Six Cities' Comments

Transmission Access Charge Options

February 10, 2016 Straw Proposal &
March 9 Benefits Assessment Methodology Workshop

Submitted by	Company	Date Submitted
Meg McNaul *mmcnaul@thompsoncoburn.com* *202.585.6940* *Bonnie Blair* *bblair@thompsoncoburn.com* *202.585.6905*	*The Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (the "Six Cities")*	*March 29, 2016*

The ISO provides this template for submission of stakeholder comments on the February 10, 2016 Straw Proposal and the March 9, 2016 stakeholder working group meeting. Section 1 of the template is for comments on the overall concepts and structure of the straw proposal. Section 2 is for comments on the benefits assessment methodologies. As stated at the March 9 meeting, the ISO would like stakeholders to offer their suggestions for how to improve upon the ISO's straw proposal, and emphasizes that ideas put forward by stakeholders at this time may be considered in the spirit of brainstorming rather than as formal statements of a position on this initiative.

The 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 **March 23, 2016.**

General Comments

The Six Cities oppose the February 10, 2016 Straw Proposal in this proceeding. As discussed in further detail below, the Six Cities request that the CAISO further revise and extend the timeline for this stakeholder initiative to accommodate a full and complete consideration of the issues, performance of studies in support of existing and alternative Transmission Access Charge ("TAC") allocation methodologies. In addition to their general concerns regarding the unrealistic timeframe to resolve the complex issues in this stakeholder proceeding, especially given that the regional ISO governance structure is unknown at this time, the Six Cities have serious concerns about the substance of the Straw Proposal and its impacts on existing CAISO customers. These concerns are detailed in both their General Comments on the Straw Proposal and in response to the specific questions posed in the Comments Template.

Taking the basic issue of timing first, the Six Cities caution the CAISO that, unless the current deadline to complete this initiative is further modified to allow for a more deliberative process that provides stakeholders with adequate time and information to fully assess the issues and resolve them in a way that is fair to both existing CAISO participants and new participants in a regional ISO, this initiative is unlikely to achieve the consensus the CAISO desires. Instead, even with the additional two months the CAISO has allotted for this initiative, the outcome is likely to be resolved through a FERC settlement or hearing process with no applicable deadline for completion. The CAISO proposes sweeping changes to the transmission cost allocation methodology that has been in place within the CAISO for over a decade, and that was developed through extended FERC litigation. The changes proposed in this proceeding have significant cost implications for current CAISO members. The accelerated timeline, which has been established solely for the benefit of the PacifiCorp companies (and that the Six Cities believe many CAISO stakeholders do not support), is unlikely to produce a solution that will provide any measure of certainty to PacifiCorp and its regulators. A contested FERC process may take substantially longer than the CAISO's end-of-year target, especially if FERC's orders elicit petitions for review by the Court of Appeals.

Second, the Six Cities fundamentally disagree with CAISO's apparent assumption that the current TAC allocation methodology is not just and reasonable if applied in an expanded footprint and must be revised. The sole basis for this assumption appears to be the CAISO's conclusion that PacifiCorp's transmission rates are expected to increase significantly if PacifiCorp is required to pay the same access charge rates as everyone else in the CAISO. Thus, the Straw Proposal has been crafted to ensure that PacifiCorp will pay lower transmission rates based on the costs of its existing system, even if it uses and benefits from facilities in the existing CAISO footprint. Notably, the CAISO has not performed any studies (of which the Cities are aware) that would demonstrate whether and to what extent PacifiCorp would indeed benefit from the existing CAISO transmission network. If such benefits could be shown, there is no justification to exempt PacifiCorp from sharing in the cost of the CAISO grid. The Six Cities find perplexing that the CAISO has not attempted any analysis of whether the existing TAC is just and reasonable if applied within an expanded footprint and is proceeding from the unsupported assumption that the existing approach is indefensible and must be revised.

Third, the CAISO claims that it is open to alternative allocation methodologies, but it has not provided stakeholders with meaningful tools, including adequate time, to assess the impacts of such alternatives. For example, the CAISO has provided a menu of alternative cost allocation approaches that are used by other ISOs/RTOs, but no information on the actual cost impacts of these options if they were applied within a combined CAISO-PacifiCorp footprint, what rates CAISO customers might expect to pay under the different scenarios, or why the CAISO selected the approach in the Straw Proposal over one of the other alternatives. The Six Cities note that evaluating whether a Southwest Power Pool "highway/byway" type of allocation is preferable to a PJM-style "DFAX" allocation methodology (and whether such a methodology should be limited to new reliability projects or expanded to existing facilities) is not simple and is especially difficult without concrete examples and quantitative analysis. While the CAISO may be indifferent to the cost allocation methodology so long as it ensures regional expansion, can be easily administered, and avoids controversy at FERC, these choices have very real financial implications for stakeholders.

