

Stakeholder Comments Template

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**.

Imperial Irrigation District (IID) Prefatory Comments: IID’s comments address Section 1, Straw Proposal, Question 9, and Section 2, Benefits Assessment Methodologies, Question 18. To the extent IID’s submittal does not address any of the questions in CAISO’s template, CAISO should not infer IID’s agreement with CAISO’s Straw Proposal or Benefits Assessment Methodologies. At such time as IID possesses sufficient information to make an informed judgment as to the issues presented, IID will provide additional positions.

Section 1: Straw Proposal

1. 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.
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.
3. 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.
4. 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.

5. 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.

6. 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.

7. 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.

8. 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.

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

Imperial Irrigation District (IID) is pleased to submit its preliminary comments on CAISO’s Regional Transmission Access Charge (Regional TAC) February 10, 2016

Straw Proposal. The significance of the Straw Proposal and Benefits Assessment, including as discussed during the March 9, 2016 stakeholder working group meeting, causes IID to submit these comments focused on two issues. In summary, IID seeks further analysis of TAC options and the benefit assessment methods, and a transparent process for consideration of potential changes to the existing Transmission Access Charge. The stakes are too high and the potential for market disruption and harm to customers is too great to allow a proposal to be submitted for approval prior to the completion of a thorough and well-vetted study and analysis of the options and supporting analyses for a Regional TAC.

Policy considerations, including avoiding unjustified cost shifts and a defensible assessment of the distribution of benefits, require careful and thorough consideration. The potential use of voltage level for differentiated treatment also requires thorough consideration and public discussion. In addition, the terms and justification for any unique or one-off treatment for a new Participating Transmission Owner should be posted and the justification fully explained, supported and made available for stakeholder comment prior to CAISO's commitment to such terms. Any Regional TAC and benefits methodology considered should be supported with sufficient information as well as a schedule that permits stakeholders adequate opportunity to understand and comment on the propriety of the various analytical tools to be used and the expected cost implications of any new approach for cost allocation of regional facilities. A thorough understanding of the Straw Proposal and Benefits Assessment requires full disclosure of study assumptions and parameters. CAISO has acknowledged the importance of such disclosure in the context of SB350 implementation. Similar disclosure with respect to the Regional TAC model and Benefits Assessment is no less vital to ensuring that stakeholders are able to reach informed judgments and provide effective comment regarding the efficacy of the model and assessment.

To formulate a reasoned position, stakeholders require CAISO's disclosure of the underlying assumptions and data for supporting studies and analyses and an effective opportunity to evaluate and comment on those analyses.

In summary, the importance of the Regional TAC requires nothing less than a thorough, comprehensive and transparent evaluation of viable options, models and assessments, including the impact on markets as well as transmission and energy customers and suppliers.

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.

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.

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.

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.

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.

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.

16. 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.

17. 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.

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

[See response to Question 9, above.](#)