



### SMUD Stakeholder Comments

#### Transmission Program Impact on High Voltage Transmission Access Charge Estimating Model – 2019-2020 TPP Version

SMUD provides its comments using the template format for submission of stakeholder comments. These comments reference the CAISO presentation published on July 13, 2020 and reviewed with Stakeholders during a July 15, 2020 Web-ex conference found at: <http://www.caiso.com/Documents/Presentation-2019-2020TransmissionAccessChargeModel.pdf> . The CAISO’s response to prior comments can be found on the ISO website at: <http://www.caiso.com/Documents/ISOResponses-Comments-2018-2019TransmissionAccessChargeForecastModel-May172019.pdf>.

As requested, SMUD submits these comments to the CAISO at [regionaltransmission@caiso.com](mailto:regionaltransmission@caiso.com). Submissions are requested by close of business on **July 29, 2020**.

Submitted by	Organization	Date Submitted
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*The Sacramento Municipal Utility District (SMUD) appreciates the opportunity to provide comments and input on the CAISO’s 2019-2020 Transmission Access Charge (TAC) Model dated July 13, 2020 and CAISO’s response to comments of the Bay Area Municipal Transmission (BAMx) dated May 17, 2019. SMUD currently participates in the Energy Imbalance Market (EIM) through the Balancing Authority of Northern California (BANC) and is exploring the feasibility of the Extended Day-Ahead Market (EDAM) initiative. In addition, SMUD is an active participant in the CAISO’s day-ahead and real-time markets over the interties. SMUD balances its load and resources with a mix of local generation and imports and is aggressively expanding its renewable resource supplies. SMUD’s import capability is about 2000 MW, of which up to about 1200 MW can be sourced from its 230 kV ties to the CAISO. SMUD has a significant share of rights on the California-Oregon Transmission Project and also has additional access to Pacific Northwest resource suppliers under another contract as well as several direct ties to the Western Area Power Administration (WAPA). Accordingly, SMUD has a direct interest in the CAISO High Voltage (HV) TAC and the forecast of the HV TAC. In addition, to the extent that the TAC forecast is used by policy makers to inform policy choices and assess impacts, SMUD has an interest that the TAC model be a reasonably accurate forecast.*

*SMUD supports the CAISO's efforts to develop a sufficiently detailed forecast model and to use the model to assess the impacts of CAISO TPP projects.*

*At this time, SMUD's comments are general in nature. SMUD looks forward to supplementing these comments as additional supporting information becomes available and as the CAISO provides opportunities for additional comments in the future.*

**1. Comment #1 – The CAISO TAC Forecast Should Include Reasonable Forecasts of Non-CAISO Capital Additions Such as Information from Public Processes to Review Capital Projects and Investor Owned Utility Capital Additions Forecasts Prepared for Investor Guidance:**

*SMUD notes that the CAISO's goal is to estimate future HV TAC costs in an objective and transparent manner that:*

- Strikes a balance of top down estimates with bottom up details;*
- provides transparency to costs related to reliability, policy and economic driven projects;*
- establishes a baseline and allows the flexibility to customize each future project individually; and*
- is not a precise forecast of any individual PTO's revenue requirement or any individual project's revenue requirement.*

*In addition, in its comments in response to BAMx on May 17, 2019, the CAISO stated,*

*The model is geared towards forecasting the impact on HV TAC due to the ISO approved transmission projects. The goal of this model is not to perform estimates of the impacts of other costs that are not part of the ISO planning process, including wildfire mitigation costs that can be categorized as O&M costs. We have been keeping our annual O&M cost escalation to 2% based on the feedback received from the PTOs. The ISO can reach out to PTOs again to check the relevance of this assumption for the future models. In regard to the reasons for a lower level of capital expenditures assumed in the outer years, the ISO has been over the last two years models including only the cost of approved transmission projects.*

*For next steps presented in the July 15, 2020 stakeholder Web-ex meeting the CAISO stated its intent to "[c]ontinue to refine assumptions and costs based on comments received for use in the 2020-2021 transmission plan."*