The Six Cities continue to believe that the existing TAC methodology, which FERC has found to be just and reasonable, is the appropriate cost allocation approach that should apply in the event of regional expansion. The cost effects on prospective Participating TOs can be known and measured, and continued application of the existing methodology will ensure that future Participating TOs are treated comparably to those who have already joined the CAISO and have been paying CAISO transmission charges for years. In light of the massive transmission rate increases that have occurred since five of the Six Cities joined the CAISO in 2003 (as to Anaheim, Azusa, Banning, and Riverside) and 2005 (as to Pasadena),[1] the Six Cities simply do not understand the CAISO's undue concern with ensuring that PacifiCorp does not experience a transmission rate increase as a result of joining the regional ISO. As stated in their initial comments in this initiative, the Six Cities do not oppose a transition period to moderate the effects on PacifiCorp of shifting immediately to a fully integrated regional TAC.

The Six Cities propose alternative cost allocation approaches for existing facilities that are more appropriate than the CAISO's indefinitely-applicable "license plate" approach:

1. Retain the existing TAC structure and craft a transition to a fully rolled-in regional TAC over ten years. The ten year transition period would apply to both existing and new facilities. Other new Participating TOs, if any, would receive their own ten-year phase in periods.

2. Retain entirely separate license plate rates within the CAISO and PacifiCorp systems for both new and existing transmission facilities. When the TAC rates within the two regions become comparable (within, for example, a 10% bandwidth), a new stakeholder proceeding to discuss permanent changes to the TAC methodology would be triggered. If another new Participating TO joins, that Participating TO would retain its existing transmission rate on a license plate basis, unless and until its rates reach within 10% of the CAISO's TAC. In the meantime, PacifiCorp (and other new Participating TOs) would continue to pay wheeling charges to Participating TOs whose transmission revenue requirements are included within the existing, combined TAC, and vice versa.

[1] The City of Colton more recently joined the CAISO in 2013.

Given the license plate approach, the retention of wheeling charges is the only way to ensure that Participating TOs are compensated for PacifiCorp's use of the existing CAISO system.

As noted, the Six Cities continue to support the existing cost allocation methodology. The alternatives cited above may be acceptable to Six Cities if included in a revised Straw Proposal that, as a package, ensures that PacifiCorp shares in the cost of the existing system from which the Cities believe all participants in the expanded regional ISO will benefit and equitably allocates the cost of new transmission facilities. The Six Cities could likewise support alternatives to the above-listed methodologies if they provide for new Participating TOs to share in the cost of the existing grid and are otherwise fair and equitable with respect to existing customers.

In addition to their opposition to the treatment of existing facilities in CAISO's Straw Proposal, the Six Cities likewise oppose the Straw Proposal as it relates to new facilities. While they recognize that, under the current approach, the costs of all high voltage (i.e., 200 kV+) facilities would be allocated across the regional transmission system (and believe such an approach to be appropriate if the costs of existing facilities are likewise shared across the regional system), the Straw Proposal for new facilities is inappropriately biased in favor of the PacifiCorp system. Specifically, all facilities operated above 300 kV would be eligible for regional cost allocation based on the outcome of the relevant benefits assessment methodology. The Six Cities understand that the existing CAISO transmission network does not include facilities with 345 kV voltages, but that the PacifiCorp system does rely on 345 kV facilities to serve similar functions to the 230 kV network in California. To ensure comparable and fair treatment as between existing CAISO Participating TOs and PacifiCorp, the CAISO should reduce its proposed threshold to 200 kV and consider all new facilities throughout the combined region for regional cost allocation based on a quantitative benefits methodology. The Six Cities reiterate that they do not support this aspect of the Straw Proposal, but if it is retained, it should be modified as described in this paragraph.

