

# Creation of a New TAC Area for MWD

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Stakeholder Call

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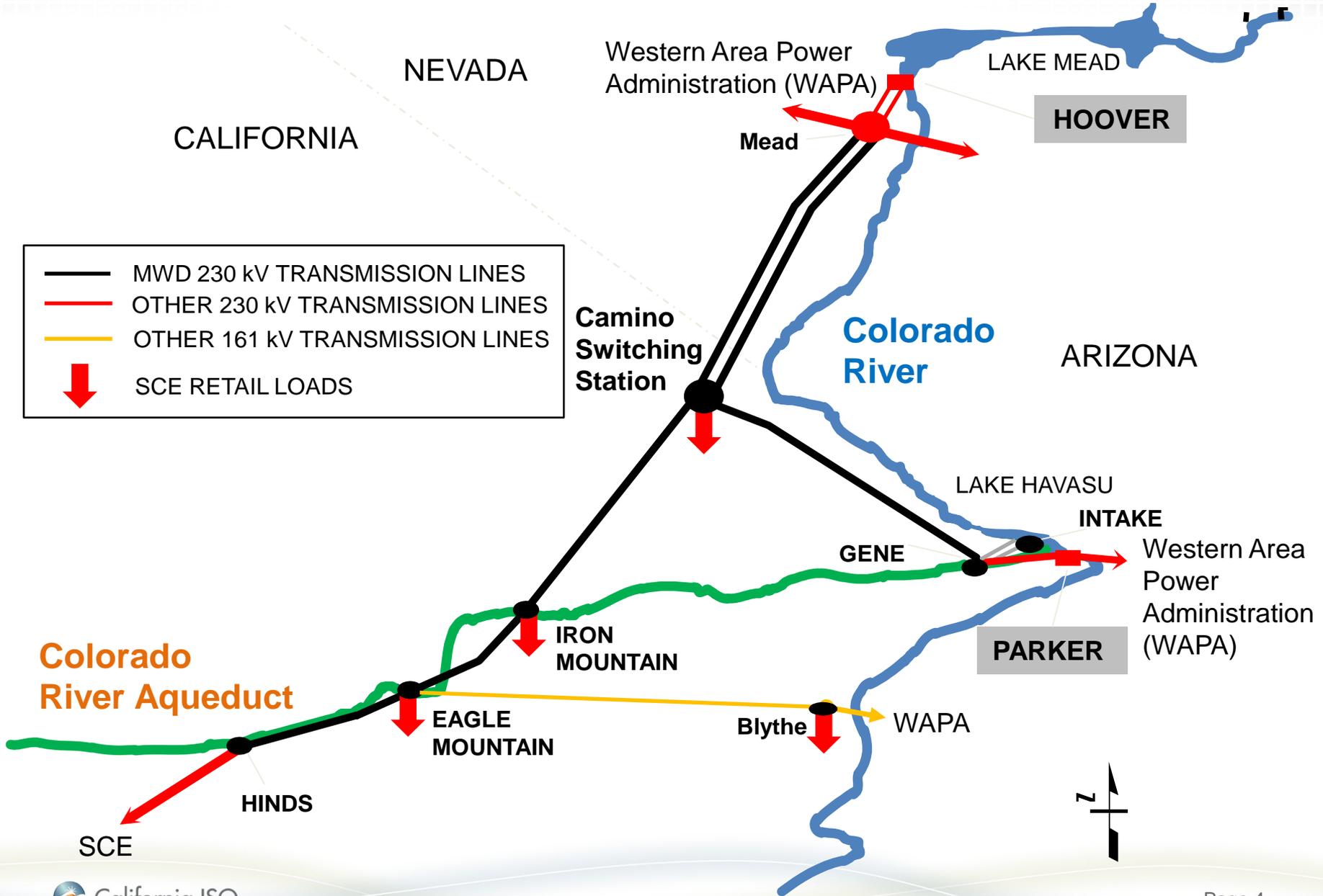
# The Metropolitan Water District of Southern California

- Created by California legislature in 1928 to secure Colorado River water for Southern California
- Built and owns the Colorado River Aqueduct (CRA) and the 230kV transmission system to serve the CRA pumps
- Receives water via the Colorado River Aqueduct and the State Water Project - California Aqueduct
- 26 member agencies including cities and water districts
- Serves  $\frac{1}{2}$  of the water needs of 19 million people in 6 Southern California counties

# MWD Colorado River Aqueduct Power System

- 300 miles of 230 kV transmission (*see diagram*)
- 5 pumping plants with 9 pumps each, 300 MW full load
- Entitled to 12% capacity (250 MW), 27% energy (1,227,400 MWh) and ancillary services from Hoover
- Entitled to 50% capacity (60 MW) and 50% energy output from Parker
- Service & Interchange Agreement with SCE expires September 30, 2017
  - integrated SCE and MWD resource entitlements, load and transmission
  - allowed SCE to use MWD's resources' regulation, ramping and reserves, while SCE served MWD's flat 24/7 pump loads with its base-loaded resources and turned over portions of unused MWD transmission for SCE/CAISO market use
- Operating agreement with CAISO under discussion

# METROPOLITAN WATER DISTRICT TRANSMISSION SYSTEM



# MWD's Unique Circumstances and Capabilities

- MWD owns sufficient transmission to directly serve its own Colorado River Aqueduct pump load using its Hoover and Parker assets, as well as other generation assets outside the CAISO BA
- The Colorado River Aqueduct system is separate from the balance of MWD's water distribution system which are under retail agreements with SCE, LADWP and other retail utilities
- MWD will have sufficient resources to meet its own resource adequacy requirements
- MWD is a transmission owner in the CAISO balancing area but will not become a Participating TO

# Creation of TAC Areas Generally

- Appendix F, Schedule 3, Section 3.7 of CAISO Tariff allows the Board to create TAC Areas
  - Original intent of TAC Areas was the allocation of the transmission access charge (TAC)
  - TAC is paid by the load serving entity of the Participating TOs
  - SCs using the CAISO controlled grid that are not Participating TOs pay the wheeling access charge (WAC)
  - Non-Participating TOs using their own transmission are not charged the TAC or WAC
- When resource adequacy was created, TAC Areas were used as the reference point for allocation of resource adequacy costs

# Creating a new TAC Area for MWD

Proposal is to create a new TAC Area for MWD to allow them to be responsible for their own resource adequacy requirements for the CRA system

- **Benefits of MWD staying in the CAISO BA**
  - MWD does not lean on the CAISO's system
  - The market may continue to use the excess transmission capacity on MWD's system at Mead and Gene
  - MWD can meet all the resource adequacy requirements with resources delivered to their own system
- **Impacts of new TAC Area**
  - Local Resource Adequacy Allocation decreases by 1% for SCE and a total of 1% increase for the remaining load shares in the SCE TAC Area
    - If MWD moved to the Western Area Lower Colorado Balancing Area the impacts would be the same as above

# Proposal

- Create a separate TAC Area for MWD with boundary points at:
  - Mead with WALC
  - Gene (aka Parker-in branch group) with WALC
  - Camino with SCE
  - Iron Mountain with SCE
  - Eagle Mountain with SCE
  - Julian Hinds with SCE
- Comments / Questions

## Next Steps

- Please submit written comments on the proposal outlined in this presentation to [InitiativeComments@caiso.com](mailto:InitiativeComments@caiso.com) by COB April 11, 2017

Materials related to the *Creation of New TAC Area in the Metropolitan Water District* initiative are available on the ISO website at:

<http://www.caiso.com/informed/Pages/MeetingsEvents/MiscellaneousStakeholderMeetings/Default.aspx>