

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.

TransCanyon supports the CAISO's proposal to allow a new PTO that is embedded or electrically integrated within an existing sub-region, to make a one-time election to join that sub-region or become its own separate sub-region.

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.

TransCanyon requests clarification or confirmation that the definition of “existing facilities” requires both that the facility has been approved in a regional planning process or a state regulatory/resource planning process **and** either construction has begun or there is committed funding. The approval through either a regional planning process or state regulatory/resource planning process is important as this provides an indication external to the PTO as to the level of support for the costs of such projects in addition to the decisions internal to the PTO to either commence construction or commit funding.

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.

TransCanyon agrees that facilities that are under review as potential “interregional” projects prior to the new PTO joining the expanded Balancing Authority Area (BAA) should be considered as “new” as long as the “existing” criteria are not met.

TransCanyon would also suggest that if an interregional project is found to displace a regional project that would otherwise have been approved through the expanded transmission planning process, that the interregional project should be considered a “new” facility.

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.

TransCanyon has no comment on this proposal.

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.”

TransCanyon supports this two-step process for determining “new facilities”.

TransCanyon is also supportive of the CAISO’s revised proposal, which reduces the voltage threshold for projects that would be eligible for region-wide cost allocation. Such a move is consistent with the approach adopted by other regional transmission organizations and will benefit customers by increasing the range of projects subject to competition.

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.

TransCanyon requests that the CAISO provides a clear framework for determining whether a project is approved solely for reliability purposes. Almost every project has a mix of benefits. To that end, if in addition to reliability benefits, a project provides economic or policy benefits and the project is categorized as a new facility, then the project should be considered for regional cost allocation. In our view, it is very important that the PTO not be the final arbiter of whether a project is solely for reliability purposes.

TransCanyon also requests that the CAISO provides additional clarity around when and under what circumstances a reliability project would be eligible for competition.

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.

With regard to economic and public policy projects, the CAISO has proposed that a body of state regulators would be involved in the decision to build and the cost allocation of such projects. TransCanyon supports this proposal, but recommends that the body of regulators adopt a set of rules that is then applied consistently, rather than reviewing every project on a case by case basis, considering the amount of time it typically takes for multiple states to come to agreement on cost allocation issues. This is particularly sensible with respect to cost allocation related to economic benefits, for which it should be a straightforward matter to allocate costs consistent with benefits.

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.

TransCanyon supports 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.

See TransCanyon’s comments to item 7 above.

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.

TransCanyon has no comment on this proposal.

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.

TransCanyon has no comment on this proposal.

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.

TransCanyon believes that the revised proposal is an improvement over the original proposal. However, TransCanyon recommends that the CAISO make it clear that a recalculation of sub-regional benefit shares would not open the door to reconsideration of the decision to construct projects that have been approved previously but are not yet in-service.

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

TransCanyon has no additional comments on the revised proposal.