As stated above, this stakeholder initiative is complicated, and the Six Cities urge the CAISO to re-think its still overly aggressive schedule to ensure that parties have adequate time to consider the issues. The Six Cities note that accommodating a 2019 transition date for PacifiCorp should be less of a priority than ensuring a just and reasonable TAC allocation methodology in the event the CAISO insists the existing methodology must be changed. The complexity of this initiative and the challenge that stakeholders, including the Six Cities, have with assessing the impacts of the CAISO's proposals and possible alternatives is compounded by the absence of any information on the status of efforts to finalize the governance structure of a regional ISO. It is difficult to address implementation issues such as the TAC allocation without an understanding of the larger picture.

Further, while it would surely be convenient for PacifiCorp and its regulators to have certainty regarding the allocation methodology, PacifiCorp and its regulators should also recognize and understand that CAISO policies are in a near-constant state of flux, necessitating detailed monitoring and constant attention on the part of stakeholders. Thus, any expectation of certainty as to any aspect of CAISO markets or operations is not particularly realistic. Moreover, as discussed above, a contested FERC proceeding is unlikely to produce a final result by the end of this year and easily could require multiple years.

The Six Cities provide further comments on the Straw Proposal below, and reiterate that their comments on individual aspects of the Straw Proposal should not be misconstrued as support for that aspect of the Straw Proposal unless expressly stated. Rather, the Six Cities' comments on individual Straw Proposal components should be viewed in light of their overall objections to the Straw Proposal as a package.

Section 1: Straw Proposal

1. The proposed cost allocation approach relies on the designation of "sub-regions," such that the current CAISO BAA would be one sub-region and each new PTO with a load service territory that joins the expanded BAA would be another sub-region. Please comment on the proposal to designate sub-regions in this manner.

The Six Cities oppose this aspect of the Straw Proposal.

As stated above, the Six Cities would consider withdrawing their objections to this approach if (1) it were also applied to new facilities and (2) a trigger were established so that when a new Participating TO's transmission rates and the rate within the existing CAISO footprint are within 10%, a new stakeholder initiative would be opened to assess changes to TAC in order to develop a combined, regionally-applicable rate.

Beyond their general objection to the Straw Proposal, the Six Cities observe that the Straw Proposal is logically inconsistent in its treatment of existing versus new facilities. According to the Straw Proposal, a license plate rate approach is appropriate for existing facilities to ensure that customers for whose benefit the existing system was planned continue to pay for the costs of facilities they use and from which they ostensibly benefit. However, this logic similarly applies to so-called "new" facilities that actually been in the planning stages and are not yet built. In particular, PacifiCorp has been planning the Gateway project for years and, at least as originally envisioned, that project provides benefits to and would be paid for by the existing PacifiCorp system. It is inappropriate to allow the costs of this project to be collected from CAISO customers while retaining separate rates for "existing" facilities. The Six Cities believe that adopting one of their alternatives would ameliorate this logical inconsistency.

The Six Cities also observe that the CAISO's proposal appears to be lacking in criteria for small or embedded Participating TOs. For example, in order to accommodate its regional expansion goals, it appears that the CAISO intends to limit the application of sub-regional rates to only some future Participating TOs. According to the CAISO, a "small" or "embedded" Participating TO might be required to begin paying the CAISO's full TAC right away, without the benefit of sub-regional transmission charges like the CAISO is proposing to allow PacifiCorp to pay. The CAISO should explain why it believes this disparate treatment is not discriminatory in favor of those Participating TOs the CAISO decides should have the ability to retain their own transmission rates. Smaller

Participating TOs, such as, for example, the City of Banning, whose utility-specific access charge rate is well below the CAISO TAC, might also like to receive the benefits of full CAISO participation while only being charged for transmission on a sub-regional basis. Why would this be unacceptable given the Straw Proposal?

2. <u>The proposal defines "existing facilities" as transmission facilities that either are already in service or have been approved through separate planning processes and are under development at the time a new PTO joins the ISO, whereas "new facilities" are facilities that are approved under a new integrated transmission planning process for the expanded BAA that would commence when the first new PTO joins. Please comment on these definitions.</u>

The Six Cities oppose this aspect of the Straw Proposal.

In particular, there is considerable ambiguity surrounding when, for purposes of the PacifiCorp planning process, a project is "approved." The Six Cities understand that the CAISO considers a transmission project approved when it is included in a final version of a planning year's transmission plan and the Board of Governors has taken appropriate action on the plan (to the extent required).

