

Gridliance West Transco Comments on CAISO Generator Interconnection Driven Network Upgrade Cost Recovery Proposal

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Gridliance West Transco (“GridLiance”) is an independent transmission company focused on working with municipal utilities, joint action agencies, and electric cooperatives to solve transmission problems. At the December 2016 CAISO Board meeting, the Board approved GridLiance as its newest Participating Transmission Owner (PTO). Valley Electric Association, Inc. (“VEA”) and GridLiance have entered into an agreement to transfer ownership of VEA’s high-voltage transmission assets to GridLiance in early 2017.

GridLiance appreciates the opportunity to provide comments on the CAISO’s second revised straw proposal for the [Generation Interconnection Driven Network Cost Recovery Proposal, dated November 21, 2016](#) (“Revised Proposal”). The initiative is an important one that will help to counteract unintended consequences of allocating costs to a small entity like VEA. Those disproportionate costs are as a result of a significant level of renewable generation interconnecting to VEA’s low-voltage (“LV”) system yet primarily servicing the renewable and energy needs of other CAISO Load Serving Entities (“LSE”).

As the CAISO identifies in its Proposal, the current policy was reasonable under the original CAISO design when there were primarily large LSEs who sited generating resources within their own service area. However, this policy was never designed to account for situations like VEA’s. The proposal reflects that VEA’s service area offers a beneficial location for generation siting – in particular renewable siting. Yet VEA’s load is less than 1% of the total CAISO load. These factors, without correction, would result in unmanageable and unreasonable costs being allocated to VEA’s customers.

The CAISO Proposal will remedy this situation by allowing VEA (and other such future small PTOs for which the Board so approves) to include these generation interconnection costs in their HV TAC (Option A), or by establishing some tariff criteria to provide for such treatment for PTOs that meet a pre-established criteria (Option B). GridLiance does not have a position on the desirability of Option A or Option B other than to note that a mechanism that provides for Board approval for similar treatment of future small PTOs may provide a more efficient mechanism and one that reduces the burden on the CAISO staff at this time relative to codifying a fixed set of criteria believed to be appropriate for all circumstances going forward.

GridLiance does believe that it is imperative that this issue get resolved quickly. We understand that there are generators in queue positions waiting to interconnect to VEA's system. It is likely that other LSEs are relying on the renewable generation from these queued generators. Holding up siting and cost recovery for such facilities awaiting resolution is detrimental for the generation developer, the purchasing LSE, and for VEA awaiting the ability to interconnect the resources. As such GridLiance appreciates the CAISO staffs' efforts toward a prompt resolution of this issue.