Generator Interconnection Driven Network Upgrade Cost Recovery Initiative Issue Paper & Straw Proposal

Submitted by	Company	Date Submitted
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PG&E welcomes this opportunity to consider modifications to the participating transmission owner (PTO) cost recovery methodology for low-voltage (LV) interconnection network upgrades (NUs). As a preliminary matter, there are significant hurdles that would need to be overcome should the CAISO seek to proceed with some form of the policy shift outlined in the straw proposal. Furthermore, while PG&E has concerns with the proposal, we believe that modifying the cost recovery methodology for LV NUs could be a positive solution under the right circumstances.

PG&E supports Option 1 provided that current and future LV Interconnection NUs are included in a PTO's HV TRR for the Grid-Wide TAC Cost Recovery

PG&E supports the proposal that LV generator interconnections costs be included in the grid-wide TAC. Specifically, PG&E supports the CAISO's Option 1 if both existing LV generator interconnection NUs and future LV generator interconnection NUs are allocated to a PTO's HV TRR for grid-wide TAC purposes. As stated in the straw proposal, generators do more than support a local area through the low voltage transmission system. They also "provide energy to the ISO markets for the entire region, and generally support public policy goals including resource adequacy, reliability, and renewable generation." As a result, it is justifiable that the interconnection costs related to NUs for generation be allocated grid-wide through the HV TAC.

At this point, PG&E is not taking a position of how these costs would be allocated under Regional ISO expansion.

PG&E does not support Option 2

PG&E does not support any iteration of Option 2. PG&E believes that Option 2(a), (b), and (c) are all impractical and complicated for purposes of cost allocation.

PG&E Rejects Comparing the Subparts of Option 2 Because Any Version of Option 2 Would Be Needlessly Complex

PG&E does not support any version of Option 2. Additionally, the comparison of a 5% limit for Option 2(b) versus 2(c) illustrates the complication of allocating costs based on a cap or an incremental revenue requirement increase because the cap and limit on LV upgrade capital costs are so high, that it is very unlikely that any PTO, especially PG&E, would ever require network upgrades that would exceed the cap, and therefore be spread in the HV TAC. The 5% limit operates as a further complication that is an arbitrary proportion that may result in inequities in its application.