In contrast to the CAISO's approach to considering projects "approved," PacifiCorp either does not have a clear definition of when a project is "approved," considers it "approved" when some or all regulatory permitting proceedings are completed," or uses some other unknown criteria for when a project is "approved" for planning purposes. There appears to be considerable confusion and uncertainty around the status of certain PacifiCorp projects, including the unbuilt Gateway segments. It was suggested during the stakeholder meeting in this initiative that the remaining Gateway segments were not considered "approved" because they had not received state regulatory approvals. Before defining approval in the planning process as the basis for differentiating between new and existing facilities, the CAISO should obtain a better understanding of the PacifiCorp planning process and when, for purposes of that planning process, a project is "approved." In particular, the Six Cities are concerned about the possibility that, under the Straw Proposal, PacifiCorp or another prospective Participating TO will defer formal approval of larger or more costly transmission projects that are in the planning stages in order to ensure that they are eligible for consideration for regional cost allocation. Treating new and existing facilities comparably would avoid this, as would revising the criteria for "new" facilities so that long-planned projects such as Gateway are clearly designated as existing facilities. As noted, the Six Cities oppose the Straw Proposal, but if it is retained, it should be modified to address Gateway as an existing facility.

3. <u>Using the above definitions, the straw proposal would allocate the transmission revenue requirements (TRR) of each sub-region's existing facilities entirely to that sub-region. Please comment on this proposal.</u>

The Six Cities oppose this aspect of the Straw Proposal.

The Six Cities have elsewhere in their comments explained why they do not support sub-regional cost allocation for all costs of existing facilities. Their primary concerns are that there has been no showing that PacifiCorp does not benefit from the costs of the existing transmission system, and creating sub-regional transmission rates for some Participating TOs would not preserve comparability. The circumstances in which the Six Cities may consider withdrawing their objections to sub-regional cost allocation are also described above in their alternative options.

At the stakeholder meeting to discuss the Straw Proposal, representatives of PG&E articulated the same concerns that are shared by the Six Cities with regard to sub-regional rates; namely, that if PacifiCorp procures the output of a particular resource within the expanded BAA – say, for example, 45 MW of a wind resource in Wyoming, PacifiCorp will pay less than half of the transmission charges associated with that transaction as would a current CAISO Participating TO procuring the same resource. Similarly, if PacifiCorp procured 45 MW of a solar resource located in Riverside County, PacifiCorp would pay less than half the transmission charges as the City of Riverside, California, would pay. Such a result is plainly unfair.

4. <u>If you believe that some portion of the TRR of existing facilities should be allocated in a shared manner across sub-regions, please offer your suggestions for how this should be done. For example, explain what methods or principles you would use to determine how much of the existing facility TRRs, or which specific facilities' costs, should be shared across sub-regions, and how you would determine each sub-region's cost share.</u>

As noted above, the Six Cities believe that PacifiCorp should share in the costs of the existing CAISO transmission system. While the CAISO and certain stakeholders (including PacifiCorp and other parties in the PacifiCorp region) assume that PacifiCorp does not and will not benefit from the existing CAISO grid, there has been no actual demonstration that this is the case. For this reason, the Six Cities continue to believe that the existing methodology has not been shown to be unjust or unreasonable (including as applied to out-of-state Participating TOs and transmission assets).

Alternatives that the Six Cities could support would be, as stated above, either a transition period to a fully rolled-in, region-wide rate or separate sub-regional TAC rates with a trigger for revising the TAC to a combined regional rate.

5. <u>The straw proposal would limit "regional" cost allocation – i.e., to multiple sub-regions of the expanded BAA – to "new regional facilities," defined as facilities that are planned and approved under a new integrated transmission planning process for the entire expanded BAA and meet at least one of three threshold criteria: (a) rating > 300 kV, or (b) increases interchange capacity between sub-regions, or (c) increases intertie capacity between the expanded BAA and an adjacent BAA. Please comment on these criteria for considering regional allocation of the cost of a new facility. Please suggest alternative criteria or approaches that would be preferable to this approach.</u>

The Six Cities oppose this aspect of the Straw Proposal. They have discussed above the ambiguity surrounding when PacifiCorp considers projects to be "approved."

If any of these triggering criteria for allocating the cost of new facilities is retained, the voltage threshold described in criterion (a) should be reduced to > 200 kV, instead of > 300 kV. As explained above, if a benefits assessment methodology demonstrates that a sub-region will benefit from 200 kV facilities, then that sub-region should pay an appropriate share of the costs of those facilities. Without this change, the criteria are unduly biased in favor of the PacifiCorp system.

