

Stakeholder Comments Template

Review Transmission Access Charge Wholesale Billing Determinant

June 2, 2016 Issue Paper

Submitted by	Company	Date Submitted
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The ISO provides this template for submission of stakeholder comments on the June 2, 2016 issue paper. The issue paper, presentations and other information related to this initiative may be found at:

<http://www.caiso.com/informed/Pages/StakeholderProcesses/ReviewTransmissionAccessChargeWholesaleBillingDeterminant.aspx>

Upon completion of this template please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **June 30, 2016**.

Issue Paper

Currently the ISO assesses transmission access charge (TAC) to each MWh of internal load and exports. Internal load is measured as the sum of end-use metered customer load (EUML) in the service area of each participating transmission owner (PTO) in the ISO balancing authority area. Clean Coalition proposes that the ISO change how it measures internal load for TAC purposes, to measure it based on the hourly energy flow from the transmission system to the distribution system across each transmission-distribution substation; a quantity called “transmission energy downflow” (TED). The main difference between using TED or EUML as billing determinant is that TED excludes load that is offset by distributed generation (DG). Please see the ISO’s June 2 straw proposal for additional details.

The ISO does not yet have a position on the Clean Coalition proposal, and has posted the June 2 issue paper in order to stimulate substantive stakeholder discussion and comments on this topic.

At this point in the initiative, do you tend to favor or oppose Clean Coalition's proposal? Please provide the reasons for your position.

TAC is supposed to reflect the cost of transmission. The current methodology spreads the cost over all electrical generating sources. This is opaque and will not lead to the right choices in technology and costs over time comparing locally generated electricity vs. energy generated further away and requiring transmission. We do need to use transmission as we develop renewable resources in distant places. However, there are times it will be better to generate energy locally. Having a local source have the burden of transmission costs while not using transmission does not make sense.

This logical argument (allocating costs accurately) is part of FERC 1000. The passage that seems most appropriate is:

<http://www.ferc.gov/whats-new/comm-meet/2012/101812/E-1.pdf>

Docket No. RM10-23-002 -53-
Regional Cost Allocation Principle 2: Those that receive no benefit from transmission facilities, either at present or in a likely future scenario, must not be involuntarily allocated any of the costs of those transmission facilities.

Based on correct accounting practices to properly allocate costs and the FERC ruling, SSV supports the proposal from Clean Coalition to allocate TAC only to energy generation that uses transmission.

1. Clean Coalition states that TED is better aligned with the “usage pays” principle than EUML is, because load offset by DG does not use the transmission system. Do you agree? Please explain your reasoning.

The concern is as mentioned before. DG does not use the transmission infrastructure.

2. Clean Coalition states that using TED will be more consistent with the “least cost best fit” principle for supply procurement decisions, because eliminating the TAC for load served by DG will more accurately reflect the relative value of DG compared to transmission-connected generation. Do you agree? Please explain your reasoning.

Costs should be allocated to items based on the costs being part of what is used. What we have now is like having diesel and gas vehicles. We put a tax for getting diesel fuel to us across all vehicles despite the fact gas vehicles do not use diesel. This is not the proper way to allocate costs.

3. Clean Coalition states that changing the TAC billing determinant to use TED rather than EURL will stimulate greater adoption of DG, which will in turn reduce the need for new transmission capacity and thereby reduce TAC rates or at least minimize any increases in future TAC rates. Do you agree? Please explain your reasoning.

I agree with Clean Coalition because we make decisions on transmission based on available capacity. We have two choices to optimize our transmission infrastructure. The first is to generate electricity closer to where it is being used. The second is to optimize our transmission infrastructure with storage. We can properly allocate the cost of storage vs adding more transmission capacity if the costs are allocated to the facilities using them.

4. In the issue paper and in the stakeholder conference call, the ISO pointed out that the need for new transmission capacity is often driven by peak load MW rather than the total MWh volume of load. This would suggest that load offset by DG should get relief from TAC based on how much the DG production reduces peak load, rather than based on the total volume of DG production. Please comment on this consideration.

No comment on this.

5. Related to the previous question, do you think the ISO should consider revising the TAC billing determinant to utilize a peak load measure in addition to or instead of a purely volumetric measure? Please explain your reasoning.

The consideration should be on some combination of the two since there may be ways with DG to minimize the peaks (e.g. storage).

6. Do you think adopting the TED billing determinant will cause a shift of transmission costs between different groups of ratepayers? If so, which groups will pay less and which will pay more? Please explain your reasoning, and provide a numerical example if possible.

The real question will be how those rate payers are tied to specific sources of energy. One example would be offshore wind. The only way we can benefit from off shore wind is via transmission lines. This then becomes a determinant on how to make that resource economical to those who have this as part of their energy mix.

7. Do you think a third alternative should be considered, instead of either retaining the status quo or adopting the TED billing determinant? If so, please explain your preferred option and why it would be preferable.

I do not know of another proposal I would use

8. Do you think that ISO adoption of TED by itself will be sufficient to accomplish the Clean Coalition's stated objectives (e.g., incentives to develop more DG)? Or will some corresponding action by the CPUC also be required? Please explain.

No comment

9. What objectives should be prioritized in considering possible changes to the TAC billing determinant?

There are two major objectives that should be addressed. First is that we properly allocate costs so that the technology and business decisions for choosing the build out of the grid is based on a true cost basis. The second is to facilitate within that framework of true costs the ability to build a fully interconnected grid with safeguards so that load sharing can occur across geographies to balance demand against the availability of renewable resources. This means using demand vs. generation at time of day to address the "duck curve".

10. What principles should be applied in evaluating possible changes to the TAC billing determinant?

See above.

11. Please add any additional comments you'd like to offer on this initiative.

Thanks for the opportunity to comment on this.