

Barrick Comments

Transmission Access Charge Options

December 6, 2016 Draft Regional Framework Proposal

Submitted by	Company	Date Submitted
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Upon completion of this template please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **January 11, 2017**.

NOTE: Items highlighted in yellow below refer to elements of the present proposal that have not changed from the prior proposal, the second revised straw proposal posted on September 28. If your organization's position on one of these elements has not changed from the comments you submitted on the September 28 proposal, you may simply refer to your prior comments in response to that item and the CAISO will take your prior comments as reflecting your current position.

Draft Regional Framework Proposal

1. The proposal defines "new facilities" as facilities that are planned and approved under an integrated TPP that will plan new transmission infrastructure for the entire expanded BAA and will commence upon integration of the first new PTO. Please comment on the CAISO's proposal for the definition of "new facilities."

See Prior Comments.

2. The proposal previously defined "existing facilities" as transmission facilities that are in service or have been approved in separate planning processes for the current CAISO BAA and the new PTO's area at the time the new PTO is fully integrated into the expanded BAA. Simply stated, all transmission facilities that are included in the controlled grid for the expanded BAA and are not "new" facilities will be considered "existing" facilities. Please comment on the CAISO's proposal for the definition of "existing facilities."

See Prior Comments.

3. The CAISO provided further details on the determination of whether a candidate PTO should be deemed “integrated” within an existing sub-region rather than designated a new sub-region. The CAISO proposed that the expanded ISO would work with the candidate PTO and other stakeholders to apply criteria specified in the tariff (listed in the December 6 proposal) for making this determination. The CAISO would then present its recommendation to the Board of Governors as part of the new PTO application process, and upon Board approval would file for FERC approval of the proposal to treat the new PTO as either a new sub-region or part of an existing sub-region. Please comment on this element of the proposal.

Barrick takes no position on this element of the proposal at this time.

4. Consistent with the second revised straw proposal, the CAISO proposes to recover the costs of existing facilities through sub-regional “license plate” TAC rates. The CAISO has proposed that each sub-region’s existing facilities would comprise “legacy” facilities for which subsequent new sub-regions have no cost responsibility. Please comment on this aspect of the proposal.

See Prior Comments.

5. The CAISO proposes to use the Transmission Economic Assessment Methodology (TEAM) to determine economic benefits to the expanded ISO region as a whole and to each sub-region. Please comment on the use of the TEAM methodology to determine sub-regional shares of economic benefits.

See Prior Comments.

6. The CAISO assumes that a new integrated TPP for the expanded ISO will retain today’s TPP structure. Please comment on the structure of the current three phase TPP process.

See Prior Comments.

7. The CAISO proposes to allocate the entire cost to a sub-region if a reliability project within that sub-region only addresses a reliability need of that sub-region or if a policy-driven project within that sub-region is approved only to support the policy mandates for that sub-region. Please comment on this element of the proposal.

See Prior Comments.

8. The CAISO proposes to allocate the cost of an economic project, for which the economic benefits must exceed its cost, to sub-regions in proportion to each sub-region's economic benefits. Please comment on this element of the proposal.

See Prior Comments.

9. For a reliability project that is enhanced or replaced by a more costly project that also provides economic benefits that exceed the incremental cost above the cost of the original reliability project, the avoided cost of the original project will be allocated to the sub-region with the original reliability need, and the incremental cost will be allocated to sub-regions in proportion to each sub-region's economic benefits. Please comment on this proposal.

See Prior Comments.

10. For a policy-driven project that is enhanced or replaced by a more costly project that also provides economic benefits that exceed the incremental cost above the cost of the original policy-driven project, the avoided cost of the original project will be allocated to the sub-region with the original policy need, and the incremental cost will be allocated to sub-regions in proportion to each sub-region's economic benefits. Please comment on this proposal.

This proposal appears to allocate costs to the cost causers, in the first place, and then to distribute any additional costs in accordance with benefits received. Barrick supports this method of cost allocation and therefore supports this provision of the proposal.

11. In the December 6 proposal the CAISO introduced an approach for allocating costs more granularly than just to sub-regions for certain policy-driven projects and for the policy-driven costs of projects that provide economic benefits in addition to meeting policy needs. The proposal is based on the following principles: If a project that meets policy needs is built within a different sub-region from the state or local regulatory authorities driving the policy need, the policy-related project cost will be allocated only to the load of those regulatory authorities driving the policy need. Alternatively, if a project that meets policy needs is built within the same sub-region as the state or local regulatory authorities driving the policy need, that project is deemed to provide benefits to the entire sub-region and therefore the policy-related costs will be allocated to the sub-region as a whole rather than on a more granular basis. Please comment on these principles.