6. For a new regional facility that meets the above criteria, the straw proposal would then determine each sub-region's benefits from the facility and allocate cost shares to align with each sub-region's relative benefits. Without getting into specific methodologies for determining benefits (see Section 2 below), please comment on the proposal to base the cost allocation on calculated benefit shares for each new regional facility, in contrast to, for example, using a postage stamp or simple load-ratio share approach as used by some of the other ISOs.

The Six Cities oppose this aspect of the Straw Proposal.

As discussed above, an alternative approach that the Six Cities support would be to retain separate sub-regional TACs for existing and new facilities until a threshold is reached.

7. The straw proposal says that when a subsequent new PTO joins the expanded BAA, it may be allocated shares of the costs of any new regional facilities that were previously approved in the integrated TPP that was established when the first new PTO joined. Please comment on this provision of the proposal.

This aspect of the Straw Proposal is logically inconsistent with the Straw Proposal's treatment of existing facilities. If the CAISO is opposed to allocating any portion of the costs of existing facilities to PacifiCorp, it does not make sense to allocate the costs of new facilities that are built after PacifiCorp joins the CAISO to subsequent new Participating TOs. Such new facilities would be existing facilities as to those Participating TOs. The Six Cities prefer their proposed alternatives described above, including retention of the existing TAC methodology, with an appropriate transition period.

8. The straw proposal says that sub-regional benefit shares – and hence cost shares – for the new regional facilities would be re-calculated annually to reflect changes in benefits that could result from changes to the transmission network topology or the membership of the expanded BAA. Please comment on this provision of the proposal.

The Six Cities oppose this aspect of the Straw Proposal.

9. Please offer any other comments or suggestions on the design and the specific provisions of the straw proposal (other than the benefits assessment methodologies).

For the reasons described herein, the Six Cities oppose the Straw Proposal, and urge the CAISO to issue a revised Straw Proposal consistent with the Six Cities' comments.

Additionally, the Six Cities have serious concerns about the CAISO's negotiations with PacifiCorp related to the transition agreement discussed at the March 1st stakeholder meeting. The Six Cities understand that the terms of the transition agreement will be unveiled to stakeholders only when it is filed at FERC. This lack of transparency is troubling, particularly if the agreement will impact rates, terms, and conditions of service related to topics pending in public stakeholder proceedings such as this one or the future initiative dedicated to the Transmission Planning Process.

Lastly, the Six Cities request that the CAISO address PacifiCorp's incentive rate treatment for the Gateway project. Among other incentives, PacifiCorp has received authorization to recover from ratepayers 100% of prudently-incurred abandoned plant costs in the event that the project is ever abandoned for reasons outside of PacifiCorp's control. The Six Cities request that the CAISO include in the transition agreement a prohibition on recovery of any abandoned plant costs from CAISO customers unless and until the Gateway project is approved in a CAISO-administered planning process and PacifiCorp files for and receives authorization from FERC to recover incentives from CAISO customers, and PacifiCorp's failure to obtain approval for the Gateway project in a CAISO planning process should not be deemed a circumstance beyond PacifiCorp's control that justifies recovery of abandoned plant costs from CAISO customers. Any authorization to recover abandoned plant costs should be limited to prospective costs incurred after PacifiCorp becomes a Participating TO, the CAISO approves the Gateway project, and the Commission has authorized incentives to be recovered from customers in the existing CAISO region.

Section 2: Benefits Assessment Methodologies

10. The straw proposal would apply different benefits assessment methods to the three main categories of transmission projects: reliability, economic, and public policy. Please comment on this provision of the proposal.

The Six Cities oppose the Straw Proposal, for the reasons previously stated. Subject to their objections and in the event that this aspect of the proposal is retained, the Six Cities take no position at this time on whether to retain these three project categories and to utilize different assessment methodologies for each. However, the Six Cities are concerned that the different categories may be unduly restrictive where, for example, a project might have both reliability and economic benefits, or advance a public policy goal and improve reliability. Additionally, the three-category approach could be used inappropriately to drive cost allocation. For example, the proponent of a reliability project may attempt to classify the project as an economic project if the proponent believes the alternate classification would produce a more favorable cost allocation.

