

Stakeholder Comments Template

Transmission Access Charge Options Issue Paper

Submitted by	Company	Date Submitted
Tony Zimmer 916-781-4229 tony.zimmer@ncpa.com	Northern California Power Agency (NCPA)	November 20, 2015

This template has been created for submission of stakeholder comments on the issue paper for the Transmission Access Charge Options initiative that was posted on October 23, 2015. The issue paper 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 **November 20, 2015**.

1. One theme emphasized in the issue paper and in FERC orders is the importance of aligning transmission cost allocation with the distribution of benefits. Please offer your suggestions for how best to achieve good cost-benefit alignment and explain the reasoning for your suggestions.

Northern California Power Agency (NCPA) supports the general concept that costs associated with the transmission network should be allocated to those entities who receive direct benefits for using the transmission network. With that said, NCPA also believes that any process or methodology that is used to determine what entities or region(s) receive benefits from use of the transmission network should be based on measurable factors, rather than based on theoretical benefits. While NCPA is still working with its membership to develop specific suggestions as to how such benefits could be measured, NCPA believes that developing a robust process for determining and measuring benefits received should be a key part of this stakeholder initiative going forward.

2. Please comment on the factors the ISO has identified in section 5 of the issue paper as considerations for possible changes to the high-voltage TAC structure. Which factors do you consider most important and why? Identify any other factors you think should be considered and explain why.

NCPA considers the following factors to be of highest priority:

- What is the purpose of the project:
 - Does the project support or improve specific regional reliability?
 - Does the project increase transfer capability between regions?
 - Is the project needed to enable interconnection of new generation assets within a region?
 - Does the project only provide economic benefits to the region in which it is located?
- What is the geographic scope of the project:
 - High voltage projects that are located in one region should not by default be assumed to provide benefits to another region.
- What are the facility's electrical characteristics:
 - Certain transmission facilities, regardless of size, may have been built (or may be built) for the purpose of serving specific geographic load and/or interconnecting generation, and by default should not be assumed to provide network benefits across regions.

Each of these factors directly relate back to the question of costs and benefits.

3. The examples in section 7 illustrate the idea of using a simple voltage-level criterion for deciding which facilities would be paid for by which sub-regions of the combined BAA. Please comment on the merits of the voltage-based approach and explain the reasoning for your comments.

NCPA is not aware of an underlying reason for altering the current methodology used by the CAISO. To fully evaluate the merits of using a different voltage-based approach for differentiating the allocation of transmission costs, further analysis needs to be performed as part of this ongoing initiative process.

4. Please comment on the merits of using the type of transmission facility – reliability, economic, or public policy – as a criterion for cost allocation, and explain the reasoning for your comments.

No comment at this time.

5. Please comment on the merits of using the in-service date as a criterion for cost allocation; e.g., whether and how cost allocation should differ for transmission facilities that are in service at the time a new PTO joins versus transmission facilities that are energized after a new PTO joins.

More information is needed on the status of various projects in other planning regions in which new PTO's participate before this question can be answered in any meaningful way. While NCPA is not taking a particular position on this issue at this time, the current reality is that significant transmission investments have been recently made throughout California, and in turn it appears that there are plans to make additional significant investment in high voltage transmission in other planning regions in the near future; any

outcome whereby only the costs of the ‘new’ facilities were socialized across multiple regions would be highly controversial.

6. Please comment on using the planning process as a criterion for cost allocation; i.e., whether and how cost allocation should differ for transmission facilities that are approved under a comprehensive planning process that includes the existing ISO PTOs as well as a new PTO, versus transmission facilities that were approved under separate planning processes.

No comment at this time.

7. The examples in section 7 illustrate the idea of using two “sub-regional” TAC rates that apply, respectively, to the existing ISO BAA and to a new PTO’s service territory. Please comment on the merits of this approach and explain the reasoning for your comments.

No comment at this time.

8. Please offer any other comments or suggestions on this initiative.

NCPA supports the comments of CMUA in which CMUA suggests establishment of a working group to further evaluate the impact of integrating those entities that have either become EIM Entities, or that have expressed their intention/interest of becoming an EIM Entities, as PTOs under the various scenarios presented in the issue paper.