Stakeholder Comments Template

Transmission Access Charge Options

September 30, 2016 Second Revised Straw Proposal

Submitted by	Company	Date Submitted
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The ISO provides this template for submission of stakeholder comments on the September 30, 2016 second revised straw proposal. The second 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 **October 28, 2016.**

Second Revised Straw Proposal

1. The ISO previously proposed 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. The ISO now proposes that an embedded or electrically integrated new PTO will become part of the relevant sub-region and will not have the choice to become a separate sub-region. This means that the new embedded/integrated PTO's transmission revenue requirements will be combined with those of the rest of its sub-region and its internal load will pay the same sub-regional TAC rate as the rest of the sub-region. Please comment on this element of the proposal.

   UAMPS agrees with this change. If a PTO is embedded, as that term is defined, within a sub-region then it should become part of that sub-region for simplifying the administration by the Regional ISO.

2. An embedded PTO is defined as one that cannot import sufficient power into its service territory to meet its load without relying on the system of the existing sub-region. Whether a new PTO is considered electrically integrated will be determined by a case-by-case basis, subject to Board approval, based on criteria specified in the tariff. Please comment on these provisions of the proposal.

UAMPS tentatively agrees with this definition and process but would like to see the criteria that will be "specified in the tariff". This decision may need more than Board approval depending on the criteria and the powers delegated to the Western States Committee.

3. The proposal defines "new facilities" as transmission projects planned and approved in an expanded TPP for the expanded ISO BAA. The integrated TPP will begin in the first full calendar year that the first new PTO is fully integrated into expanded ISO BAA. Projects that are under review as potential "inter-regional" projects prior to the new PTO joining may be considered as "new" if they meet needs identified in the integrated TPP. Please comment on these provisions.

   Since the current CAISO planning process and the NTTG planning process are on different timelines, the transition may be problematic. There may be intra-regional projects within the NTTG sub-region that would need to be addressed. Since the NTTG footprint geographically covers parts or all of Washington, Oregon, Idaho, Montana, Utah and Wyoming, and has multiple TO's, their intra – regional projects may become inter-regional with PacifiCorp moving into the RISO.

4. The ISO previously defined "existing facilities" as transmission assets planned in each entity's own planning process for its own service area or planning region, and that are in service, or have either begun construction or have committed funding to construct. The ISO is now simplifying the proposal to define "existing facilities" as all those placed under operation control of the expanded ISO that are not "new." Please comment on the ISO's proposed new definition of "existing facilities."

   UAMPS still believes that there needs to be a process for a case-by-case analysis of some projects. Again, there may be NTTG projects that were intra-regional that would become inter-regional with the PacifiCorp transition.

5. Consistent with the previous revised straw proposal, the ISO proposes to recover the costs of existing facilities through sub-regional "license plate" TAC rates. The ISO has proposed that each sub-region's existing facilities comprise "legacy" facilities for which subsequent new sub-regions have no cost responsibility. Please comment on this aspect of the proposal.

   UAMPS agrees with this proposal to allocate the costs of the existing system to the primary beneficiaries of those facilities.

6. The ISO proposes to use the Transmission Economic Assessment Methodology (TEAM) to determine economic benefits of certain new facilities to the expanded ISO region as a whole and to each sub-region. Please comment on these uses of the TEAM.

   UAMPS still believes that the TEAM process needs to be reviewed, updated and validated to prove that it works for the Regional ISO and that it is compatible with

the existing local planning processes. As stated before, PacifiCorp uses a contract path methodology to plan and operate its system. We are not sure what the application of a new methodology based on power flow analysis on the PacifiCorp system will show.

7. For a reliability project that is narrowly specified as the more efficient or cost-effective solution to a reliability need within a sub-region, and has not been expanded or enhanced in any way to achieve additional benefits, the ISO proposes to allocate the project cost entirely to the sub-region with the driving reliability need, regardless of any incidental benefits that may accrue to other sub-regions. Please comment on this provision.

   The questions that arise are: Who decides if a reliability project is more efficient or more cost-effective than an alternative? Who decides if it is a reliability project and not an economic project? And why would the ISO (board, management, staff?) be the determiner of cost allocation?

   Since there have been no proposals on what the regional ISO planning structure will look like, it is problematic if the current CAISO planning process and personnel are the ones that are making decisions on cost allocations. We are concerned that even with independent governance established; the ISO management and staff will still be very "California-centric" and may not be able to make totally impartial decisions. "Incidental benefits" to them may not be "incidental" to the area being allocated the costs. There needs to be an independent evaluation of the project by all affected stakeholders and, under the current proposed governance structure, by the Western States Committee.

8. For a policy-driven project that is connected entirely within the same sub-region in which the policy driver originated, the ISO proposes to allocate the project cost entirely to the sub-region with the driving policy need, regardless of any incidental benefits that may accrue to other sub-regions. Please comment on this provision

   UAMPS has the same questions on this proposal as we do on question #7 above, although a policy-driven project may be easier to define because a "third-party" will be the entity establishing the policy. But the question on who determines "incidental" benefits is still a concern.

