

## Western Power Trading Forum Comments on Transmission Access Charge (TAC) Options Initiative

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WPTF appreciates the opportunity to submit comments on issues associated with how the CAISO's TAC could or should change if a new transmission owner joins the CAISO. WPTF offers limited questions/comments herein.

**WPTF encourages options that do not result in pancaked rates for transactions.** Whereas a single postage stamp rate may best promote market efficiency, WPTF recognizes the cost shifts may be significant. A license plate approach or phase-in timeframe may be workable and appropriate for load-based TAC application. WPTF wishes to avoid pancaking charges on energy transactions through the expanded footprint. Additionally, in whatever approach is ultimately adopted, WPTF discourages options that would propose to recover TAC, by shifting costs to other charge types. We believe that the current core construct is theoretically sound and should be the basis for the charge design in the expanded region.

**Transition mechanisms will be crucial.** In particular, laying out a specific process with regard to how existing point-to-point transmission contracts will be managed at merger is crucial. The proposal regarding treatment of any jointly owned transmission facilities and transmission service that has already be procured through traditional means in the joining PTO area is unclear. We ask that the CAISO consider the issue within this initiative as the ISO assesses various TAC structure options. WPTF supports equitable treatment of existing transmission service. Transparency with respect to this issue is also very important in order to ensure that stakeholders' business decisions that are made in the interim are properly informed.

**There is interplay between TAC grid expansion and the treatment of export fees at boundaries.** For each of the TAC structure options the CAISO considers, WPTF requests that the ISO be explicit about how existing export/wheeling fees would change (or not change) under each option. For example, for TAC options that have differing subregional rates, is there the expectation that transactions where energy is moving from one subregion to another would incur export/import wheeling rates?

Additionally, WPTF notes that if the CAISO were to accelerate its consideration of eliminating export fees entirely as put forth as an option in the FMM Intertie Liquidity Workshop<sup>1</sup>, the implementation of the TAC structure for the combined CAISO/PAC footprint would become less complex.

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<sup>1</sup> [http://www.caiso.com/Documents/ISOPresentation\\_Import-ExportLiquidity\\_15-MinuteMarket\\_Workshop\\_Oct6\\_2015.pdf](http://www.caiso.com/Documents/ISOPresentation_Import-ExportLiquidity_15-MinuteMarket_Workshop_Oct6_2015.pdf)

**WPTF seeks more details on how project dates or project types will be addressed in the TAC policy design.** In regards to whether the issue the ISO has raised as to whether project dates should drive changes to TAC structure, WPTF asks the ISO to consider and put forth a proposal generally on what should be in a generic TAC design policy and what should be left to the Transmission Agreement, and specifically how these would depend on specific circumstances such as project in-service dates. With respect to any TAC structures that would promote different treatment depending on the type of transmission upgrade or the project date, WPTF looks forward to providing comments once the ISO has more fully detailed potential options.

We look forward to further information from the CAISO on the TAC design options.