

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

1. In the previous straw proposal the ISO proposed to define sub-regions, with the current ISO footprint as one sub-region and each PTO that subsequently joins as another sub-region. Now the ISO is proposing an exception to allow a new PTO that is embedded within or electrically integrated with an existing sub-region to have a one-time choice to join that sub-region or become a separate sub-region. Please comment on whether such an embedded/integrated new PTO should become a new sub-region, be given a one-time choice, or whether another approach would be preferable.

NV Energy supports applying the sub-region concept to newly-entering balancing authority areas. NV Energy has concerns with the issue raised of an embedded transmission owner opting to be its own PTO within a larger PTO/balancing authority area. While the proposal does not describe in detail how TAC allocations would work for smaller, embedded or electrically-integrated transmission systems, the option to separate appears to pose some significant questions about TAC charges to that smaller system. In particular, NV Energy is concerned that the outcome of allowing those systems to separate themselves is that they may have the opportunity to “opt-out” of paying costs

related to transmission systems that they depend upon for electric service. This result would be inequitable.

2. The proposal defines “existing facilities” as transmission assets in-service or planned in the entity’s own planning process for its own service area or planning region, and that have either begun construction or have committed funding. The ISO proposed criteria for what constitutes a facility having “begun construction” and “committed funding” and for how these criteria would be demonstrated. Please comment on these criteria and their use for this purpose.

NV Energy agrees that existing facilities should include those approved by the potential new PTO’s planning process for service to that PTO’s balancing authority area, even if not yet fully built and in-service. When a PTO has previously committed to the line based on a demonstration of need or benefit through its existing planning and approval process(es) relevant to that PTO, there is no need to assess the line separately through the ISO’s own regional planning process.

3. The proposal defines “new facilities” as transmission projects planned and approved in an expanded TPP for the expanded BAA. Projects that are under review as potential “inter-regional” projects prior to the new PTO joining may be considered as “new” as long as the “existing” criteria are not met. Please comment on the potential inclusion of candidate inter-regional projects in the new facilities category.

Projects not already selected for development pursuant to a PTO or other regional planning process should be eligible for assessment and selection by the CAISO regional planning process. NV Energy does not see a reason to exclude a serviceable project from the ISO’s regional planning process, or otherwise deny its potential as a new ISO line, based on the fact that development or permitting may have commenced before the PTO has reason to integrate with the ISO’s regional planning process. Any funds expended towards the facility development, if the facility is selected to be an ISO regional line, should not be excluded from recovery based on timing of expenditure. NV Energy advocates for clear and objective principles for distinguishing between “new” and “existing.”

4. Consistent with the previous straw proposal, the ISO proposes to recover the costs of existing facilities through sub-regional “license plate” TAC rates. The ISO’s decision to retain the previous proposal, rather than develop a new proposal for allocating some costs of existing facilities across the sub-regions, was based on the importance of retaining the principle that only new facilities planned through the expanded TPP should be eligible for region-wide cost allocation. Please comment on the license plate approach and the logic for retaining that approach, as explained here and in the revised straw proposal.

NV Energy agrees with the proposal and its basis, i.e., that all relevant regulatory authorities have accepted the need for the existing line and its cost allocation as justified for that subregion, and independently from the facility's value in the regional ISO. Maintaining that cost allocation for existing facilities eliminates an unnecessary revisiting of the allocation and the accompanying controversy over assessing the value to the regional ISO and how to re-allocate the costs.

5. “New facilities” will undergo a two-step process to determine eligibility for regional cost allocation. First, the project must be planned and approved through the integrated TPP for the expanded BAA. Second, the project must meet at least one of three criteria to be a “new regional facility” eligible for region-wide cost allocation. Please comment on the two-step process to determine “new facilities.”

The proposal to define new facilities is a legitimate way to define an objective presumption of what qualifies as a “new” facility, while building in necessary flexibility to include lower voltage facilities that contribute to the regional grid, as appropriate.

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.

NV Energy does not object to this proposal based on the predicate that the project in question meets only a specific sub-region's reliability need and does not offer additional economic or policy benefits beyond that sub-region.

7. The ISO proposes that a body of state regulators, to be established as part of the new regional governance structure, would make decisions to build and decide allocation of costs for new economic and policy-driven facilities. Please comment on this proposal.

NV Energy appreciates that regional activity, including implementation of a cost allocation paradigm, will benefit from oversight of an established regional governance structure. The proposal for the body of state regulators, and the timing of when that would be formed in relation to currently ongoing processes addressing issues pertaining to the regional ISO, is vague and raises many additional questions. It is not clear from the straw proposal how to resolve those questions and whether it requires bifurcating the issues embedded within this TAC discussion.

Importantly, the existing stakeholder process provides the participation opportunities for all stakeholders, including state regulators, to contribute to the debate and the solution. Even after establishment of regional governance, the dialogue and debate on the question

of allocation must go through the same stakeholder process for legitimacy before it is taken to FERC for approval. NV Energy appreciates the principle of deferring decision-making of the important issue of cost allocation and of the structure of the TAC in general to a regional governing body. Should the decision be to route this process towards a regional body or a committee of the regional body, NV Energy advocates for a charter of purpose and authority and also some clarity on timing of this body. NV Energy also believes that the TAC decision-making would be better served if its issues are not bifurcated for purposes of seeking approval before FERC. All elements of the proposal, including cost allocation, should be put before FERC at the same time.

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.

9. FERC Order 1000 requires that the ISO establish in its tariff “back-stop” provisions for approving and determining cost allocation for needed transmission projects, in the event that the body of state regulators is unable to decide on a needed project. The revised straw proposal indicated that the ISO would propose such provisions in the next proposal for this initiative. Please offer comments and your suggestions for what such provisions should be.

NV Energy does not have a specific proposal as to the required backstop provisions at this time. Any backstop authority should account for process that exhausts all potential for the regional governing body or its committee to find a solution. The backstop authority should also rest on a defined set of objective predicates for any decisions it must make.

10. The proposal indicated that the ISO would establish a formula for a single export rate (wheeling access charge or WAC) for the expanded region, and this rate would be a load-weighted average of all sub-regional license plate rates plus any region-wide postage stamp rate. Please comment on this proposal.

NV Energy would appreciate greater clarity on how the WAC collections would be allocated to the relevant transmission owners.

11. The ISO proposed to retain the provision that once the BAA was expanded and a new TPP instituted for the expanded BAA, any subsequent PTO joining at a later date could be responsible for a cost share of new regional facilities approved in the expanded TPP, based on the benefits the new PTO receives from each such facility. Please comment on this proposal.

NV Energy supports this proposal as fair and reasonable.

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