9. For a purely economic project with benefit-cost ratio (BCR) > 1, cost shares will be allocated to sub-regions in proportion to their benefits, and because BCR > 1 this completely covers the costs. A purely economic project is one that is selected on the basis of the TPP economic studies following the selection of reliability and policy projects, and is a distinct new project, not an enhancement of a previously selected reliability or policy project.

   UAMPS has concerns on who performs the measurement and how benefits will be measured. Again, there will have to be an independent third party analyzing the BCR and the criteria used to measuring it needs to established in advance.

10. For an economic project that results from modifying a reliability or policy-driven project to obtain economic benefits greater than incremental project cost, the ISO proposes to first, allocate avoided cost of original reliability or policy-driven project to the relevant sub-region, then allocate incremental project cost to sub-regions in proportion to their economic benefits determined by TEAM. This is called the "driver first" approach to cost allocation. The proposal also illustrated an alternative "total benefits" approach. Please comment on your preferences for either of these approaches.

    Again, who will be doing the modification of a reliability or policy driven project and for what reasons. Will it be in a fully open and transparent stakeholder process or will the ISO staff make the determinations? Does the new project, after modification, get treated as an "economic project with incidental benefits"?

11. The proposal outlined two scenarios for policy-driven projects involving more than one sub-region. In scenario 1, where a project built within one sub-region meets the policy needs of another sub-region, costs would be allocated to sub-regions up to the amount of their economic benefits (per TEAM) and the remaining costs would be allocated to the sub-region that was the policy-driver. Please comment on this cost allocation approach for scenario 1.

    Given our concerns regarding TEAM stated above, we cannot see why a policy driven project proposed under the policy of one sub-region would not be allocated entirely to that sub-region. To do an after-the-fact evaluation to allocate some of the costs to the other sub – region that did not need the project (or it would have been in the planning process for their region), does not appear fair or correct.

12. In scenario 2, where a policy project meets the policy needs of more than one sub-region, costs would be allocated to sub-regions up to the amount of their economic benefits (per TEAM) and the remaining costs would be allocated to the relevant sub-regions in proportion to their internal load for project in-service year. Please comment on this cost allocation approach for scenario 2.

    If the project actually met the policy requirements of more than one sub-region, we feel that the project should be allocated on the sub-region's respective loads. The policy makers established the policy for their respective constituents and probably not the economics, so there should not be an allocation based on economics. Furthermore, if a multi-state sub-region ever comes up with a single policy need, then it must be a really good project.

13. Competitive solicitation to select the entity to build and own a new transmission project would apply to all new transmission projects rated 200 kV or greater, of any category, regardless of whether their costs are allocated to only one or more than one sub-region, with exceptions only for upgrades to existing facilities as stated in ISO tariff section 24.5.1. Please comment on this proposal.

No comment at this time.

14. The ISO proposes to drop the earlier proposal to recalculate benefit and cost shares for sub-regions and the proposal to allocate cost shares to a new PTO for a new facility that was planned and approved through the integrated TPP but before that new PTO joined the expanded ISO. Please comment on the elimination of these proposal elements.

    No comment at this time.

15. The ISO proposes to establish a single region-wide export rate ("export access charge" or EAC) for the expanded region, defined as the load-weighted average of the sub-regional TAC rates. Please comment on this proposal.

    As stated in our previous comments, UAMPS strongly disagrees with this proposal. UAMPS has member loads in neighboring BA's and have long term commitments to deliver resources to those loads. By arbitrarily deciding that those exports would be charged at a different rate with no cost justification is unacceptable. We feel that the only reason for this proposal is an effort to subsidize the TAC rates in the CAISO sub-region.

    The reasoning given in the response to the last set of comments that "this is the way that it is done in other RTO/ISO's" is not applicable. They, for the most part, were created with essentially their current footprint. This ISO is being created piecemeal and adopting this EAC would penalize existing PacifiCorp transmission customers.

16. Under the EAC proposal, non-PTO entities within a sub-region would pay the same sub-regional TAC rate paid by other loads in the same sub-region, rather than the wheeling access charge (WAC) they pay today. Please comment on this proposal.

    No comment at this time.

17. The ISO proposes to allocate EAC revenues to each sub-region in proportion to their transmission revenue requirements. In the August 11 working group meeting the ISO presented the idea of allocating EAC revenues to each sub-region in proportion to its quantity of exports times its sub-regional TAC rate. Please comment on these two approaches for EAC revenue allocation, and suggest other approaches you think would be better and explain why.

    Both of these proposals appear to be a way to subsidize the existing CAISO sub-region's TAC rate and increasing the cost to PacifiCorp customers.

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

    No additional comments at this time.