

# Stakeholder Comments Template

## Generator Interconnection Driven Network Upgrade Cost Recovery Initiative

Submitted by	Company	Date Submitted
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### Revised Straw Proposal

This template has been created for submission of stakeholder comments on the revised straw proposal for the Generator Interconnection Driven Network Upgrade Cost Recovery initiative that was posted on Sept 6, 2016. The proposal and other information related to this initiative may be found at: <http://www.caiso.com/informed/Pages/StakeholderProcesses/GeneratorInterconnectionDrivenNetworkUpgradeCostRecovery.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 **Sept 20, 2016**.

If you are interested in providing written comments, please organize your comments into one or more of the categories listed below as well as state if you support, oppose, or have no comment on the proposal.

1. Option 1, Include the cost of generator-triggered low-voltage facilities in the PTO's high-voltage TRR for recovery through the high-voltage TAC. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal.*

**VEA supports Option 1 as the simplest and most equitable solution for recovering generator interconnection-driven low-voltage ("LV") network upgrade ("NU") costs for all of the reasons that VEA provided in the comments that it submitted in this stakeholder process on August 19, 2016.**

2. If the ISO moves forward with Option 1, should Option 1 apply on a going forward basis only, or also apply to RNUs and LDNUs that have already been built and whose cost have yet to be recovered from loads (e.g., undepreciated rate base for in-service RNU and LDNU costs that were reimbursed to an IC). *Please state if you support (please list any conditions), oppose, or have no comment on the proposal.*

**Although including the unrecovered costs of existing RNUs and LDNUs in the high-voltage ("HV") transmission revenue requirement ("TRR") may result in an increase in**

the HV transmission access charge (“TAC”) that is higher than initially contemplated by the CAISO, VEA believes that the proposal may have merit. The CAISO should further evaluate this proposal, particularly for its effect on the TAC, as well as its consistency with FERC precedent.

In its revised straw proposal, the CAISO notes that the “FERC and the U.S. courts have been clear that the costs of facilities must be allocated commensurate with their benefits.”<sup>1</sup> Adherence to such cost causation principles is the primary argument for including the costs of LV NUs in the HV TRR. As stated by the CAISO in both the revised straw proposal and the September 13 stakeholder call, *all* new generation interconnections produce grid-wide benefits such as downward pressure on overall energy cost within the ISO market, increased availability of renewable energy, etc.<sup>2</sup> Moreover, LV NUs driven by generator interconnection are often “local substation additions that are needed solely to facilitate an interconnecting generator” and are therefore unlikely to provide significant material benefits to the local utility.<sup>3</sup> This is especially true when it is evident that the capacity of the interconnecting generator exceeds the peak load of the participating transmission owner. In this more detailed explanation of how all generator interconnections (including the necessary LV NUs) to the CAISO grid benefit the entire CAISO system, there is no apparent difference between the benefits provided by LV NUs for existing and future generators. Therefore, the CAISO should further evaluate applying the Option 1 cost allocation to existing LV RNUs and LDNUs whose costs have yet to be recovered.

3. *Other.* Please provide any other comments or suggestions you may have on this initiative.

Once again, VEA commends the CAISO for its efforts to address the inequities in the current tariff provisions for cost allocation of LV generator interconnections to the CAISO grid.

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<sup>1</sup> Revised Straw Proposal at 8.

<sup>2</sup> *Id.* at 5-6.

<sup>3</sup> *Id.* at 6.