11. <u>The straw proposal would use the benefits calculation to allocate 100 percent of the cost of each new regional facility, rather than allocating a share of the cost using a simpler postage stamp or load-ratio share basis as some of the other ISOs do. Please comment on this provision of the proposal.</u>

    The Six Cities oppose this aspect of the Straw Proposal.

12. <u>Please comment on the DFAX method for determining benefit shares. In particular, indicate whether you think it is appropriate for reliability projects or for other types of projects. Also indicate whether the methodology described at the March 9 meeting is good as is or should be modified, and if the latter, how you would want to modify it.</u>

    Subject to their general objections to the Straw Proposal, the Six Cities have no comments on the use of DFAX at this time and urge the CAISO to further extend the timing of this stakeholder initiative to allow for a complete consideration of this methodology.

13. <u>Please comment on the use of an economic production cost approach such as TEAM for determining benefit shares. In particular, indicate whether you think it is appropriate for economic projects or for other types of projects. Also indicate whether the methodology described at the March 9 meeting is good as is or should be modified, and if the latter, how you would want to modify it.</u>

    Subject to their general objections to the Straw Proposal, the Six Cities have no comments on the use of TEAM at this time and urge the CAISO to further extend the timing of this stakeholder initiative to allow for a complete consideration of this methodology.

14. <u>At the March 9 meeting some parties noted that the ISO's TEAM approach allows for the inclusion of "other" benefits that might not be revealed through a production cost study. Please comment on whether some other benefits should be incorporated into the TEAM for purposes of this TAC Options initiative, and if so, please indicate the specific benefits that should be incorporated and how these benefits might be measured.</u>

Subject to their general objections to the Straw Proposal, the Six Cities have no comments on this issue at this time and urge the CAISO to further extend the timing of this stakeholder initiative to allow for a complete consideration of this methodology.

15. Regarding public policy projects, the straw proposal stated that the ISO does not support an approach that would allocate 100 percent of a project's costs to the state whose policy was the initial driver of the need for the project. Please indicate whether you agree with this statement. If you do agree, please comment on how costs of public policy projects should be allocated; for example, comment on which benefits should be included in the assessment and how these benefits might be measured.

The Six Cities agree that 100% of a project driven by state public policy goals should not be allocated exclusively to the state whose policy is the initial driver for the project, because Participating TOs in other states may benefit from the project and allocating the project exclusively to the initiating state would reward states that are not proactive in initiating policies that might require new transmission. The alternatives discussed in the Six Cities' comments would avoid these concerns.

16. At the March 9 and previous meetings some parties suggested that a single methodology such as TEAM, possibly enhanced by incorporating other benefits, should be applied for assessing benefits of all types of new regional facilities. Please indicate whether you support such an approach.

Subject to their general objections to the Straw Proposal, the Six Cities have no comments on this issue at this time and urge the CAISO to further extend the timing of this stakeholder initiative to allow for a complete consideration of this approach.

17. Please offer comments on the BAMx proposal for cost allocation for public policy projects, which was presented at the March 9 meeting. For reference the presentation is posted at the link on page 1 of this template.

The Six Cities appreciate the BAMx proposal as a thoughtful approach to allocation of public policy costs and believe that it merits further consideration in the event that the existing TAC structure is not retained and the CAISO keeps the classification approach (i.e., reliability, economic, or public policy) for new transmission projects. The approach resonates with the Six Cities as well-aligned with the principles of cost causation and benefits. However, the Six Cities believe that certain aspects of BAMx proposal would benefit from additional refinement, including whether the proposal will likely result in a de facto allocation to load because parties will attempt to avoid using public policy facilities.

18. Please offer any other comments or suggestions regarding methodologies for assessing the sub-regional benefits of a transmission facility.

In addition to the foregoing concerns, the Six Cities urge the CAISO to explain in more detail the benefits to existing CAISO customers that the CAISO assumes will result from PacifiCorp's transition to full Participating TO status. If a primary benefit that the CAISO assumes would arise is improved and more economic access to Wyoming-region renewable resources, it is critical that the CAISO assess the viability of that benefit in light of current restrictions within the RPS requirements that limit reliance on out-of-state resources. Coupled with the costs of transmission upgrades that might be needed to ensure the deliverability of such resources, the benefits of CAISO participation by PacifiCorp may not be as significant as assumed. To provide a realistic picture, the CAISO should consider and address these issues.