Alliance for Retail Energy Markets

QUESTIONS FOR CLEAN COALITION ON AUGUST 29, 2017 PRESENTATION

Slides 3 and 14:

1. Your proposal would require measurements at the interfaces between the High-Voltage (HV) transmission system and lower-voltage (LV) transmission system. How many such interfaces exist on the CAISO's system and do those interfaces have revenue-quality meters?
2. You also note the need to measure transmission at the interfaces between the LV transmission system and the distribution system. How many such interfaces exist on the CAISO's system and do those interfaces have revenue-quality meters?
3. If revenue-quality meters are not in place, have you investigated the cost of installing them?
4. Your proposal would require changes to the way meter data are collected and used in billing. Have you looked into additional system costs that would be required for modifying the CAISO's billing and metering systems, as well as those of the scheduling coordinators?

Slide 6:

5. The TAC recovers the PTOs' costs of the existing transmission system under CAISO control. The TAC is charged to all load-serving PTOs for each unit of measured gross load. Please explain how a TAC calculated using "TED" instead of gross load would "result in major ratepayer savings in avoided transmission investment."

Slide 9:

6. Please explain how DG output is "subject to transmission fees?"
7. Please explain your view that customers with installed DG do not use the transmission system.
8. Please explain how the current TAC "subsidizes remote generation."

Slides 12 and 22:

9. Your slide shows a "TAC assessment" applied to generation – both remote and DG. Please explain how the current TAC is assessed on generation.
10. Your slide says the TAC "artificially increases" the cost of DER. Please explain.
11. Please explain how changing the TAC billing determinant would increase installation of DG?

Slides 13 and 24 (and Slide 33):

12. Please explain this slide. The heading states "avoided transmission investment and major ratepayer savings," but no such details are shown.
13. Is the "total TAC rate" the TAC set by the CAISO?
14. The current CAISO TAC is $0.0117/kWh. Your slide shows a TAC of $0.03/kWh "levelized over 20 years "after TAC Fix implementation." Please provide an explanation

showing how you get from the current $0.0117/kWh TAC to what is shown on your slide.

15. Please explain how your resulting $0.03/kWh TAC gets you to "12.4% of load met by local renewables after 20 years."
16. Slide 24 also compares the $0.03/kWh (levelized over 20 years) to *current* wholesale costs of energy. Please explain the point you are trying to make with this comparison.

Slide 15:

17. This proposed calculation for a "HV TAC Rate" using TED would increase the level of the TAC charged to the load-serving PTOs. Do you propose any other changes in how TAC would be applied to or recovered from PTOs or other entities?
18. Your slide does not address the "LV TAC," which is referred to in Slides 3, 14 and 42. Are you proposing any changes to the current way in which the LV TAC is calculated, applied or collected?

Slide 16 (and Slide 21):

19. Please explain how billing load-serving PTOs a "HV TAC Rate" calculated based on TED reduces future transmission investments?
20. Please explain how billing load-serving PTOs a "HV TAC Rate" calculated based on TED results in significant ratepayer savings?
21. As the CAISO indicated in Slides 20 and 21 of its August 29th presentation, the TED-TAC proposal would be expected to shift costs. Please explain your view of how costs would shift under your proposal.

Slide 17:

22. This slide discusses allocating the "TAC liability" to LSEs, but the CAISO currently does not bill TAC to the LSEs. Is it your intention to change the current mechanism used for billing TAC to one that would require the CAISO to bill the TAC to LSEs? If so, please explain the details of this proposal. For example, how would the CAISO measure an LSE's "use" or "TED" for CCAs or ESPs?

Slide 23:

23. Please explain how TAC is an "avoided transmission cost."
24. Is this slide intending to show that transmission costs should be a factor considered in utility procurement? If so, please explain how procurement policy relates to your proposal to modify the calculation of TAC based on TED.

Slide 25:

25. Is this slide intending to show that construction of new transmission can be avoided by DERs? If it is, how does that point relate to the TAC, which recovers the PTOs' embedded costs of the transmission system?

Slide 32:

26. Please explain this slide. What is the origin of the "savings" and how are the "savings" calculated?

Backup Slide 39:

27. You state that the UDCs will "apportion" TAC costs to LSEs. This is not the current mechanism in place for billing or collecting TAC. Under the current mechanism for recovering the embedded costs of the transmission system, the CAISO bills TAC to load-serving PTOs for each unit of measured gross load. The load-serving PTOs recover the costs of their Transmission Revenue Requirements (including adjusted costs associated with TAC) through their Transmission Owners tariffs from their wholesale and retail customers (bundled, CCA and direct access). Is it your intention to change this current mechanism for recovering the embedded costs of the transmission system?
28. If it is, please provide the details of your proposal, including whether additional revenue-quality meters will be needed and the required changes to the meter data collection and billing systems of the CAISO, scheduling coordinators, and LSEs (IOUs, ESPs, and CCAs).

Backup Slides 40-44:

29. More explanation is required to understand the proposal and how it would be applied including how the TAC is calculated and billed by the CAISO, how you propose the TAC to be incorporated in Transmission Owner tariffs or otherwise recovered by the load-serving PTOs, and how the full transmission revenue requirement would be recovered and billed down to the level of the retail customers. For example, your TED proposal would simply change the billing determinant for TAC, which would result in a higher rate and cost shifts among PTOs, but as previously noted, these slides also seem to indicate additional changes to the current mechanism for billing and collecting TAC and the transmission revenue requirement, which have not been described in your proposal.