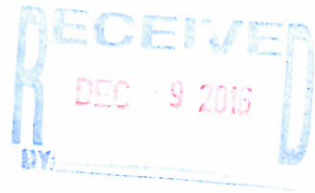


December 6, 2016



CAISO Board of Governors
Stephen Berberich, President & CEO
CC: Stakeholder Representative Tom Cuccia
California Independent System Operator
P.O. Box 639014
Folsom, CA 95630

RE: Reforming Transmission Access Charges (TAC) wholesale billing determinant to fix a market distortion harming local renewable energy

Dear CAISO Board of Governors and Mr. Berberich,

I am concerned about the California Independent System Operator's (CAISO) expansion plans and think you should first take a look at the current TAC wholesale billing determinant and how that unfairly limits local, clean, renewable energy. Fixing this problem will be more difficult in the regionalized ISO, since non-California stakeholders will have little interest to ensure that California's local renewables have accurate pricing signals to compete with remote resources. Accurate pricing signals are critical to an efficient market and these issues need to be resolved before the issue is spread to a regional ISO. Thus, I respectfully request that you urge the CAISO to change the TAC wholesale billing determinant before moving forward with plans to expand and regionalize the CAISO.

Currently, the TAC billing determinant for participating transmission owner (PTO) utilities is every kilowatt-hour delivered at the customer level, even when that energy is not delivered through the transmission system. As a result, the costs of transmission delivery are shifted to energy produced and consumed locally, and PTO cost-effectiveness calculations comparing local generation to centralized generation do not recognize that local generation reduces the need for transmission investments. Failing to account for the avoided transmission cost value of local generation limits our business opportunities and harms ratepayers by discouraging the development of local renewable energy resources; it also deprives communities of benefits associated with local energy development, and drives excess demand for transmission capacity.

Resolving the TAC billing determinant is highly relevant to expanding CAISO to incorporate additional balancing authority areas beyond California. The Clean Coalition's proposal to change the TAC billing determinant to Transmission Energy Downflow measured at the transmission and distribution substations can be extended to the new Super-High Voltage transmission lines connecting new balancing authority areas, providing a simple, objective, market-based method of allocating costs.

I look forward to a prompt resolution of this issue and the positive contribution that it will provide to California. However, until the TAC market distortion harming local renewables has been resolved, we will not support the CAISO's expansion plans.

*Thank you,
Justine Burt, 839 University Ave, Palo Alto CA 94301*