

# Stakeholder Comments Template

## Transmission Access Charge Options

### August 11, 2016 Stakeholder Working Group Meeting

Submitted by	Company	Date Submitted
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The ISO provides this template for submission of stakeholder comments on the August 11, 2016 stakeholder working group meeting. Topic 1 of the template is for comments on the default cost allocation provisions for new regional transmission facilities, the topic of the morning session of the working group. Topic 2 is for comments on the region-wide TAC rate for exports, which the presentation referred to as the “export access charge” (EAC) and was the topic of the afternoon session of the working group. The ISO invites stakeholders to offer their suggestions for how to improve upon the ideas discussed in the working group meeting.

The presentation for the August 11 meeting 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](mailto:initiativecomments@caiso.com). Submissions are requested by close of business on **August 25, 2016**.

### Topic 1. Default Cost Allocation Provisions for New Regional Transmission Facilities

#### Context

For purposes the working group discussion the ISO assumed that the current structure of the transmission planning process (TPP) would be retained for the expanded BAA. That is, the TPP would consist of a first phase for specifying and adopting planning assumptions including public policy directives that would drive transmission needs, as well as a study plan. The second phase

would consist of a sequential process for performing planning studies and identifying reliability projects, followed by policy-driven projects, and finally economic projects. With each successive project category, the ISO may identify a project that serves the need of a project identified in a prior category, in which case the project would be labeled by the last category in which it was identified, but its cost allocation would reflect the benefits in all categories.

By design these two TPP phases take 15 months, at the end of which the ISO would present the comprehensive transmission plan for approval to the governing board for the expanded BAA. At the working group meeting the ISO also pointed out that while the concept of a “body of state regulators” or “Western States Committee” is still under discussion in the context of governance for the expanded BAA, no details have been developed or proposed regarding this entity’s role with regard to transmission planning and cost allocation. Moreover, once the default provisions being discussed in the working group are finalized, filed and have been approved by FERC for inclusion in the ISO tariff, any variations or deviations from those provisions would also have to be filed and approved by FERC. Stakeholders should therefore view the current effort to develop default cost allocation provisions as determining the rules that would govern transmission cost allocation for the expanded BAA.

Stakeholders should assume for purposes of their comments that the current ISO TPP structure would be followed in an expanded TPP performed for the expanded BAA. Parties wishing to comment on or suggest alternatives to these assumptions may add any additional comments at the end of this topic.

## Questions

1. The working group presentation assumed we would use the current Transmission Economic Assessment Methodology (TEAM) to calculate a project’s economic benefits to the BAA as a whole and to each of the sub-regions. Currently TEAM calculates the following types of benefits: efficiency of the economic dispatch, reduction of transmission line losses, and reduction of resource adequacy capacity costs. Are these economic benefit types sufficient for purposes of cost allocation, or should other types of benefits be included? Please describe any additional benefit types you would include in the benefits assessment and suggest how they could be quantified.

SVP urges CAISO to apply the TEAM methodology only for identifying benefits and allocating costs associated with reliability and economics, but not policy. Policy costs should be allocated to LRAs as described in the response to Question 4 below. SVP recommends the CAISO to review the TEAM assumptions, methodology, and process and determine how to apply TEAM to regional transmission cost allocation as envisioned in the current TAC Options stakeholder initiative. SVP suggests that this review of TEAM should be a separate stakeholder initiative. There are two reasons to do so. First, TEAM methodology has not been comprehensively documented in the last decade or so. Second, multiple entities within the CAISO BAA and potential new PTOs are not familiar with it.

The CAISO's TEAM approach, while assessing the benefit of a candidate transmission facility, in addition to production cost benefits, calculates multiple additional benefits including transmission losses, capacity, etc. SVP is not endorsing the use of such additional benefits beyond those identified in the production cost analysis to determine the benefits associated with reliability-driven transmission. We believe that the CAISO investigation should assume the benefit shares should be determined solely based on the production cost benefits at this point until TEAM is reviewed and updated as part of the separate stakeholder process for the following two reasons. First, the capacity benefits methodology that was determined under TEAM is outdated due to significantly changed circumstances, since the TEAM approach was originally developed more than a decade ago. These changed circumstances include increased renewable penetration and lower sensitivity to fossil fuel prices. Second, the TEAM approach was primarily focused on determining whether the overall benefits of any given transmission facility under consideration exceeds its cost. In the current context, we are evaluating the effectiveness of TEAM in terms of allocating costs to beneficiaries.

