

Stakeholder Comments Template

Transmission Access Charge Options Issue Paper

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the issue paper for the Transmission Access Charge Options initiative that was posted on October 23, 2015. The issue paper 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 **November 20, 2015**.

1. One theme emphasized in the issue paper and in FERC orders is the importance of aligning transmission cost allocation with the distribution of benefits. Please offer your suggestions for how best to achieve good cost-benefit alignment and explain the reasoning for your suggestions.

The Modesto Irrigation District (“MID”) thanks the CAISO for the opportunity to comment on the potential options for structure and design of the Transmission Access Charge (“TAC”) applied to a regional electricity market that would extend significantly beyond the CAISO’s current footprint. MID believes that stakeholders should coalesce around core principles in addressing potential extension or redesign of TAC. At or near the top of those principles should be cost containment. The price of transmission and the TAC have become an increasingly significant part of MID’s electricity costs. The CAISO, of course, understands its data concerning TAC levels, but by way of illustration, MID notes that this increase is reflected in the Weighted Average High Voltage Wheeling Rates for “Multi-Participating Transmission Owner-Owned” Scheduling Points, which were, as of August 1, 2015, priced at \$9.7828/MWh.¹ The same rate effective March 1 – May 31, 2010 was \$4.8176/MWh.²

¹ See CAISO website at:

http://www.caiso.com/Documents/WheelingAccessRatesEffectiveAug1_2015_UpdatedAug10_2

MID notes that there appears to be a difference in the TAC numbers presented as the ISO Separate Rate on page 15 of the Issue Paper and the Forecast TAC Rates from the 2014-2015 TAC Model presented on May 18, 2015.³ The TAC numbers on Issue Paper page 15 appear roughly four percent lower than those noted in the 2014-2015 TAC Model⁴. In addition, the TAC \$8.93/MWh figure for 2015 in the Issue Paper (page 15) is lower than the \$9.7828/MWh current High Voltage charge reflected in the documents cited in footnote 1 above. MID asks the ISO to explain the difference between these figures.

When reviewing the range of TAC options, the CAISO should weigh the alternatives in light of which options create the least incentives for Participating Transmission Owners (“PTOs”) to roll in excessive transmission costs into the TAC, to the extent that TAC structures can create such incentives. For example, to the extent that a particular TAC structure promotes the proposal of new transmission that has less need on an economic, reliability or policy basis, but may be more profitable to a developer through the collection of a generous rate or through the collection of incentives or high Return on Equity (“ROE”), the CAISO should tend to distance itself from such structure.

As to weighing of benefits, MID encourages the ISO to weigh benefits that are quantifiable and tangible and be skeptical of valuations of benefits based on qualitative analysis or that apply forecasts based on overly optimistic assumptions. The risk is the inflation of benefits for a particular project or for a group of stakeholders that may cause misallocation or overallocation of costs to groups of stakeholders.

MID asks whether the ISO intends that the principles derived from the present stakeholder process would apply for other entities that may become PTOs in the future. For example, were large California-located entities or entities in the Pacific Northwest to become PTOs, would the ISO apply an integration process identical to the integration process that is derived from this process for PacifiCorp, or would regions be treated differently?

The question of calculation of benefits underscores the need for stakeholders to be able to work from a common set of data and assumptions. In addition, the idea of the CAISO providing interested stakeholders with a spreadsheet or other data worksheet that can be manipulated by the user and test different assumptions is one that MID supports.

[015.pdf](#) (as Revised); *see also*

https://www.caiso.com/Documents/HighVoltageAccessChargeRatesEffective1Aug_2015_Updated10Aug_2015.pdf

² See CAISO website at:

http://www.caiso.com/Documents/RevisedWheelingAccessRatesEffectiveMar1_2010_RevisedFeb14_2011.pdf (as Revised).

³ See <http://www.caiso.com/Documents/2014-2015TransmissionAccessChargeModel.xlsx> (“TAC Model”).

⁴ See line 18 on Summary tab.

2. Please comment on the factors the ISO has identified in section 5 of the issue paper as considerations for possible changes to the high-voltage TAC structure. Which factors do you consider most important and why? Identify any other factors you think should be considered and explain why.

MID has no comments on this issue at this time, but reserves the right to comment on this issue at a later date.

3. The examples in section 7 illustrate the idea of using a simple voltage-level criterion for deciding which facilities would be paid for by which sub-regions of the combined BAA. Please comment on the merits of the voltage-based approach and explain the reasoning for your comments.

MID has no comments on this issue at this time, but reserves the right to comment on this issue at a later date.

4. Please comment on the merits of using the type of transmission facility – reliability, economic, or public policy – as a criterion for cost allocation, and explain the reasoning for your comments.

MID has no comments on this issue at this time, but reserves the right to comment on this issue at a later date.

5. Please comment on the merits of using the in-service date as a criterion for cost allocation; e.g., whether and how cost allocation should differ for transmission facilities that are in service at the time a new PTO joins versus transmission facilities that are energized after a new PTO joins.

MID has no comments on this issue at this time, but reserves the right to comment on this issue at a later date.

6. Please comment on using the planning process as a criterion for cost allocation; i.e., whether and how cost allocation should differ for transmission facilities that are approved

under a comprehensive planning process that includes the existing ISO PTOs as well as a new PTO, versus transmission facilities that were approved under separate planning processes.

MID has no comments on this issue at this time, but reserves the right to comment on this issue at a later date.

7. The examples in section 7 illustrate the idea of using two “sub-regional” TAC rates that apply, respectively, to the existing ISO BAA and to a new PTO’s service territory. Please comment on the merits of this approach and explain the reasoning for your comments.

MID has no comments on this issue at this time, but reserves the right to comment on this issue at a later date.

8. Please offer any other comments or suggestions on this initiative.

On this and all of the above issues, MID reserves the right to alter its positions or further comment at a later date. MID looks forward to the continuing conversation on these matters.