

Generator Interconnection Driven Network Upgrade Cost Recovery Initiative Draft Final Proposal

Submitted by	Company	Date Submitted
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PG&E appreciates the work CAISO staff has done to seek stakeholder consensus and a reasoned solution to the problems identified at the outset of this initiative.

To obtain the special TAC rate treatment contemplated by the CAISO’s draft final proposal, a small PTO would need to satisfy three criteria. First, a PTO’s filed annual gross load must not exceed 2,000,000 MWh. Second, a PTO would need to be in a “resource rich area.” Third, a PTO must not be subject to a Renewable Portfolio Standard (or similar renewable resource procurement requirement). A PTO that meets these three criteria may obtain the treatment in this proposal. A PTO that had previously qualified for and obtained this treatment would be required to recertify its qualification annually. If a PTO that had qualified for and obtained this treatment later failed to meet any one or more of the criteria, then that PTO would be unable to continue to obtain the special TAC rate treatment and would instead revert to the normal low-voltage transmission revenue requirement TAC rate treatment for cost recovery.

First, PG&E supports a narrowly tailored solution to the problem facing VEA. Setting an upper limit of 2,000,000 MWh for a PTO’s annual gross load is reasonable, though PG&E notes that providing 300% headroom for VEA’s growth seems unnecessarily generous for a solution originally meant to provide targeted relief from potential rate shock.

Second, PG&E appreciates that CAISO’s proposal has been motivated by the goal of facilitating cost-effective interconnection of renewable resources. PG&E also understands the CAISO’s desire to make the proposal sufficiently flexible so as to accommodate a range of renewable resources in small PTO service territories. However, as currently stated, PG&E is concerned that the non-specific phrase, “resource rich area,” does not sufficiently exclude non-renewable resource types from the special TAC treatment sought in this initiative. PG&E believes that the renewable quality of a “resource rich area” should be incorporated into the final tariff language so there is no ambiguity that may later be used to justify interconnecting GHG-emitting resources under this policy.

Third, PG&E recommends clarifying that a PTO’s eligibility for the special TAC treatment is contingent on its not being subject to an RPS—or equivalent—requirement. There is an ambiguity about this criterion in the draft final proposal.

With the clarifying changes suggested above, PG&E finds the draft final proposal acceptable.