In the comprehensive stakeholder process, the CAISO should investigate additional benefits, such as emission reduction benefits that were envisioned in the original TEAM.<sup>1</sup> The emissions reduction can be most easily and effectively calculated in the market simulation model using emission rates of the generators.

2. The ISO's presentation suggested that a sub-region's avoided cost for a needed transmission project could be included among the benefits of a project with region-wide benefits. For example if project A with region-wide economic benefits enables sub-region 1 to avoid a reliability project B that would have cost \$40 m, then the \$40 m avoided cost should be included in the total benefits of project A for purposes of cost allocation to the sub-regions. Please comment on whether such avoided costs should be included in the benefits for cost allocation purposes.

SVP generally supports the consideration of the avoided cost of the reliability project as a benefit for cost allocation purposes. SVP reserves the right to provide specific comments on the process involved in identifying the avoided cost of needed transmission and its applicability for purposes of cost allocation to the sub-regions once more details are available, presumably in the CAISO's Second Revised Straw Proposal.

3. In the example of Question 2 a specific project B was identified to meet a reliability need, and so its avoided cost could be viewed as a realistic estimate of the cost to sub-region 1 of mitigating its reliability need. In many instances in practice, however, cost-effective projects may be identified that provide economic, policy and reliability benefits without the planners ever identifying less costly but narrowly-scoped hypothetical alternative projects that could serve to provide concrete avoided cost estimates. Do you think it is important to perform

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<sup>1</sup> CAISO Board Report, "Economic Evaluation of the Palo Verde-Devers Line No. 2 (PVD2)," February 24, 2005, pp. 18, 26, 27.

additional studies to determine meaningful avoided cost estimates to use in cost allocation, perhaps by identifying hypothetical alternatives that would not ordinarily be considered in the TPP? Are there other approaches you would favor for estimating avoided costs to use in cost allocation? What other methods should the ISO consider for allocating reliability or policy “benefits” to a sub-region absent a well-defined project that can be avoided?

SVP will provide a feedback to candidate approaches that the CAISO should provide for estimating avoided costs to use in cost allocation.

4. The cost allocation approach presented at the working group for projects with benefit-cost ratio  $BCR < 1$ ) started by first allocating cost shares equal to economic benefits, and only after that allocating remaining costs to the sub-region(s) driving the reliability or policy need. In the discussion, some parties suggested reversing this order, i.e., to start by allocating a cost share to the sub-region with the reliability or policy driver base on the avoided cost of the reliability or policy project it would have had to build, and only then allocating remaining costs based on economic benefit shares. Please state your views on these two approaches, or describe any other approach you would prefer and explain your reasons.

SVP recommends first allocating costs centered on reliability needs based upon the avoided cost of the reliability need as discussed in our response to Q. 2 above. Then, if the economic benefits cover the remaining cost of the new transmission, then the remaining costs should be allocated based upon the economic benefit shares. In case the economic benefits do not cover the remaining cost of new transmission, then only the residual cost, after applying the reliability and economic benefit, should be allocated to the LRAs within the sub-regions based upon public policy need as articulated below.

The CAISO has stated that the sub-region whose policy mandate is a driver of the new project should bear the cost responsibility.<sup>2</sup> The CAISO is assuming that the entire sub-region is uniformly responsible for the costs, but it is really the Local Regulatory Authorities (LRAs) that are responsible identifying the policy implementation and therefore the associated the costs. A more granular approach is needed to make such an allocation driven by policy mandates. SVP continues to believe that a policy-driven transmission project’s costs should be allocated to the LSEs, in their implementation of the LRA’s policies that drive the need for such transmission as reflected in their contracting for new-transmission dependent resources. Please refer to the Bay Area Municipal Transmission group (BAMx)<sup>3</sup> proposed benefits assessment methodology presented at the March 9<sup>th</sup> workshop, which addresses the CAISO’s cost causation concern.<sup>4</sup> The BAMx-proposed approach provides a more robust and equitable solution at a greater granularity than the CAISO-proposed construct of allocating cost to “sub-regions” with policy mandates. An alternate to BAMx’s earlier proposal would be to allocate the new transmission cost to the LRAs (instead of LSEs) within each sub-region

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<sup>2</sup> CAISO Transmission Access Charge Options Stakeholder Working Group Meeting, August 11, 2016, slide #16.