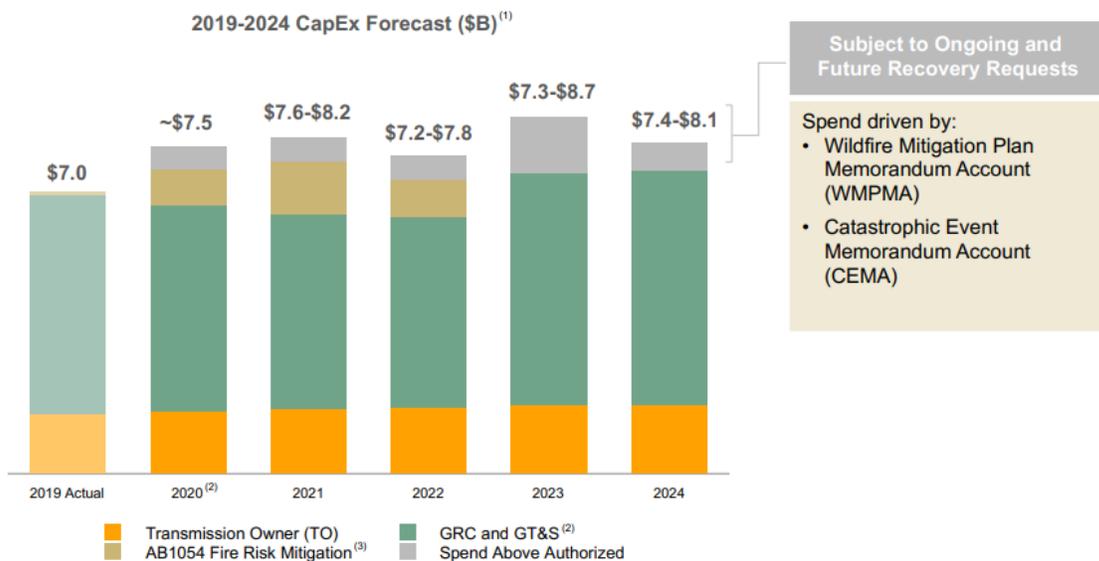
*Both PG&E and SCE are engaged in processes to provide further information on their transmission additions that are not reviewed under the CAISO TPP or other public processes. The CAISO should include in its CAISO TPP the publicly available information from these stakeholder processes (and those of other PTOs) and additional information from the investor presentations to supplement the baseline capital transmission amounts used in out years. The amounts of capital addition attributable to*

High Voltage and Low Voltage is available for historical periods and may be useful in estimating the HV/LV split for forecast years. This could be done by adding a new sheet that covers just the non-CAISO capital additions forecast; it would use the CAISO baseline forecast with input from the PTOs and would allow for users to make alternative assumptions, or for the CAISO to develop alternative forecast scenarios, if desired.

Following are examples of publicly available information from PG&E and SCE's most recent investor updates on capital additions:

PG&E 1<sup>st</sup> Quarter 2020 Investor Presentation available at:  
[http://s1.q4cdn.com/880135780/files/doc\\_financials/2020/q1/updated/Q1'20-Earnings-Presentation\\_vFinal.pdf](http://s1.q4cdn.com/880135780/files/doc_financials/2020/q1/updated/Q1'20-Earnings-Presentation_vFinal.pdf)

