Generator Interconnection Driven Network Upgrade Cost Recovery Initiative Second Revised Straw Proposal

Submitted by	Company	Date Submitted
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Under the Second Revised Straw Proposal, the proposed treatment of low voltage (“LV”) interconnection network upgrade (“NU”) costs only for an existing PTO, Valley Electric Association (“VEA”) and similarly small participating transmission owner’s (“PTO’s”) service territories, would constitute special and preferential treatment. The proposal results in discriminatory treatment of other PTOs and their customers. The CAISO’s justifications for this special treatment are inadequate in light of the practical reality of current resource procurement practices to meet state-mandated renewable portfolio standards.

1. <u>Do you support a more narrowed focused approach, like or similar to Options A & B versus the original straw proposal's Option 1?</u>

PG&E continues to support an inclusive and non-discriminatory version of Option 1—which would address VEA’s cost concerns, treat all PTO customers fairly and equally, and recognize the system-wide benefits of renewable resources that contribute to meeting policy goals—by having all PTOs recover LV interconnection NU costs through their HV TRR. PG&E does not support discriminatory cost recovery treatment of LV interconnection NU costs based on the criteria CAISO now has offered nor does PG&E support the narrow options in CAISO’s second revised straw proposal.

Moreover, the proposed special treatment of VEA, and other small PTOs, is unnecessary because of the benefit VEA and its customers already receive as a result of VEA’s participation in the CAISO.[1]

VEA Costs (in millions)	Pre-CAISO membership TRR (without TRBAA)	Current-CAISO Rules TAC Payment	Proposed GILVNUCR TAC Payment
High Voltage	$10.9	$6.1	$6.1[2]
Low Voltage	$3.4[3]	$7.4[4]	$3.4
Total VEA Customer Costs	$14.2	$13.5	$9.5

[1] VEA’s customers will continue to receive this benefit even after the transfer to GridLiance of VEA’s HV transmission assets.
[2] VEA’s customers’ portion of the $4 million LV upgrade costs are $10,400 based on their load ratio share.
[3] Assumes VEA would not be required to make NUs at the expense of its customers but would have passed the costs onto the generators (because they are not FERC jurisdictional).
[4] VEA’s current LV TRR is $3.4 million. Assumes an additional $4 million LV TRR for interconnecting proposed renewable generation.

2. Do you have a preference between Options A or B? Why?

PG&E does not support Option A nor B. These alternatives would discriminatorily favor the customers of an individual PTO while remaining customers receive no commensurate benefit.

3. Should the PTO also include in their LV TAC rates costs associated with generation connecting with their LV system where this generation is contracting to non-PTO entities? Please provide any recommendation you may have on the handling of low-voltage network upgrade costs related to a project built to serve an entity outside the ISO.

PG&E declines to comment on this topic.

4. Other comments

PG&E has no futher comments at this time.