In the Draft Regional Framework Proposal (“Proposal”), CAISO acknowledges that in the case of policy-driven projects, policy drivers would likely originate at the level of a state or a local regulatory authority that comprises only a portion of a sub-region. Thus, CAISO proposes to use a more geographically granular cost allocation approach for certain policy-driven projects. It is not clear why that more granular cost allocation approach cannot be used for all policy-driven projects instead of just for those in which the project is to be built in a different sub-region from the sub-region in which the policy drivers are located. CAISO does not appear to be in a position to make the judgment that if the project is built within the same sub-region as the state or local regulatory authorities driving the policy that the project benefits the entire sub-region. It seems that if the cost allocation can be made on a more geographically granular approach for some policy-driven projects it should always be done that way, unless CAISO can give a strong basis for not doing it that way in all cases.

12. Continuing with the scenario of item 10 and applying the principles above, for a policy-driven project, if the new project is built outside the sub-region where the regulatory authorities driving the policy need are located, the ISO will allocate the policy-related avoided cost to the load served under the state or local regulatory authority or authorities whose policy mandates drove the need for the original project. Please comment on this proposal.

Because this allocates costs to the cost causers, Barrick supports this provision of the Proposal.

13. Similarly, if the policy driver of the project was a federal policy, then for sub-regions other than the sub-region in which the project is built the ISO will allocate the associated avoided cost to the load served in each state in proportion to the state’s need for the project to comply with the federal policy mandate. Please comment on this proposal.

If the policy driver of a project is a federal policy, then wouldn’t all sub-regions, including the sub-region in which the project is built, have a possible need for the project to comply with the federal policy mandate? This scenario as described appears to assume that the sub-region in which the project is built has no need for the project to comply with the federal policy mandate. That seems unlikely. If the driver is a federal policy, then the costs should be allocated to each state in proportion to the state’s need for the project to comply with the federal policy mandate, including the states in the sub-region in which the project is built if they also have a need for the project to comply with the federal policy mandate.

14. For a policy-driven project that supports policy mandates of more than one sub-region, or that is built in one sub-region to meet the policy mandates of another sub-region, the ISO

will calculate the economic benefits of the project and allocate costs to each sub-region in proportion to the sub-region's benefits, but only up to the point where each sub-region's cost share equals the sub-region's benefits. Any additional cost of the project will be allocated to the load served under the state or local regulatory authorities within each sub-region, other than the sub-region in which the project is built, whose policy mandates drove the need for the project. Please comment on this proposal.

This proposal appears to satisfy a methodology of cost allocation for the situation in which the policy-driven project supports the policy mandates of more than one sub-region, and Barrick can support it to that extent. However, the cost allocation for a policy-driven project that supports the policy mandates of more than one-sub-region is not at all similar to and should not be the same as the cost allocation for a policy-driven project built in one sub-region to meet the policy mandates of another sub-region. The cost allocation of item 10 would appear to be closer to correct for the cost allocation for a policy-driven project built in one sub-region to meet the policy mandates of another sub-region.

15. Continuing with the scenario of a policy-driven project that supports policy mandates of more than one sub-region, if the policy driver of the project was a federal policy, then for sub-regions other than the sub-region in which the project is built the ISO will allocate the project costs to the load served in each state in proportion to the state's need for the project to comply with the federal policy mandate. In such cases, if the project also supports policy mandates within the same sub-region in which the project is built, the ISO will allocate that sub-region's share of the policy-driven costs to the entire sub-region as part of the sub-regional TAC. Please comment on this proposal.

Unlike item 13, here CAISO acknowledges that the sub-region in which the project is built might also have a need for the project to comply with the federal policy mandates. However, the failure to allocate on the same geographical granularity in the sub-region in which the project is built seems unreasonable. There should be no difference between items 13 and 15. If a federal policy drives a project, the costs should be allocated to each state in proportion to that state's need for the project to comply with the federal policy mandates.

16. Competitive solicitation to select the entity to build and own a new transmission project would apply to all new transmission projects rated 200 kV or greater, of any category, with exceptions only as stated in ISO tariff section 24.5.1 Please comment on this proposal.

See Prior Comments.

17. The proposal indicated that the ISO would establish a formula for a single export rate (export access charge or “EAC”) for the expanded region, and under the proposal, non-PTO entities would pay the same sub-regional TAC rate paid by other loads in the same sub-region. Please comment on this proposal.

See Prior Comments.

18. The EAC would be calculated as the sum of all high-voltage transmission revenue requirements (TRRs) of all PTOs within the expanded BAA divided by the sum of the projected internal load for the entire expanded BAA. Please comment on this element of the proposal.

See Prior Comments.

19. The CAISO proposes to allocate shares of the EAC revenues to each sub-region in proportion to their total high-voltage TRR. Please comment.

See Prior Comments.

20. The CAISO proposes to break down each sub-region’s share of the EAC revenues into portions to be allocated to the sub-regional TAC and each state or local regulatory authority whose load is paying a share of the high-voltage TRR for policy-driven transmission whose costs are not included in the sub-regional TAC. These shares of the sub-region’s EAC revenue would be in the same proportion as the corresponding shares of the sub-regional high-voltage TRR. This element of the proposal would not affect the allocation of EAC revenues between sub-regions. Please comment on this proposal.

Barrick takes no position on this element of the proposal at this time.

21. Please provide any additional comments on topics that were not covered in the questions above.

Barrick has no additional comments at this time.