

## Stakeholder Comments Template

### Review Transmission Access Charge Wholesale Billing Determinant

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Submitted by	Company	Date Submitted
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1. At this point in the initiative, do you tend to favor or oppose Clean Coalition's proposal? Please provide the reasons for your position.

The Center for Sustainable Energy<sup>®</sup> (CSE) favors the Clean Coalition's proposal to shift the TAC billing determinant to the transmission energy down-flow (TED) so that energy only incurs TAC when it is delivered through the CAISO transmission system.

CSE strongly supports improved recognition of the value of distributed energy resources for reducing usage of the transmission system, currently and over the long term. Communities across California have enacted local climate action plans that include distributed generation and other distributed energy resources. Especially when paired with local energy storage and managed electric vehicle charging, distributed generation can help communities reduce usage of the transmission system. We are excited by this opportunity to unlock these avoided costs, a key step to empowering communities to contribute to meeting the state's climate and energy goals in ways that provide significant societal benefits.

The Clean Coalition's proposed approach to the application of TAC would allow local renewable resources to compete on a level playing field. Utilities evaluate bids through the Least Cost Best Fit (LCBF) analysis, where a project is evaluated by the cost to produce the electricity (the generation cost) in addition to the cost of any specific system losses or upgrades required to get that electricity to consumers. However, the substantial transmission access charges are not considered because these are assessed by CAISO regardless of whether the energy is delivered through the transmission system. This issue will also affect the next wave of pricing and programs designed to harmonize utility customer benefits and grid value of distributed resources. The TAC issue was raised in a recent California Public Utilities Commission proceeding addressing the future of net energy metering.

For these reasons, CSE supports the Clean Coalition's TAC proposal.

2. Clean Coalition states that TED is better aligned with the “usage pays” principle than EUML is, because load offset by DG does not use the transmission system. Do you agree? Please explain your reasoning.

CSE agrees that usage of the transmission system is reduced to the degree that load is served by DG, i.e. it is not used to deliver that energy to load.

3. Clean Coalition states that using TED will be more consistent with the “least cost best fit” principle for supply procurement decisions, because eliminating the TAC for load served by DG will more accurately reflect the relative value of DG compared to transmission-connected generation. Do you agree? Please explain your reasoning.

CSE agrees that eliminating the TAC for local load served by DG will more accurately reflect the full cost of procurement and the relative value of DG. The current practice allows comparison of the purchase price of the energy, but not the cost of delivery. Correcting this distortion is necessary to support DG investment as a cost-effective alternative to transmission-dependent generation.

4. Clean Coalition states that changing the TAC billing determinant to use TED rather than EUML will stimulate greater adoption of DG, which will in turn reduce the need for new transmission capacity and thereby reduce TAC rates or at least minimize any increases in future TAC rates. Do you agree? Please explain your reasoning.

CSE agrees that removing the transmission access charge for energy that does not access the transmission system will make local energy more competitive and result in greater adoption of DG. Over time, this will reduce the need for additional transmission capacity and increases in TAC rates.

5. In the issue paper and in the stakeholder conference call, the ISO pointed out that the need for new transmission capacity is often driven by peak load MW rather than the total MWh volume of load. This would suggest that load offset by DG should get relief from TAC based on how much the DG production reduces peak load, rather than based on the total volume of DG production. Please comment on this consideration.

No comment.

6. Related to the previous question, do you think the ISO should consider revising the TAC billing determinant to utilize a peak load measure in addition to or instead of a purely volumetric measure? Please explain your reasoning.

No comment.

7. Do you think adopting the TED billing determinant will cause a shift of transmission costs between different groups of ratepayers? If so, which groups will pay less and which will pay more? Please explain your reasoning, and provide a numerical example if possible.

No comment.

8. Do you think a third alternative should be considered, instead of either retaining the status quo or adopting the TED billing determinant? If so, please explain your preferred option and why it would be preferable.

We do not have an alternative proposal.

9. Do you think that ISO adoption of TED by itself will be sufficient to accomplish the Clean Coalition's stated objectives (e.g., incentives to develop more DG)? Or will some corresponding action by the CPUC also be required? Please explain.

No comment.

10. What objectives should be prioritized in considering possible changes to the TAC billing determinant?

The TAC billing system should be aligned with the Usage Pays principle and reflect actual use of the transmission system.

11. What principles should be applied in evaluating possible changes to the TAC billing determinant?

No comment.

12. Please add any additional comments you'd like to offer on this initiative.

No comment.