would be allowed.

Section 2: Benefits Assessment Methodologies

10. The straw proposal would apply different benefits assessment methods to the three main categories of transmission projects: reliability, economic, and public policy. Please comment on this provision of the proposal.

Benefits exist regardless of the "purpose" of a transmission project, i.e. economic, reliability, or policy. Consequently, it is not clear that there should be a "purpose-specific" methodology for determining the benefits of a project. Among other things, it is well understood that the use of a line can change over time, thus suggesting that a purpose-specific methodology provides too limited a view. Every line, regardless of its purpose, should be justified based on a wide range of benefits that take into account not only the economic benefits traditionally measured through production cost modelling, but also the benefits generated by a project – including jobs generated by the siting of facilities (both generation and transmission) in a sub-region – and the project's contribution to meeting environmental compliance obligations and goals.[16]

11. **The straw proposal would use the benefits calculation to allocate 100 percent of the cost of each new regional facility, rather than allocating a share of the cost using a simpler postage stamp or load-ratio share basis as some of the other ISOs do. Please comment on this provision of the proposal.**

Similar to the response to Question 6, above, until a benefits methodology is developed, it is premature to determine whether a methodology that quantifies benefits, or a postage stamp rate, or some other methodology or combination of methodologies, is appropriate for determining the cost allocation of new regional facilities.

12. **Please comment on the DFAX method for determining benefit shares. In particular, indicate whether you think it is appropriate for reliability projects or for other types of projects. Also indicate whether the methodology described at the March 9 meeting is good as is or should be modified, and if the latter, how you would want to modify it.**

Any Benefits Test To Allocate The Costs Of Regional Projects Should Be The Same For All Lines, Regardless Of Purpose, And Incorporate A Comprehensive Range Of Benefits, Including Environmental and Economic Benefits

The TAC Straw Proposal suggests that all new facilities – those planned and approved through a new TPP process initiated with the new expanded CAISO – would be *eligible* for regional cost allocation (i.e. shared by multiple sub-regions) provided that the project is over 300 kV *or* interconnects two or more sub-regions (or upgrades an existing interconnection), *or* creates or upgrades an intertie with a BAA adjacent to the expanded CAISO BAA. A project meeting any one of these criteria would be eligible for consideration for regional cost recovery, which would be determined "based on the benefits that [a] sub-region receives from the facility,"[17] referred to here as a "Benefits Test." The TAC Straw Proposal does not endorse any specific Benefits Test, but does propose three different methodologies for consideration, including: (1) a power-flow approach similar to PJM's DFAX method for reliability projects; (2) an economic production cost approach such as the CAISO's current "TEAM" for economic projects; and (3) a separate, undefined, approach for public policy projects.

As set forth in the response to Question 10 above, CPUC Staff endorses a robust benefits test that would apply equally to all projects, regardless of its purpose. Such a benefits test would take into account not only the economic benefits traditionally measured through production cost modelling – such as the CAISO's TEAM methodology - but also the benefits generated by a project – including jobs generated by the siting of facilities (both generation and transmission) in

[16] This list is intended to be illustrative and not necessarily comprehensive.
[17] CAISO TAC Straw Proposal, p. 15.

a sub-region – and the project's contribution to meeting environmental compliance obligations and goals.

Such a methodology could build upon both CAISO's TEAM methodology, as well as the DFAX and other methodologies available to quantify benefits of a project, including methodologies available to quantify carbon benefits as well.

CPUC Staff suggests that the CAISO form a working group of parties with expertise in these matters to meet further and develop a benefits test as described herein.

13. **Please comment on the use of an economic production cost approach such as TEAM for determining benefit shares. In particular, indicate whether you think it is appropriate for economic projects or for other types of projects. Also indicate whether the methodology described at the March 9 meeting is good as is or should be modified, and if the latter, how you would want to modify it.**

See Response to Question 12, above. Any cost allocation based on quantified benefits must incorporate a comprehensive range of benefits, including environmental (i.e., environmental regulatory compliance, siting and permitting) and economic benefits.

14. **At the March 9 meeting some parties noted that the ISO's TEAM approach allows for the inclusion of "other" benefits that might not be revealed through a production cost study. Please comment on whether some other benefits should be incorporated into the TEAM for purposes of this TAC Options initiative, and if so, please indicate the specific benefits that should be incorporated and how these benefits might be measured.**

See Response to Question 12, above. Any cost allocation based on quantified benefits must incorporate a comprehensive range of benefits, including environmental (i.e., environmental regulatory compliance, siting and permitting) and economic benefits.

15. **Regarding public policy projects, the straw proposal stated that the ISO does not support an approach that would allocate 100 percent of a project's costs to the state whose policy was the initial driver of the need for the project. Please indicate whether you agree with this statement. If you do agree, please comment on how costs of public policy projects should be allocated; for example, comment on which benefits should be included in the assessment and how these benefits might be measured.**

As set forth in response to Questions 10 and 12, CPUC Staff support having a single benefits methodology that applies the same to all projects, regardless of their purpose. CPUC Staff agree with the Straw Proposal recommendation not to allocate 100 percent of a project's costs to the state whose policy was the initial driver of the need for the project. CPUC Staff reiterates its prior points, stated above: every line, regardless of its purpose, should be justified based on a wide range of benefits that take into account not only the economic benefits traditionally measured through production cost modelling, but also the benefits generated by a project – including jobs generated by the siting of facilities (both generation and transmission) in a sub-region – and the project's contribution to meeting environmental compliance obligations and goals. Indeed, it is clear that the regional participants, such as PAC, stand to realize significant benefits from regionalization when Federal carbon reduction goals and requirements are imposed.[18]

16. <u>At the March 9 and previous meetings some parties suggested that a single methodology such as TEAM, possibly enhanced by incorporating other benefits, should be applied for assessing benefits of all types of new regional facilities. Please indicate whether you support such an approach.</u>

See Response to Question 12, above. Any cost allocation based on quantified benefits must incorporate a comprehensive range of benefits, including environmental (i.e., environmental regulatory compliance, siting and permitting) and economic benefits.

17. <u>Please offer comments on the BAMx proposal for cost allocation for public policy projects, which was presented at the March 9 meeting. For reference the presentation is posted at the link on page 1 of this template.</u>

CPUC Staff has no comment on the BAMx proposal at this time.

18. <u>Please offer any other comments or suggestions regarding methodologies for assessing the sub-regional benefits of a transmission facility.</u>

CPUC staff has no further comments or suggestions at this time.

[18] States will have to comply with the requirements under the Environmental Protection Agency's Clean Air Act section 111(d) requirements.