<sup>3</sup> BAMx consists of City of Palo Alto Utilities and City of Santa Clara’s Silicon Valley Power.

<sup>4</sup> <http://www.caiso.com/Documents/Presentation-BAMxBenefitsAssessmentMethodologyProposal.pdf>

and then having LRAs responsible for allocating costs to their jurisdictional entities. As elaborated in the BAMx comments in the current initiative, dated April 1, 2016, unlike TEAM, the BAMx approach meets each of the transmission cost allocation principles identified in the CAISO October 23, 2015 Issue Paper.<sup>5</sup>

Specifically, the CAISO should link the allocation of policy driven transmission costs through the individual LRA procurement plans within all sub-regions. In other words, the CAISO needs to develop policy-mandated portfolios based on the accumulation of the LRA procurement plans, and then allocate the costs back to the LRAs based on their share of the portfolios. SVP believes that this approach is crucial for allocating costs to the multiple LRAs within the new PacifiCorp sub-region, and to the multiple LRAs within the CAISO sub-region, since the resource procurement decisions of the LRAs vary dramatically both within and across these sub-regions. This approach has several benefits. First, it streamlines determination of the plausible procurement information from “sub-regions” by linking to the policy mandates of each LRA. Second, this then provides a linkage between cost causation and cost allocation. Third, this approach is consistent with the role the CAISO proposes to play under the regionalized Resource Adequacy initiative in terms of gathering the load forecast submitted by LSEs and allocating RA Requirements to LRAs/LSEs. In both cases, the CAISO would be the entity developing the portfolios based upon the LRA procurement plans and then would study those portfolios to determine the need for policy-driven transmission and the allocation of RA requirements.<sup>6</sup>

Despite SVP’s above comments, we recognize the need to better understand the decision-making processes for acquiring policy-driven resources throughout the proposed expanded ISO BAA.

5. The presentation at the working group suggested that all facilities > 200 kV planned through the expanded TPP would be assessed for potential region-wide economic benefits. Some parties suggested the ISO should apply threshold criteria to eliminate projects that clearly would not have region-wide benefits, rather than perform TEAM studies for all > 200 kV. Do you support the use of threshold criteria? If so, what criteria would you apply and why?

SVP would consider supporting the use of reasonable threshold criteria to determine which projects should be subject to TEAM studies.

6. Do the details of TEAM, e.g., financial parameters, period over which present values are determined, etc., need to be pre-determined to maximize consistency of methodology and criteria across all projects, or should case-by-case considerations be taken into account?

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<sup>5</sup> BAMx Comments, pp. 9-10.

<sup>6</sup> CAISO, Regional Resource Adequacy Second Revised Straw Proposal, May 26, 2016.

Yes, the TEAM details need to be pre-determined. SVP reiterates our response to Q.2 that the assumptions, process, and methodology of TEAM-based studies should be developed as part of a transparent stakeholder process. SVP appreciates the ISO's desire to have some flexibility in applying TEAM for transmission cost allocation purposes. However, the larger ISO footprint that entails multiple states and jurisdictions demands pre-determined details on TEAM to achieve consistency of cost allocation criteria across multiple transmission projects.

7. Should incidental benefits to a sub-region cause a cost allocation share for that sub-region even though the project would not have been built but for a reliability or policy need in another sub-region?

SVP would consider supporting allocating cost to a sub-region provided that its benefits share of the transmission project as determined by the allocation methodology exceeds a certain threshold level.

8. Please offer any additional comments, suggestions or proposals that were not covered in the previous questions.

SVP continues to recommend that the costs of existing transmission be allocated to all of the sub-regions, based upon the benefits accrued from existing facilities. If the expanded ISO would have the ability to allocate the cost of new "regionalized" transmission, it should also be able to allocate the cost of existing HV facilities across multiple sub-regions. In the past, the CAISO had indicated the lack of ability to analyze the benefits of the CAISO's existing facilities to other regions. However, with some additional resources, SVP believes that the CAISO should be able to make this determination. Given the potential impact to existing CAISO ratepayers and ratepayers of the expanded ISO going forward, SVP recommends that the CAISO undertake such an analysis.

