

# Stakeholder Comments Template

## Transmission Access Charge Options

### May 20, 2016 Revised Straw Proposal

Submitted by	Company	Date Submitted
<i>Béla Vastag, 801-530-6374</i>	<i>Utah Office of Consumer Services</i>	<i>June 10, 2016</i>

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](mailto: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.

The Utah Office of Consumer Services recommends that the determination of whether a new PTO joins an existing sub-region or constitutes its own sub-region be subject to the joint approval of all concerned jurisdictions.

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.

The Revised Straw Proposal has the same flaw as the initial Straw Proposal in that the definition of “existing facilities” does not allow one to determine unambiguously whether a given project is “new” or “existing.” This concern was also conveyed in the Utah Office of Consumer Services’ comments to Item #2 of the initial Straw Proposal. The Utah Office of Consumer Services reiterates the need for more clear definitions, supplemented by examples, including the Gateway South project that was highlighted in our comments to the initial Straw Proposal, to allow stakeholders to be able to assess the ISO’s proposal factually.

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.

This proposal suffers from the same flaw as discussed in the Utah Office of Consumer Services’ comment to #2 above. The ISO needs to provide more clear language and definitions. To help stakeholders better understand the proposal, the ISO should provide guidance on whether the major projects currently being planned or proposed, both in the CAISO and in the PacifiCorp regions, would be considered “new” or “existing” under the proposal. This guidance should include all projects considered in current and recent CAISO and NTTG transmission planning processes or approved transmission plans.

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.

The Utah Office of Consumer Services supports the 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.”

The Utah Office of Consumer Services believes that if a state’s policy is driving the need for a project, then that state should initially be responsible for all the costs of the project. Once the project is in-service and actual benefits can be measured, then it would be appropriate to ask other states to share in the costs based on the benefits achieved. However, no non-policy state should have to bear any costs that exceed its benefits.

The Utah Office of Consumer Services is concerned about cost allocation for projects such as those found in Table 2 of CAISO’s 2015 – 2016 Transmission Plan (Table 2 is entitled “Elements of 2015-2016 ISO Transmission Plan Supporting Renewable Energy Goals”). It appears to the Utah Office of Consumer Services that the costs of these proposed and CAISO-approved transmission facilities should be assigned to the CAISO sub-region in a new regional ISO; however, the Straw Proposal as it currently stands could allow region-wide cost allocation for these projects.

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.
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 Utah Office of Consumer Services opposes this proposal to the extent that it defers major aspects of cost allocation into an embryonic process on governance issues – a governance process which is outside of these CAISO stakeholder processes. Stakeholders cannot be expected to comment without a better understanding of the major aspects of the body of state regulators including, but not limited to, the composition and governance of the body of state regulators; rights and responsibilities of the body of state regulators; the decision-making processes of the body of state regulators, including what happens when the body of state regulators cannot reach a decision on cost allocation and whether the body of state regulators will set the methodology for cost allocation or it will determine cost allocation for each individual project. These and other elements of the governance need to be known before meaningful progress can be made on the other stakeholder processes already underway. The Utah Office of Consumer Services will provide additional comments regarding the proposal and development of governance principles in the CEC process.

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.
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.
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.

The Utah Office of Consumer Services needs additional information on how this WAC concept would affect transmission users in the PacifiCorp region. For example, how might it affect their utilization of PacifiCorp operated transmission systems in the future as compared to how they utilize it now (e.g. would it create constraints or barriers that don't currently exist) and how it would affect their costs for using the transmission system.

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.

The Utah Office of Consumer Services supports the 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.

For purposes of rate stability and dependability of cost-benefit analyses, the ISO should calculate the benefit shares no more frequently than every five years (unless a new PTO joins).

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