

**Comments of
The Large-scale Solar Association, The California Wind Energy Association,
The Independent Energy Producers Association, and sPower
On CAISO Proposal to Revise
The Low-Voltage Transmission Access Charge Allocation**

The Large-scale Solar Association (LSA), the California Wind Energy Association (CalWEA), the Independent Energy Producers Association (IEP), and sPower (collectively, the Generators) hereby submit these comments on the CAISO's August 1st, 2016 document, Generator Interconnection Low Voltage Network Upgrade Cost Recovery – Issue Paper & Straw Proposal (Proposal), and the August 8th Webcast meeting (Meeting) to discuss it. The Proposal identifies a potential problem with Low-Voltage Transmission Access Charges (LVTACs) which (unlike High-Voltage Transmission Access Charges (HVTACs)) are Participating Transmission Owner (PTO)-specific.

The potential problem identified in the Proposal is that “a PTO with a relatively small rate base¹” could experience large LVTAC increases if new generation, with significant lower voltage (below 200 kV) Network Upgrade (NU) costs, were to locate there. The Proposal says that situation could be inequitable, because much or most of that new generation (and the associated upgrades) would be for use by ratepayers in other PTO areas.

The Proposal includes two possible options, described below, to address the problem. Both options would effectively spread these LVTAC costs from generation additions to ratepayers in other PTO areas through the CAISO HVTAC.

- **Option 1:** Include generator-triggered low-voltage NU costs in the PTO's high-voltage TRR for recovery through the CAISO HVTAC.
- **Option 2:** Split the generator-triggered low-voltage NU costs between the PTO's LVTAC and the CAISO HVTAC. The split would limit the LVTAC increase (three alternatives offered) and recover the rest of the costs in the CAISO's HVTAC.

The Proposal does not recommend “a fundamental paradigm shift” to the existing cost-allocation methodology for generation development and capacity procurement in the ISO region.” As the CAISO states, any such shift “likely would raise some of the myriad issues with which other regions struggle.” The Generators concur with this observation, and with the CAISO's decision to work within the existing cost-allocation framework to address this matter.

Summary of Generator positions

The Generator positions on the Proposal provisions and Meeting discussion are summarized below and explained in the sections following.

- The Generators strongly support the CAISO's overall position that this potential problem would not justify significant changes in the current long-standing and much-negotiated transmission-cost structure that would impose additional costs on interconnecting generators. For example, this potential problem should not be used to justify further limiting RNU cost reimbursement to generation developers.

¹ The Proposal states that the potential problem, and the proposed solutions, would apply to all PTOs, it is unlikely that any PTO other than the Valley Electric Association (VEA) – identified as the PTO with the most immediate possible problem – would have such issues

- The Generators are sympathetic to the possible need to spread interconnection-related LVTAC costs over a broader base, though the CAISO should first clarify the potential extent of the VEA problem before changing the allocation methodology. However, in any case, the CAISO should act expeditiously to resolve this matter, to avoid potential delays in VEA-area generation development.

Support for overall CAISO position

The CAISO completed a significant revision of generator-interconnection rules – including those related to transmission-cost reimbursement – in the lengthy and contentious stakeholder process that culminated in the Generator Interconnection and Deliverability Allocation Process (GIDAP) structure. That process removed NU reimbursement for Area Delivery Network Upgrades (ADNUs) not approved in the annual Transmission Planning Process (TPP) and limited RNU cost reimbursement to \$60,000 per MW.

The Generators are not surprised that some parties that advocated even more stringent reimbursement limits in the GIDAP stakeholder process might use this LVTAC issue to re-litigate the GIDAP structure. However, as shown in the Proposal (Table 1), high-voltage NU costs are the vast majority of interconnection-related NU costs, and a possible LVTAC issue does not justify additional reimbursement limits overall. (It would also be unfair, and potentially unduly discriminatory, to limit NU reimbursement only for generation projects connecting at lower voltages, which also be suggested by these parties.)

Clarification of the extent of the problem

The Proposal contains unclear information about the potential extent of this potential problem. For instance, the example cited to illustrate the issue uses a \$25 million figure, while the maximum impact if **all** VEA-area generators now in the queue execute Generator Interconnection Agreements (GIAs) is more like \$9 million. The need for change should be clarified, e.g., considering relative PTO LVTAC levels under different PTO cost-allocation approaches.

However, regardless of the PTO cost-allocation approach selected, the Generators urge the CAISO to resolve this matter promptly. The Generators believe that this issue may be impeding GIA formation in the VEA area, and further delays could cause projects there problems in meeting important milestones in their other agreements and the development process overall.