The CAISO needs to accelerate efforts to fully define what the TPP would be for the expanded BAA. Although the CAISO claims that no major changes to its TPP are required as a result of regionalization, we believe that the issues illuminated by this stakeholder process, such as the application of TEAM for regional transmission cost allocation purposes illustrate that is not the case. Another example of the drivers affecting the TPP that needs further investigation are the potentially different reasons for proposing policy-driven upgrades. For California, policy-driven upgrades have included both renewable resource portfolios as well as Once-Through-Cooling mitigation. The expanded ISO may in the future include such areas as Clean Power Plan compliance and coal plant retirements. Since new potential PTO transmission planning criteria may differ from that in the CAISO and the methodologies for applying those criteria may be even more disparate, more information is needed to truly understand the potential impact of applying the current CAISO TPP to the expanded ISO region. In summary, the stakeholder process for changes to the TPP needs to occur on a similar timeframe as the current TAC Options initiative.

## Topic 2. Region-wide “Export Access Charge” (EAC) Rate for Exports and Wheel-throughs

### Context

For the working group discussion, the ISO’s presentation assumed a scenario where the current ISO BAA is expanded by the integration of a large external PTO such as PacifiCorp, and that the current ISO footprint and the new PTO would each be a “sub-region” with its own separate sub-regional TAC rate for load internal to the sub-region. The ISO further assumed that in this future scenario, only exports and wheel-throughs would pay the new EAC rate, while the “non-PTO” entities internal to the ISO BAA who currently pay the WAC would pay the sub-regional TAC rate. **Please assume the same in responding to the questions below.** If you wish to comment on or propose alternatives to these assumptions you can add any additional comments at the end of this section.

### Questions

1. For an expanded BAA do you agree that a single region-wide access charge rate for exports and wheel-throughs is appropriate? Please explain your reasons. NOTE: This question is only about whether a single rate is appropriate, not about how that rate should be determined; the latter is covered in question 3 below.

SVP notes that the rationale justifying a single region-wide EAC also justifies a postage stamp TAC rate, rather than the license plate rate proposed for the existing facilities. In the same way that exports are assumed to benefit from the entire expanded ISO grid facilities, deliveries to load within the expanded ISO benefit from all existing facilities. CAISO should explain why exports should be treated on a postage stamp basis, while deliveries to load within the expanded ISO should be treated on a license-plate basis.

If the CAISO retains the single EAC that is applied to all non-PTOs adjacent to current CAISO BAA and the expanded ISO BAA, then SVP believes that it should also be applied to all non-PTO entities internal to the CAISO BAA. Currently, both, the non-PTOs within and adjacent to the CAISO BAA pay the same WAC, that is, \$9.78/MWh<sup>7</sup> as shown in Table 1. This charge is based on the logic that both types of non-PTOs utilize the CAISO transmission and therefore should pay for it. However, under the latest CAISO proposal, the non-PTOs internal to the existing CAISO BAA would continue to pay \$9.78/MWh, whereas the non-PTOs adjacent to the CAISO BAA would pay a lower rate of \$8.37/MWh. The non-PTOs within the existing CAISO BAA should not be discriminated against purely because they have not chosen to leave the existing CAISO

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<sup>7</sup> The existing CAISO WAC is \$11.22/MWh. However, to be consistent with the CAISO’s example as included in the August 11<sup>th</sup> stakeholder meeting (P. 26), the rates included in Table 1, are based upon the ISO TAC rates dated 10/19/15.

BAA. The CAISO's latest proposal provides an incentive to the non-PTOs internal to the CAISO BAA to leave the CAISO BAA and receive the lower EAC. Further, these same entities potentially could later join the expanded ISO BAA as a PTO, as could a non-PTO adjacent to the CAISO BAA. As shown in Table 1, a non-PTO adjacent to the CAISO BAA pays not only a lower EAC (\$8.37/MWh) than the current WAC (\$9.78/MWh), but also, once it joins the expanded ISO as a PTO, it escapes the EAC altogether.

