

# Stakeholder Comments Template

## Transmission Access Charge Options Issue Paper

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the issue paper for the Transmission Access Charge Options initiative that was posted on October 23, 2015. The issue paper 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](mailto:initiativecomments@caiso.com). Submissions are requested by close of business on **November 20, 2015**.

1. One theme emphasized in the issue paper and in FERC orders is the importance of aligning transmission cost allocation with the distribution of benefits. Please offer your suggestions for how best to achieve good cost-benefit alignment and explain the reasoning for your suggestions.

*Please see UAE 's general comments under Section 8, below.*

2. Please comment on the factors the ISO has identified in section 5 of the issue paper as considerations for possible changes to the high-voltage TAC structure. Which factors do you consider most important and why? Identify any other factors you think should be considered and explain why.

*Please see UAE 's general comments under Section 8, below.*

3. The examples in section 7 illustrate the idea of using a simple voltage-level criterion for deciding which facilities would be paid for by which sub-regions of the combined BAA. Please comment on the merits of the voltage-based approach and explain the reasoning for your comments.

*Please see UAE 's general comments under Section 8, below.*

4. Please comment on the merits of using the type of transmission facility – reliability, economic, or public policy – as a criterion for cost allocation, and explain the reasoning for your comments.

*Please see UAE 's general comments under Section 8, below.*

5. Please comment on the merits of using the in-service date as a criterion for cost allocation; e.g., whether and how cost allocation should differ for transmission facilities that are in service at the time a new PTO joins versus transmission facilities that are energized after a new PTO joins.

*Please see UAE 's general comments under Section 8, below.*

6. Please comment on using the planning process as a criterion for cost allocation; i.e., whether and how cost allocation should differ for transmission facilities that are approved under a comprehensive planning process that includes the existing ISO PTOs as well as a new PTO, versus transmission facilities that were approved under separate planning processes.

*Please see UAE 's general comments under Section 8, below.*

7. The examples in section 7 illustrate the idea of using two “sub-regional” TAC rates that apply, respectively, to the existing ISO BAA and to a new PTO’s service territory. Please comment on the merits of this approach and explain the reasoning for your comments.

*Please see UAE 's general comments under Section 8, below.*

8. Please offer any other comments or suggestions on this initiative.

The Utah Association of Energy Users (“UAE”) appreciates this opportunity to provide these general comments to the California ISO (“ISO”) on the Issue Paper on Transmission Access Charge Options for Integrating New Participating Transmission Owners dated October 23, 2015, (“Issue Paper”). UAE is a non-profit trade organization comprised of more than 30 large and diversified industrial, commercial and other entities operating in Utah. UAE members employ tens of thousands of people in Utah and consume millions of kWh of energy each month. UAE member operations include oil and gas, aerospace, healthcare, education, retail, manufacturing and other areas. UAE and its members help shape reasonable energy and environmental policy through participation in the legislative process and state and national regulatory proceedings. UAE is actively involved in the representation of large energy consumers before the Utah Legislature and the Utah Public Service Commission. At the regional and federal levels, UAE provides leadership and intervention on behalf of its members with the Western Electricity Coordinating Council, the Federal Energy Regulatory Commission, and elsewhere.

UAE is fairly new to this stakeholder process and is not prepared at this time to offer specific or detailed comments or proposals in response to the questions posed above. However, UAE is providing these general comments to express serious concerns about the potential for significant cost increases to PacifiCorp customers and cost shifting among customers that could occur if PacifiCorp were to participate in the ISO. UAE has identified at least three major categories of potential costs/benefits and cost shifting that could result from PacifiCorp’s participation in the ISO, each of which must be thoroughly investigated and understood, and

unfair impacts mitigated, before UAE could consider supporting PacifiCorp's participation in the ISO.

The first major cost/benefit category includes potential efficiency benefits, and the costs necessary to achieve the same. The second major category includes potential cost shifting between ratepayers of ISO's current participants and PacifiCorp ratepayers. The third category includes potential cost shifting among the six state jurisdictions in which PacifiCorp currently provides service, as well as among customer groups within any such jurisdiction. The Issue Paper and other published analyses to date appear to acknowledge and focus on the first and second of these categories, but not the third. UAE submits that all three categories of potential benefits, costs and cost shifting must be fully understood and analyzed, and cost shifting adequately minimized, before PacifiCorp participation in the ISO should be considered.

With respect to the second potential category of cost shifting -- between ISO ratepayers and PacifiCorp ratepayers -- the Issue Paper starkly illustrates the significant and unreasonable rate increases that PacifiCorp customers would be subjected to under the current TAC structure. Even under any of the variations on the existing structure and phase-in options discussed in the Issue Paper, projected rate impacts on PacifiCorp consumers are significant and unacceptable. UAE urges the ISO and PacifiCorp to explore TAC options that would eliminate any significant cost shifting. Particular attention should be given to fleshing out the "Baseline 1" option to retain "completely separate TRR recovery for all existing and currently planned transmission facilities, at all voltage levels."<sup>1</sup>

With respect to the third category of potential cost-shifting, the ISO should understand that seventy five percent (75%) of PacifiCorp's fixed generation and transmission costs are currently allocated among its six-state service territories, and also among customer classes within

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<sup>1</sup> Issue Paper, Page 9

some states, including Utah, based upon the contribution of each such service territory or class to PacifiCorp's coincidental peak load in each of the twelve calendar months. Only twenty five percent (25%) of these fixed costs are allocated to states and classes based upon energy usage. This allocation methodology was designed in an effort to recognize critical cost-causation factors relevant to PacifiCorp's system, and has been in place for decades.

In contrast, under the current TAC rate structure the transmission revenue requirement for ISO-controlled facilities in excess of 200 kV is allocated solely on energy usage, as a \$/MWh charge. If PacifiCorp were to join the ISO as a PTO under this rate structure, dramatic cost-shifting would occur, not only between customers of current ISO participants and customers of PacifiCorp, but also among PacifiCorp's six state jurisdictions, and among customer classes within states such as Utah that tend to use a consistent allocation method for class allocation purposes.<sup>2</sup> UAE could not support PacifiCorp's participation in the ISO under a rate structure that created dramatic or unwarranted cost shifting, particularly given the absence of any significant changes in relevant cost causation factors for existing facilities.

The Issue Paper specifically assumes that "the present TAC billing determinants, i.e., a per-MWh rate assessed to internal load and exports"<sup>3</sup> would continue to be utilized if PacifiCorp were to participate in the ISO. Thus, all of the options discussed in the Issue Paper utilize energy as the only billing determinant. As noted above, UAE cannot envision supporting PacifiCorp's participation as a PTO in the ISO under this type of structure.

UAE strongly urges PacifiCorp and the ISO, in addition to analyzing various options utilizing variants of the current billing structures and determinants, to expand the scope of the

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<sup>2</sup> The Utah Public Service Commission has traditionally shown a strong preference for maintaining consistency between the methods used to allocate costs among PacifiCorp's six state service territories and among Utah customer classes.

<sup>3</sup> Issue Paper, Page 3

analyses to include the use of different types of billing structures and billing determinants, particularly those that continue to recognize the significant cost-causation attributes of contribution to system peaks, in order to avoid the potential for significant and unwarranted cost shifting among customer groups in various states and within various states.

UAE again thanks the ISO for the opportunity to provide these comments, and looks forward to further participation in this process.