

Stakeholder Comments Template

Transmission Access Charge Options

May 20, 2016 Revised Straw Proposal

Submitted by	Company	Date Submitted
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The ISO provides this template for submission of stakeholder comments on the May 20, 2016 revised straw proposal. The revised straw proposal, presentations 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. Submissions are requested by close of business on **June 10, 2016**.

Revised Straw Proposal

LS Power is only commenting on questions 6, 8 and 12 from the template.

6. The proposal would allocate the cost of new reliability projects approved solely to meet an identified reliability need within a sub-region entirely to that sub-region. Please comment on the proposed cost allocation for new reliability projects.

This element of the proposal is not consistent with current practices and results in piecemeal cost allocation that can negatively impact ratepayers. Currently, high-voltage facilities are allocated across all customers with a postage stamp rate. Changing cost allocation for a subset of new facilities disturbs this balance, and will result in customers in some sub-regions overpaying. Furthermore, the proposed change will remove these projects from the competitive solicitation process.

8. Competitive solicitation to select the entity to build and own a new transmission project would apply to: (a) economic and policy-driven transmission projects approved by the body of state regulators for regional cost allocation, and (b) new projects whose costs are allocated entirely to one sub-region but are paid for by the ratepayers of more than one PTO within that sub-region. The ISO has determined that this policy is consistent with FERC Order 1000 regarding competitive solicitation. Please comment on this proposal.

As identified in response to item 6 above, the proposed cost allocation for reliability projects is inconsistent with current practice and results in cost shifting. In addition, the reduction of projects eligible for competition will lead to increased cost to CAISO ratepayers. Changing cost allocation, and circumventing the competitive solicitation process, is not consistent with the intent of Order 1000 to provide benefits of competition to ratepayers.

12. The ISO dropped the proposal to recalculate sub-regional benefit shares for new regional facilities every year, and instead proposed to recalculate only when a new PTO joins the expanded BAA and creates a new sub-region, but at least once every five years. Please comment on this proposal.

Although this modified proposal works better than the previous proposal, LS Power recommends that CAISO recalculate benefit shares only when a new PTO joins and not every five years. Implementing re-calculation every five years raises uncertainties with respect to rate recovery and financing for transmission investment. Planning decisions are typically made based on the best information available at the time, and the associated cost allocation is not revisited after a project goes into service. This proposal adds rate uncertainty for the Load Serving Entities paying for the project and for transmission developers, which could deter investment in new transmission and have a negative impact on grid reliability.