**Table 1: Treatment of Non-PTO Within vs. Adjacent to CAISO BAA w/o and w/ Regionalization**

WAC/EAC Calculation Approach	Load-Wtd (CAISO Approach)	
	<i>Non-PTO Internal to CAISO BAA</i>	<i>Non-PTO Adjacent to CAISO BAA</i>
<i>Scenario</i>		
Current WAC w/o Regionalization (\$/MWh)	\$9.78	\$9.78
Latest CAISO Proposal with Regionalization	\$9.78	\$8.37
Latest CAISO Proposal with <u>Non-PTO Adjacent to CAISO BAA Joining the Expanded ISO as a PTO</u>	\$9.78	\$0.00

2. If you answered YES to question 1, do you favor the load-weighted average rate the ISO presented at the meeting, or another method for determining the single rate? Please explain the reasons for your preference.

SVP does not favor the load-weighted average rate the CAISO presented at the August 11<sup>th</sup> meeting as explained below. When the non-PTOs internal to the CAISO BAA pay the same export-weighted EAC rate that the non-PTOs external to the expanded ISO pay, the collected EAC revenues exactly match the export revenues needed to pay towards the PTOs' transmission revenue requirements. In Table 2 below, we expand the 2015 *Example Results* presented at the August 11<sup>th</sup> meeting to show how each option effects the CAISO participants and potential PTO's outside of the CAISO BAA both from a cost basis and on how revenue would be shared.<sup>8</sup>

Column (1) includes the results associated with the CAISO's proposed approach. This approach, which is load-weighted, creates a higher EAC of \$8.37 per MWh, which results in an over collection of revenue versus transmission revenue requirements (expenses). Nearly all of the revenues from the EAC go to non-CAISO participants—over \$273 million versus about \$35 million to CAISO participants. This is an inequitable arrangement, to the disadvantage of current CAISO participants who pay a significantly

<sup>8</sup> Slides #26-29



higher EAC of about \$9.78 per MWh, while receiving a much smaller percentage of the revenue collected from the EAC.

The results included on Column (2) calculates an EAC based on the exports-weighted average of the CAISO and PacifiCorp year 2015 TACs. This results in a weighted average of \$5.66/MWh for the EAC.<sup>9</sup> This lower EAC rate results in a lower amount of EAC revenues, but ensures that they are adequate to pay for the PTO revenue requirements prior to regionalization. While there is less redistribution of revenue, there is still a weighting toward the PacifiCorp, as the adjusted share is about \$185 million for PacifiCorp versus \$23 million for CAISO participants.<sup>10</sup>

In Column (3) of Table 2 below, we have included the calculations where the existing non-PTOs internal to the CAISO BAA pay the same load-weighted EAC rate that the non-PTOs external to the expanded ISO would pay, i.e., \$8.37/MWh. In this scenario, both the CAISO and PacifiCorp sub-regions end up collecting more revenues (\$189,126,124 and \$213,132,239, respectively) than needed to pay towards their PTOs' transmission revenue requirements (\$128,002,506 and \$144,250,092, respectively).

The final Column (4), shows the optimal situation where the EAC is based upon the export-weighted average rate of \$5.66/MWh, as in Column (2). In this example, the existing non-PTOs internal to the CAISO BAA pay the same export-weighted EAC rate that the non-PTOs external to the expanded ISO would pay, similar to Column (3). The total EAC revenues of \$272,252,598 in this example equal with expenses. Revenues can be distributed such that both the CAISO and PacifiCorp sub-regions collect their pre-regionalization revenues as shown in Column (4) of Table 2. In other words, the CAISO and PacifiCorp post-regionalization EAC revenue distributions exactly match their pre-regionalization WAC revenue collections (with no leftover or excess revenue). This is the most equitable arrangement for all parties and results in less transfer of wealth from one group of ratepayers to another.

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<sup>9</sup> The export weighted EAC are weighted by not only PAC exports and exports on other CAISO ties, but also by the non-PTO exports internal to the CAISO. If the latter exports are excluded from the EAC calculations, the export-weighted EAC average rate would further reduce to \$4.41/MWh.

<sup>10</sup> Pre-regionalization, the CAISO was recovering approximately \$18,158,080 as export revenues from entities external to the CAISO BAA, and post-regionalization it recovers \$23,317,306 (Column 2).

