

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.

No comment at this time.

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 has either begun construction or has 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.

The proposed criteria should be associated with processes embedded within existing Open Access Transmission Tariffs (OATTs) and not the proposed criteria. The straw proposal includes in the description of the proposed the following language, “company charged with building the facility”. The focus should be on the authority that “charges” the company to build a facility, which in the case of transmission from any entity that may join an expanded ISO is embedded within an OATT and their respective FERC 205 rights, or equivalent if they are non-jurisdictional.

The FERC pro-forma OATT outlines the transmission planning and approval process and also includes the FERC Order No. 1000 driven processes for Regional Planning, Cost Allocation and Inter-Regional Planning Coordination. If a project is authorized in accordance with an OATT that is not the expanded TPP/OATT, the facilities associated with the project should be considered “existing facilities”.

These Transmission Planning processes typically review projects over a period of time measured in years. Cost Allocation between multiple OATTs can and is often considered within these Transmission Planning processes. If projects (or facilities) are ultimately approved with an allocation of costs amongst respective entities and their respective OATTs, the facilities of these projects should be considered “existing facilities” in each respective OATT. If one of these entities is the ISO and the other joins the expanded ISO, the cost allocation approved before the entities joined would then be carried forward.

By way of example, the ISO TPP in 2016-2017 will be considering, for information purposes only, transmission solutions that overlap with transmission solutions considered by other regional transmission planning processes including processes led by WestConnect and the Northern Tier Transmission Group (NTTG). The Gateway projects and several Interregional Transmission Projects, including the TransWest Express Transmission Project, the SWIP – North and the Cross-Tie Project, will be considered by the CAISO, NTTG and WestConnect. Cost Allocation between these entities will be considered as part of the transmission planning process. If any of these projects are ultimately approved and costs are allocated amongst respective OATTs through these existing processes, the related facilities should be considered “existing facilities”. If PacifiCorp later joins the expanded regional market at a later time, the facilities associated with the allocation these projects to either the ISO or PacifiCorp should be treated as “existing facilities” in the expanded OATT.

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.

Please see the example provided in response to item #2 above. If projects are not approved within a regional transmission planning process they should not be considered existing facilities. Both Interregional and Regional Projects that are identified as potential

“new facilities” in an expanded TPP should be considered as interregional projects in the TPP prior to expansion. We note the ISO has identified the Gateway Projects as potential new projects within the ongoing SB-350 Regional Market Expansion Study. In addition the RETI 2.0 has identified the Gateway Projects and several interregional transmission projects as potential solutions to access Wyoming wind resources that may be included in 50% RPS portfolios. These same projects should be reviewed by the ISO along with the interregional transmission projects in the 2016-2017 TPP and subsequent TPP’s prior to the potential expansion. The Cost Allocation considered in the TPP amongst the ISO and other relevant planning regions. Transmission planning and cost allocation considerations through the existing processes should lead to either approval of interregional projects with cost allocations or subsequent review of the projects in later TPPs, including possibly an expanded TPP once the markets are expanded.

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.

No comment at this time.

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.”

The two criteria listed above make sense, however they shouldn’t be considered as steps. The integrated TPP should consider projects and the three criteria as part of the process to help inform the approval process.

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.

No comment at this time.

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.

The body makes sense; however the body should focus on making or changing policy for the cost allocation process to be used in the planning process. The planning process could get bogged down if the body has to be relied upon for project by project approval after an each annual TPP.

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.

No comment at this time.

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.

The ISO should propose recommended cost allocation principles and policies that the body of state regulators should consider and change if agreed to by the body. These principles and policies developed by the ISO should also serve as the back-stop provisions. The per project beneficiary from the last straw proposal that uses an enhanced TEAM methodology that includes Policy considerations such as access to low cost renewable resources should be the provisions for the ISO’s principles and polices for Cost Allocation. These principles should be closely aligned with the principles and polices used by the ISO and other regional entities for the Interregional project reviews currently underway. It is very important to have continuity between the existing principles, polices and processes and potential future processes. The futures processes may not come to fruition as the expanded markets, while desired and supported by TransWest, are not guaranteed. Regardless the ISO and other entities need to fulfill their OATT requirements.

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.

No comment at this time.

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.

Again the interregional planning process can and should be used to consider potential projects prior to the new BAA joining. This would help inform all parties considering joining.

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.

No comment at this time.

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