## Substantial Capital Investments



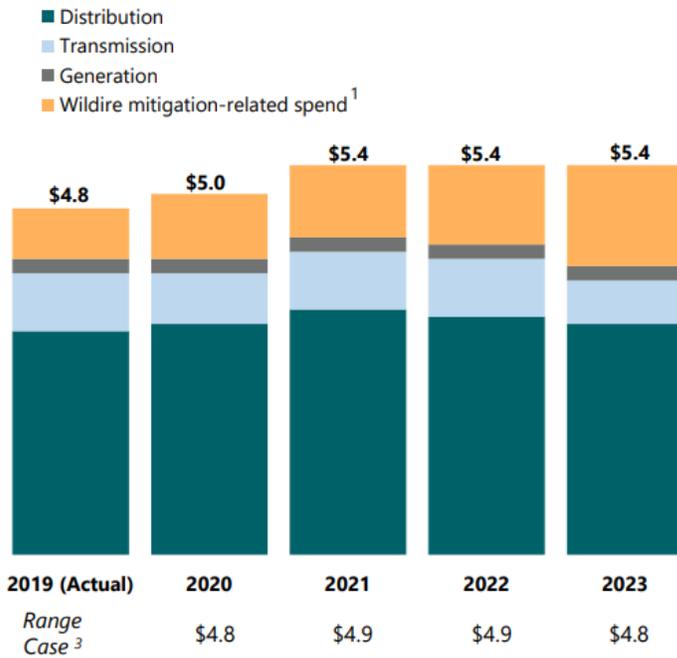
1. Low end of the range reflects authorized capital expenditures, including the full amount recoverable through a balancing account where applicable. High end of the range includes capital spend above authorized.  
 2. The 2023 GRC will include gas transmission and storage.  
 3. Capex forecast includes ~\$3.2B of fire risk mitigation capital expenditures included in the Utility's approved wildfire mitigation plans on which PG&E Corporation and the Utility will not earn an equity return.

See the Forward-Looking Statements for factors that could cause actual results to differ materially from the guidance presented and underlying assumptions.

SCE 1<sup>st</sup> Quarter 2020 Investor Presentation available at :  
<https://www.edison.com/content/dam/eix/documents/investors/events-presentations/eix-first-quarter-2020-financial-results-presentation.pdf>

# SCE Capital Expenditure Forecast

(\$ billions)



**\$19.4 - \$21.2 billion capital program for 2020-2023**

- This capital forecast includes:
  - 2018 GRC approved CPUC capital spend for 2019-2020
  - 2021 GRC requested CPUC capital spend for 2021-2023
  - Non-GRC capital programs including Charge Ready Pilot, Medium- and Heavy-Duty (MD/HD) Transportation Electrification and 2019-2020 wildfire mitigation-related programs
  - FERC forecasted capital spend
- Long term growth drivers include:
  - Infrastructure Replacement
  - Wildfire Mitigation
  - Transportation Electrification
  - Transmission Infrastructure
- Authorized/Actual may differ from forecast; previously authorized amounts in the last three GRC cycles were 89%, 92% and 92%<sup>2</sup> of capital requested, respectively

1. In accordance with Assembly Bill 1054, ~\$1.6 billion of wildfire mitigation-related spend shall not earn an equity return.  
 2. Approval percentage for the 2018 GRC excludes Grid Modernization and project approvals that were deferred to the next General Rate Case for timing reasons  
 3. The low end of the range for 2021-2023 reflects a 10% reduction on the total capital forecast using management judgment based on historical experience of previously authorized amounts and potential for permitting delays and other operational considerations. The low end of the range for 2020 reflects a 10% reduction applied only to FERC capital spending and non-GRC programs

April 30, 2020

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*PG&E and SCE could provide the estimated amounts of capital addition included in the above forecasts that are HV and LV related, or assumptions could be made based on historical information.*

## 2. Comment #2 – The CAISO TAC Forecast Process Should Include a Goal of Improving Accuracy:

*As noted above, the CAISO goals should be to improve accuracy of the long-term forecast. SMUD proposes that the CAISO update the baseline goal as follows:*

- *Establish a baseline that incorporates publicly available non-CAISO HV capital addition forecasts and allows the flexibility to customize each future CAISO project individually.*

**3. Comment #3 – The CAISO TAC Forecast Process Should Consider a Requirement that PTOs Provide a 5-Year Forecast of Capital Additions**

*To support the ongoing accuracy of the TAC forecast, PTOs should provide 5-year forecasts of growth of their transmission capital included in their Transmission Owner rate base.*