**Table 2: 2015 Example Results Under Four Scenarios: The CAISO Approach Load-wtd (1) vs. Export-wtd (2) and the CAISO's Non-PTOs Paying Load-wtd (3) vs. Export-wtd EAC (4)**

Category	Load-Wtd (CAISO Approach) (1)	Export-Wtd (2)	CAISO Non- PTOs Paying Load-Wtd EAC (3)	CAISO Non- PTOs Paying Export-Wtd EAC (4)
CAISO TAC/WAC (\$/MWh) (E1)	\$9.78			
PacifiCorp WAC (\$/MWh) (E2)	\$4.12			
EAC (\$/MWh) (A)	\$8.37	\$5.66	\$8.37	\$5.66
Exports from CAISO to PAC (MWh) (B)	1,136			
Exports on other CAISO ties (MWh) (C)	1,854,995			
Non-PTO Exports Internal to CAISO (MWh) (D)	11,229,506			
PAC Exports (MWh) (E)	34,996,078			
EAC revenues Formula	$F = A_x(C+E)$	$F = A_x(C+E)$	$F = A_x(C+D+E)$	$F = A_x(C+D+E)$
EAC revenues (\$) (F)	\$308,308,523	\$208,666,380	\$402,258,363	\$272,252,598
CAISO share unadjusted (\$)	$CS = E1 * C$	$CS = E1 * C$	$CS = E1 * (C+D)$	$CS = E1 * (C+D)$
CAISO share unadjusted (\$) (CS)	\$18,146,967	\$18,146,967	\$128,002,506	\$128,002,506
PAC share unadjusted (\$) (PS= $E2 * E$ )	\$144,250,092	\$144,250,092	\$144,250,092	\$144,250,092
Leftover revenue (\$) (G=F-CS- PS)	\$145,911,465	\$46,269,321	\$130,005,766	\$0
CAISO share adjusted (\$) ( $CS + G * (CS / (CS + PS))$ )	\$34,451,761	\$23,317,306	\$189,126,124	\$128,002,506
PAC share adjusted (\$) ( $PS + G * (PS / (CS + PS))$ )	\$273,856,763	\$185,349,074	\$213,132,239	\$144,250,092

3. To distribute the revenues collected via the EAC, the ISO's presentation suggested giving each sub-region an amount of money equal to the MWh volume of exports and wheels from the sub-region times the sub-regional TAC rate. Please indicate whether you would support this approach or would prefer a different approach for distributing EAC revenues to the sub-regions.

See the SVP Response to Question 5 below.

4. The working group presentation illustrated how the method of distributing EAC revenues to sub-regions would most likely produce “unadjusted” sub-regional shares that do not add up exactly to the amount of EAC revenues collected from exports and wheels. The presentation offered one approach for distributing any **excess EAC revenues** to the sub-regions. Do you support that approach, or would you prefer a different approach? Please explain.

See the SVP Response to Question 5 below.

5. Suppose that in a given year the EAC revenues are not sufficient to cover a distribution to sub-regions that aligns with sub-regional TAC rates, as described in question 3. How would you propose the ISO deal with that situation? I.e., should the ISO ensure that each sub-region receives export revenues equal to its sub-regional internal TAC rate times the volume of exports from its facilities, drawing upon other TAC revenues if necessary, or should the ISO only return EAC revenues to sub-regions until the EAC revenues are used up?

#### Joint Response to Q. 3, Q.4 and Q.5

As explained in the SVP’s response to Q.2 above, the export-weighted EAC is a more straightforward and equitable method than the load-weighted EAC to distribute the collected EAC revenues across multiple sub-regions and PTOs within those sub-regions. In addition, and equally important, if the same export-weighted EAC is applied to non-PTOs both within the existing CAISO BAA and those external to the expanded ISO BAA, it results in no revenue excess or shortfall. Thus, under SVP approach, the ISO would bypass the issue of under or over collection of EAC revenues to cover a distribution to sub-regions that align with sub-regional TAC rates. Therefore, in addition to being more equitable, this approach avoids the potential additional contentious issues described under Q. 3, 4 and 5.

6. If you answered NO to question 1, please explain what rules or principles you would prefer be applied to exports and wheel-throughs. Please discuss both (a) how you would propose to charge exports and wheel-throughs, and (b) how you would distribute the revenues collected to the sub-regions.

Please see the SVP responses to Q. 1 and Q.2.

7. Please offer any additional comments, suggestions or proposals that were not covered in the previous questions.

No additional comments at this time.