

Stakeholder Comments Template

Generator Interconnection Driven Network Upgrade Cost Recovery Initiative

Submitted by	Company	Date Submitted
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Second Revised Straw Proposal

This template has been created for submission of stakeholder comments on the revised straw proposal for the Generator Interconnection Driven Network Upgrade Cost Recovery initiative that was posted on Nov. 21, 2016. The proposal and other information related to this initiative may be found at: <http://www.caiso.com/informed/Pages/StakeholderProcesses/GeneratorInterconnectionDrivenNetworkUpgradeCostRecovery.aspx> .

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **Dec. 16, 2016**.

If you are interested in providing written comments, please organize your comments into one or more of the categories listed below as well as state if you support, oppose, or have no comment on the proposal.

1 - Do you support a more narrowed focused approach, like or similar to Options A & B versus the original straw proposal's Option 1? Please provide specific information to help stakeholders understand your argument either for or against.

ORA does not support Options A or B or the proposals in the original straw proposal. All of the options proposed to date significantly deviate from the existing transmission access charge (TAC) rate structure, in which the high voltage access charge is paid by all customers in the CAISO, and the low voltage (LV) TAC is paid by local load customers of the Participating Transmission Owner (PTO) in which the LV facilities are located. In the absence of studies demonstrating that customers outside the PTO benefit from LV facilities, the CAISO should maintain the existing transmission access rate structure that allocates the cost of upgrades to the PTO's local load customers.

2 - Do you have a preference between Options A or B? Why?

At this time, ORA does not support either option for the same reasons provided in response to Question 1 above. Deviating from the current rate structure could set a precedent with broader consequences. Therefore, ORA recommends that the CAISO undertake studies to determine whether customers outside the PTO benefit from low voltage facilities in a particular PTO.

3 - Should the PTO also include in their LV TAC rates costs associated with generation connecting with their LV system where this generation is contracting to non-PTO entities? Please provide any recommendation you may have on the handling of low-voltage network upgrade costs related to a project built to serve an entity outside the ISO.

For generation connecting to the PTO's LV system where the generation is contracting with a non-PTO entity, the contracting entity using the generation should pay the cost of the LV system upgrade costs, either upfront or through a power purchase agreement. The cost of the upgrade does not have to be, nor should it be included in the PTOs' LVTAC. ORA agrees with Six Cities that requiring all CAISO transmission customers to pay for the cost of interconnecting a generator to a PTO's LV system, "only serves to mask the true cost of these resources."¹ Allocating the LV upgrade costs to the contracting entity using the generation would allocate the costs to the beneficiaries of the LV upgrades.

For a generation project built to serve an entity outside the CAISO, the low-voltage network upgrade costs should be recovered through existing wheeling access charges or through export access charges when regionalization is implemented.

4 – Any other comments or suggestions?

ORA does not support socialization of LV Transmission Revenue Requirements. Since most of the local load is interconnected to LV transmission facilities and the local load is the primary beneficiary of the LV upgrades, the associated LV upgrade costs should be allocated to the local load. To the extent the LV TAC rate does not benefit the local load customers, the generators that trigger the upgrade should be responsible for the upgrade costs.

¹ Six Cities Comments on Generator Interconnection Driven Network Upgrade Cost Recovery Initiative, August 19, 2016.