



Decision on proposed transmission access charge area

Deb Le Vine

Director, Infrastructure Contracts & Management

ISO Board of Governors

General Session

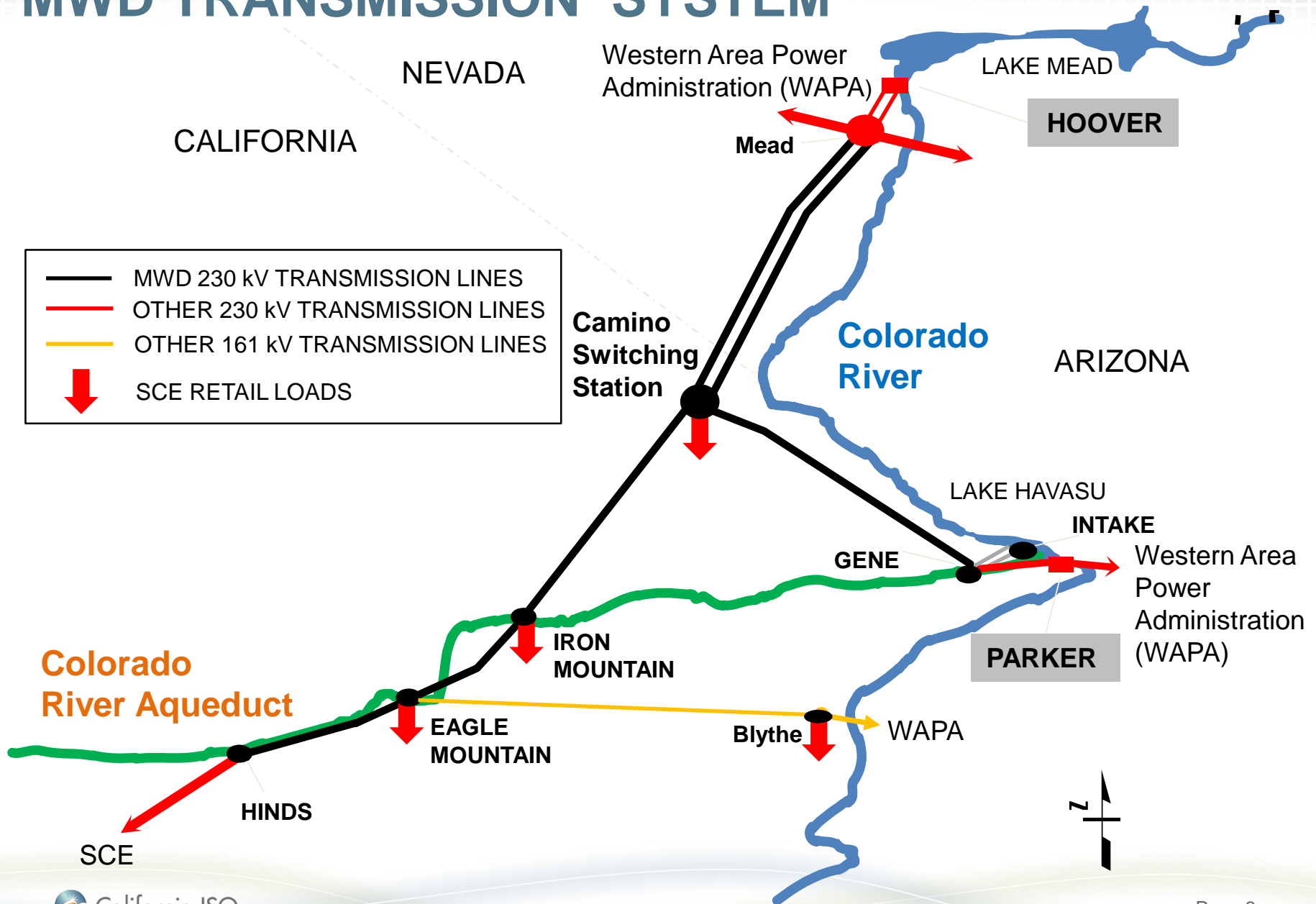
May 1 - 2, 2017



Issue is allocation of local resource adequacy

- The Metropolitan Water District of Southern California's (MWD) Service and Interchange agreement with SCE terminates September 30, 2017
- MWD is uniquely situated and does not use SCE's transmission system to serve its load
- Under the SCE agreement MWD's resource adequacy was covered by SCE
- Termination of the SCE agreement necessitates that the ISO and MWD address resource adequacy requirements
- Creating a new TAC area for MWD to allocate local resource adequacy is consistent with cost causation

MWD TRANSMISSION SYSTEM



Creation of TAC areas generally

- Appendix F, Schedule 3, Section 3.7 of ISO tariff allows the Board to create TAC areas
 - Original intent of TAC areas was the allocation of the transmission access charge
 - Once the transmission access charge was fully integrated, the term should have been retired in 2011
- When resource adequacy was created, TAC area was used as the basis for allocation of local resource adequacy costs because of the symbiotic relationship for transmission services between IOUs and other utilities
 - MWD does not have this relationship with SCE for the Colorado River Aqueduct

Management recommends the Board create a separate TAC area for MWD for the purpose of resource adequacy requirements.

- **Benefits of MWD staying in the ISO BA**
 - The market may continue to use the excess transmission capacity on MWD's system at Mead and Parker
 - Using their own transmission system MWD will meet all the resource adequacy requirements with resources delivered to their own system
- **Impacts of new TAC Area**
 - De minimus increase in local resource adequacy requirement for the remaining 32 load serving entities in the SCE TAC Area
- **No stakeholder opposition to the proposed change**